



SIGNIFICANT GAS RESOURCE INCREASE - CONTINGENT RESOURCES (2C) NOW 4.9 TCF

- **Contingent Resource (2C) increases from 1.5 TCF to 4.9 TCF – up 227%**
- **Prospective Resource Gas In Place (GIP 2C) increased from 2.4 TCF to 9.3 TCF – up 287%**
- **High resolution aeromagnetic survey completed which has the potential to enable another certified resource revision**
- **Resource Assessment Excludes Exploration Right Application 320 comprising 2,394 km² which is pending approval**

Kinetiko Energy Ltd (“Kinetiko” or “Company”) (ASX:KKO) is delighted to announce that independent oil and gas appraisers and certifiers Gustavson Associates LLP from Boulder, Colorado (“Gustavson”) have produced an updated resource report according to the VALMIN/PRMS standards which has increased the existing certified Contingent Resource (2C) gross from 1.5 TCF to 4.9 TCF (Tables 1 and 2).

Kinetiko chairman Adam Sierakowski stated *“The Company now has independent confirmation of the huge scale of the Afro Energy exploration rights with further rights still to be assessed. The significant potential recoverable gas from known accumulations surrounded by energy infrastructure and abundant markets in the Johannesburg region, further improves Kinetiko’s existing value proposition and sets the Company on a course to pursue maiden gas reserves from progressing negotiations with South African Institutions to develop a pilot gas production field”.*

The last report produced by Gustavson in August 2012 for the overall project area provided a certified (2C) (gross) Contingent Resource of 1.5 TCF and Prospective Resource Gas In Place of 2.4 TCF (refer ASX announcement dated 13 August 2012).

Resource Statement Gas Gross						
	Unit=Billion Cubic Feet			Unit=Billion Cubic Meter		
Gas In Place	1C	2C	3C	1C	2C	3C
CBM	3114.2	6883.8	13097.2	88.2	194.9	370.9
Gas in Sandstone	1089.8	2422.8	4367.8	30.8	68.6	123.7
Total	4204.0	9306.6	17465.0	119.0	263.5	494.6
	Unit=Billion Cubic Feet			Unit=Billion Cubic Meter		
Prospective Resource	1U	2U	3U	1U	2U	3U
Gas in Sandstone	361.0	902.5	1766.7	10.2	25.6	50.0
	Unit=Billion Cubic Feet			Unit=Billion Cubic Meter		
Contingent Resources	1C	2C	3C	1C	2C	3C
CBM	2047.1	4492.0	8621.2	58.0	127.2	244.1
Gas In Sandstone	189.8	369.8	629.4	5.4	10.5	17.8
Total	2236.9	4861.8	9250.6	63.4	137.7	261.9

Table 1. Gross (for 100% of project), Prospective and Contingent Resources unrisks.

Resource Statement Gas Net to Kinetiko Energy Limited						
	Unit=Billion Cubic Feet			Unit=Billion Cubic Meter		
Gas In Place	1C	2C	3C	1C	2C	3C
CBM	1526.0	3373.1	6417.6	43.2	95.5	181.7
Gas in Sandstone	534.0	1187.2	2140.2	15.1	33.6	60.6
Total	2060.0	4560.2	8557.9	58.3	129.1	242.4
	Unit=Billion Cubic Feet			Unit=Billion Cubic Meter		
Prospective Resource	1U	2U	3U	1U	2U	3U
Gas in Sandstone	176.9	442.2	865.7	5.0	12.5	24.5
	Unit=Billion Cubic Feet			Unit=Billion Cubic Meter		
Contingent Resources	1C	2C	3C	1C	2C	3C
CBM	1003.1	2201.1	4224.4	28.4	62.3	119.6
Gas In Sandstone	93.0	181.2	308.4	2.6	5.1	8.7
Total	1096.1	2382.3	4532.8	31.1	67.5	128.3

Table 2. Net to Kinetiko Energy (for 49% of project), Prospective and Contingent Resources unrisks.

Following the provision of new information from exploration activities undertaken in the last few years and considering recently granted exploration rights ER270, ER271 and ER272 (refer Figure 1), Gustavson increased the (gross) Prospective Resource Gas In Place estimate (GIP) from 2.4 TCF to 9.3 TCF and certified (gross) contingent resource (2C) from 1.5 TCF to 4.9 TCF (refer Table 1 and 2).

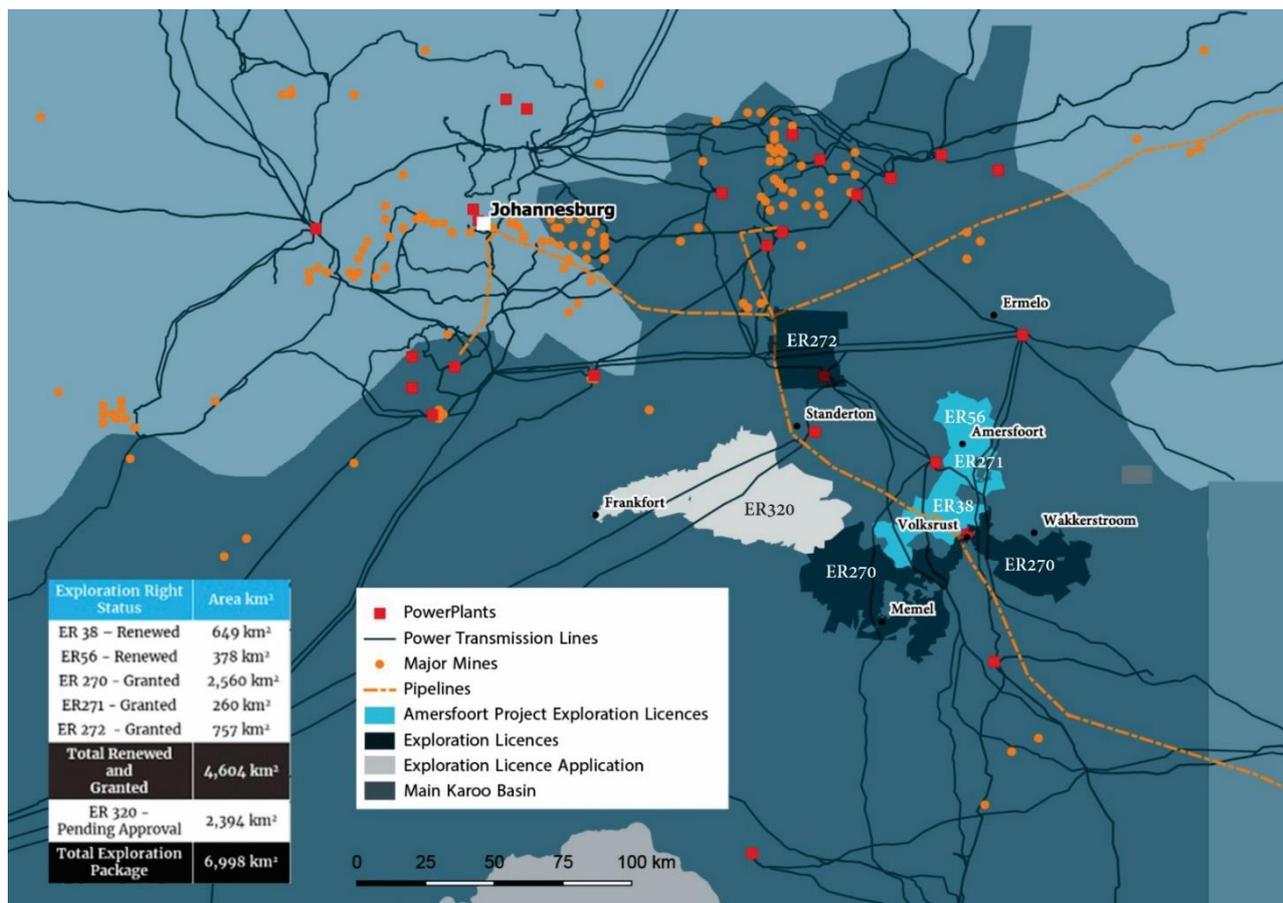


Figure 1. Afro Energy tenements in relation to major coal geology and existing energy infrastructure

The Gustavson report upgrades to Gas In Place, Prospective and Contingent Resources is a core element of the Company’s strategy to continue to explore and assess the most gas prone areas within the 4,604kms² of exploration rights currently held and later assess a further 2,394Kms² of rights under application which the company is seeking to have granted. The next step will be the assessment of the technical information that will be derived from the current aeromagnetic survey covering 11, 563 line-kilometres which was completed this month and has the potential to enable a further revision of the Gustavson report.

New data and information was assessed in determining the Gustavson report and explanation of how it effected the assessment - Afro Energy was awarded renewal exploration licences by the Department of Mineral Resources of South Africa in January 2020 for two existing exploration rights (ER38 and ER56) and three new exploration rights (ER270, ER271 & ER272).

As part of the renewal applications Afro Energy were required to relinquish 15% by area of ER38 and ER56 which resulted in a renewed resource re-evaluation of those two areas. Analysis of data from wells drilled within ER38 and ER56 were used to estimate gas resources. The data on the individual coal seam thickness along with the well coordinates were input to a computer mapping program to generate isopach maps and to calculate coal volumes. The data on the sandstone reservoirs came from the petrophysical analysis of wireline logs from these wells.

ER270, ER271 & ER272 are newly awarded exploration rights. The work performed by Gustavson consisted of review and analysis of data provided by internal research of the existing literature. The data used consisted of coal seam intervals assembled by the South African Council for GeoSciences and existing literature available from historical drilling programs by the coal mining industry. Gustavson has validated the original source data and have checked the data for internal consistency and audited random drill-holes in the digital records against available copies of the original drill-hole logs.

Contingent Resources are defined as follows:

“Those quantities of petroleum estimated, on a given date, to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies.”

The contingencies in this case are that insufficient production or test data are available to establish commercial productivity, that the market(s) for the gas are not firmly established, and that no development plan is in place. There is no certainty that it will be commercially viable to produce any portion of the resources.

Prospective Resources are defined as follows:

“those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of geologic discovery and a chance of development.”

There is no certainty that the Prospective Resources will be discovered, or that it will be commercially viable to produce any portion of the resources.

The Resource Evaluation Report by Gustavson is a technical assessment report, prepared in accordance with VALMIN code, and as is based on the definitions and guidelines of the Petroleum Resources Management System. The Petroleum Resources Management System’s categorisation for the range of uncertainty for Contingent Resources corresponds to the key points in the resource distribution as follows: P90 corresponds to 1C resources, P50 (most likely) corresponds to 2C resources, P10 (high estimate) corresponds to 3C resources. For Prospective Resources the key points in the resource distribution are as follows: P90 corresponds to 1U resources, P50 (most likely) corresponds to 2U resources, P10 (high estimate) corresponds to 3U resources.

Summary of further appraisal drilling and evaluation work to be undertaken to assess the potential for commercial recovery. The current work programs approved by the Petroleum Agency of South Africa for the three new exploration rights granted (ER270 – ER272) and two renewals of existing Exploration Rights (ER38 & ER56) consists mainly of airborne aeromagnetic and radiometric surveys over selected areas within Exploration Rights ER38 and ER56 in the Amersfoort and Volksrust areas followed by zone interval drilling operations in both the areas and core drilling programs in ER270 – ER272 followed by pilot test wells at selected positions throughout the tenements.

Competent Person's Statement

The information in this report that relates to resource estimates is based on the information compiled by and under the supervision of Letha Chapman Lencioni, who is a Registered Professional Engineer in the states of Colorado and Wyoming. Ms. Lencioni is employed by Gustavson Associates. She has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which she is undertaking to qualify as a Specialist as defined in the 2015 Edition of the VALMIN Code. Ms. Lencioni consents to the inclusion of the report of the matters based on her information in the form and context in which it appears.

Gustavson Associates LLC and Letha Lencioni consent to the use of all or any part of this Resource Evaluation Report for Kinetiko's licenses in South Africa, as at 1 July 2020, in any document filed with any Australian Securities Commission by Kinetiko Energy Ltd.

This announcement is authorised for release to the market by the Board of Directors of Kinetiko Energy Limited.

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About Kinetiko Energy and Afro Energy

Kinetiko Energy is an Australian gas explorer focused on advanced shallow conventional gas and coal bed methane (CBM) opportunities in rapidly developing markets in Southern Africa. South Africa has extensive gassy coal basins, extensive energy infrastructure and a growing gas demand, making it an attractive area for investment. The Company has approximately 7,000km² exploration area, of which approximately 4,604km² is granted and being explored.

Afro Energy (Pty) Ltd. was incorporated as a joint venture founded in 2015 by Kinetiko Energy Ltd (49%) and Badimo Gas (Pty) Ltd of South Africa (51%) as a JV company to own 100% of the exploration rights with required BEE (Black Economic Empowerment) certification, and facilitate South African investment in order to continue to explore, develop, and commercialise gas production.

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