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ASX: KKO

MARCH QUARTER OPERATIONS REPORT

KKO POISED TO RESTART AMERSFOORT PROJECT

HIGHLIGHTS

- South African regulator Petroleum Agency of SA ("PASA") renewed Kinetiko's existing exploration rights on the Amersfoort Project and granted three further significant exploration rights.
- Amersfoort Project exploration rights ER56 and ER38 were renewed.
- Three new exploration rights were granted increasing the Company's total exploration rights by 378%.
- Total exploration rights now total 4,604kms² approximately 150kms from South Africa's largest city Johannesburg and in the heart of the country's existing gas and power transmission infrastructure.
- Kinetiko and Badimo Gas worked together to complete outstanding financial accounts relating to its incorporated JV Afro Energy.
- The collaboration between the parties enabled Kinetiko to complete and update its outstanding financial audits.
- The Company received strong support for the entitlement issue undertaken during the quarter with \$1,282,718 in funds being allotted. The shortfall and placement offers totalling a further \$1,420,721 are anticipated to be closed before the end of April 2020.
- Kinetiko is focused on achieving the re-quotation of its securities following the renewal and granting of the Exploration Rights, completion of the outstanding company audits and completed capital raising.

QUARTERLY ACHIEVEMENTS

Perth-based South African focused energy exploration company Kinetiko Energy Limited (ASX: "KKO" or "Kinetiko") is pleased to report on corporate achievements and activities completed at the Amersfoort Project and adjacent tenements in South Africa (Figure 1) for the quarter ending March 2020. Activities at the Amersfoort Project are carried out through Afro Energy (Pty) Ltd ("Afro"), owned by Kinetiko Energy Ltd (49%) and its South African shareholder Badimo Gas (Pty) Ltd ("Badimo") (51%)

PASA have renewed the key Amersfoort Exploration Rights ER56 and ER38, the most advanced tenements where the majority of approximately \$10.3m in development funds on the Amersfoort project have been spent to date. It is also where comprehensive gas flow testing has been conducted and plans to develop a pilot gas production field are advanced. Afro has previously been granted a sample gas production right by PASA and has commenced the process to have the production rights renewed as the development of the Amersfoort project continues.

The granting of 3 further exploration rights for prospective geological settings in land adjacent to and contiguous with the Amersfoort project represents a substantial increase to Afro's existing exploration portfolio to a total of 4,604kms² representing a 378% expansion. The tenements are favourably located approximately 150kms from South Africa's largest city Johannesburg and in the heart of the countries existing gas and power transmission infrastructure. (See Figure 1)

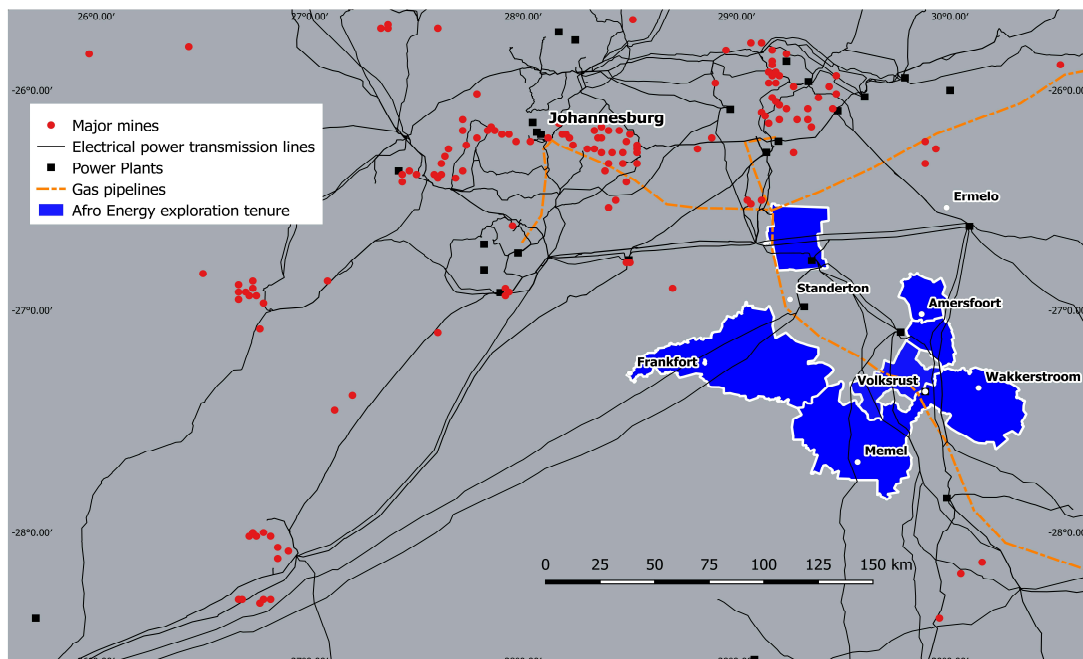


Figure 1 – The location of Kinetiko exploration rights

Kinetiko has continued to promote the potential of the Amersfoort project to be developed as a stand-alone onshore gas producer where South Africa continues to be subject to constrained consistent and affordable energy. As a result of recent efforts to reach agreements in areas of impasse and improved cooperation, both Kinetiko and Badimo have agreed to enable continuation of the development of the Amersfoort project by the submission of renewal applications for the exploration rights ER38 and ER56. In addition, the work programs previously prepared by KKO have been approved by Badimo and the renewal applications for the exploration rights have received final approval by the relevant authorities.

Kinetiko and Badimo finalized the outstanding audited financial accounts for Afro, which has assisted Kinetiko in satisfying its financial reporting obligations. As a consequence of the various Afro financial statements being completed the value of the Company's South African assets have been restated to \$7.4m as Investment in Associate to the Kinetiko financial statements as at 31 December 2019.

These achievements and the conclusion of the impasse have elicited a number of positive responses from potential funding institutions both inside South Africa and abroad to fund and participate in the Amersfoort project development. The vast exploration acreage of the Amersfoort project and its location adjacent to existing energy infrastructure such as the Majuba coal power station are pictured below. (Figure 2)



Figure 2

PROJECT FUNDING

The Company received strong support for the entitlement issue undertaken during the quarter with \$1,282,718 in funds being allotted. The shortfall and placement offer totalling a further \$1,420,721 are anticipated to be closed before the end of April 2020.

In addition Kinetiko is progressing fundraising discussions with potential funding institutions both inside South Africa and abroad to fund and participate in the Amersfoort project development. KKO has remained focused on managing its expenses and remains grateful to the patience and resolve of its management and support of its major shareholders.

AMERSFOORT EXPLORATION RIGHTS ER38 AND ER56

On 17 January 2020, Afro Energy (Pty) Limited received final confirmation of the award of the renewals of exploration rights for ER38 and ER56 by the Department of Mineral Resources (DMR) for a further two-year period in early January 2020.

Amendments to Regulation 54(A)(2) of the EIA regulations required all rights and permits issued in terms of the Mineral and Petroleum Resources Development Act and associated Environmental Management Programs to be subjected to auditing by a registered Environmental Practitioner. In this regard Afro Energy appointed SLR Consulting (South Africa) (Pty) Ltd (SLR) as the independent environmental consultant to conduct the environmental audit for Exploration Rights 12/3/38 and 12/3/56. The reports were submitted to PASA on 17 January 2020.

The work programs consist of a 1,334 line-kilometre high-resolution aeromagnetic survey on ER56 (60km²) and a 10,229 line-kilometre high-resolution aeromagnetic survey on ER38 (460km²) (Figure 3) over pre-defined areas within ER38 and ER56. The aeromagnetic survey in ER56 will supplement the 145 km² previously obtained in the area. In addition, and as an initial phase, drilling of one zone interval well under the existing approved EMP within ER56 and ER38 is scheduled. The positioning will be predicated on the results of the aeromagnetic survey and its interpretation. A further phase will then be scheduled for the drilling of 14 wells within ER38 and ER56, also under the currently approved EMP, positioning determined by the outcome of the aeromagnetic survey and the geological interpretation of the interval well drilling program.

ER270, 271 & 272

The Department of Mineral Resources and Energy has positively assessed the Exploration Rights applications to Afro Energy of tenements ER270, ER271 & ER272 on 21 August 2019.

Amendments to Regulation 54(A)(2) of the EIA regulations required all rights and permits issued in terms of the Mineral and Petroleum Resources Development Act and associated Environmental Management Programs to be subjected to auditing by a registered Environmental Practitioner. In this regard Afro Energy appointed SLR Consulting (South Africa) (Pty) Ltd (SLR) as the independent environmental consultant to conduct the environmental audit for Exploration Rights 12/3/270, 12/3/271 and 12/3/272. The reports were submitted to PASA on 17 January 2020. The Exploration Rights were formally granted on 17 January 2020.

12/3/320ER

PASA has positively assessed Afro Energy's application for Exploration Rights, in terms of Section 79 of the Mineral and Petroleum Resources Development Act, to explore for Petroleum and Gas. Afro Energy appointed an Environmental Assessment Practitioner, SLR Consulting, to prepare the application for Environmental Authorization in terms of Regulation 16 of the Environmental Impact Assessment Regulations of 2014. Work conducted by SLR Consulting has temporarily been interrupted until conflicting regulations between PASA, the Department of Mineral Resources (DMR), the Department of Environmental Affairs and the Department of Water and Sanitation have been resolved. AE has successfully applied for an extension of the date of submission for the EIA and EMPR to PASA to allow the relevant authorities to clarify the regulations and its related guidelines.

For the time being, the submission date of the EIA and EMPR has been rescheduled by PASA for a time in line with the resolution of the conflicting regulations between the Departments.

COVID-19

On 23 March 2020, President Cyril Ramaphosa announced a new measure to combat the spread of the Covid-19 coronavirus in South Africa which included a three-week nationwide lockdown with severe restrictions on travel and movement, from midnight on Thursday, 26 March, to midnight on Thursday, 16 April. On 09 April 2020 government has decided to extend the nation-wide lockdown by a further two weeks beyond the initial 21 days.

INFORMATION REQUIRED BY LISTING RULE 5.3.5:

During the quarter, the Company made the following payments to the related parties and their associates in item 6 of the Appendix 5B totalling \$469,316. Of the payments made \$390,836 relates to prior periods covering 30/11/2016 to 31/12/2019 and \$78,480 relates to the current period

Directors' Fees, Legal fees, corporate advisory fees and company secretarial fees includes amounts paid to Trident Capital, Trident Management Services and Price Sierakowski, entities associated with Mr Sierakowski.

TENURE STATUS

Clause	Area of Interest	Tenement reference	Nature of interest	Interest March 2020
Interest	Amersfoort Project – South Africa			
		30/5/2/3/38ER	3 rd renewal period granted by DMR in Aug 19.	49%
		30/5/2/3/56ER	2 nd renewal period granted by DMR in Aug 19.	49%
		ER320 (TCP 106)	Application for conversion from TCP to exploration right approved by regulator. DMR expected grant of application for extension for EIA delayed due to regulatory delays.	49%
		ER 270	Exploration Right granted in Aug 19.	49%
		ER 271	Exploration Right granted in Aug 19.	49%
		ER 272	Exploration Right granted in Aug 19.	49%



About Kinetiko Energy

Kinetiko Energy is an Australian gas explorer focused on advanced gas and coal bed methane (CBM) opportunities in rapidly developing markets in Southern Africa. Its flagship Amersfoort project which is conducted through Afro Energy and its co shareholder Badimo Gas is being developed around the infrastructure rich and energy starved industrial region of South Africa. South Africa has extensive gassy coal basins, extensive energy infrastructure and a growing gas demand, making it an attractive area for investment.

For more information visit: www.kinetikoenergy.com.au

*Or contact Geoff Michael or James Searle, Joint Managing Directors, Kinetiko Energy Limited
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** On the 17/2/2016 Kinetiko reported in full to the ASX the Gustavson and Associates LLC the new resource for ER56 at the Amersfoort Project. This resource remain current.*

Except where indicated, technical comments above have been compiled by James Searle BSc (hons), PhD, a Member of the Australian Institute of Mining and Metallurgy, and a Director of Kinetiko Energy Ltd with over 30 years' experience in metallic and energy minerals exploration and development, including over 5 years' experience in petroleum exploration. Dr Searle consents to the inclusion of this technical information in the format and context in which it appears.