

KINETIKO

ENERGY LTD

ACN 141 647 529

NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT

**General Meeting to be held at the offices of Trident Capital,
Level 24, 44 St George's Terrace, Perth, Western Australia
on 28 August 2020 commencing at 2.00pm (WST).**

The Board has made the decision that it will hold a physical Meeting with the appropriate social gathering and physical distancing measures in place to comply with the Federal Government's and State Government's current restrictions for physical gatherings.

This Notice of General Meeting and Explanatory Statement should be read in its entirety.
If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

KINETIKO ENERGY LIMITED

ACN: 141 647 529

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of Kinetiko Energy Limited (ACN 141 647 529) ("Company") will be held at the offices of Trident Capital, Level 24, 44 St George's Terrace, Perth, Western Australia on 28 August 2020 commencing at 2.00m (WST).

ORDINARY BUSINESS

1. Resolution 1 – Ratification of issue of Placement Shares

To consider and if thought fit, pass with or without amendment the following resolution as an ordinary resolution:

"That the prior issue of 33,207,013 Shares to Exempt Investors under the Placement Offer contained in the Prospectus dated 30 January 2020 on the terms and conditions set out in the Explanatory Statement is approved under and for the purpose of Listing Rule 7.4 and for all other purposes."

Voting exclusion statement

The Company will disregard any votes cast in favour of this resolution by or on behalf of:

- a) a person who participated in the issue; or
- b) an associate of those persons;

However, this does not apply to a vote cast in favour of the resolution by:

- a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way, or
- b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. Resolution 2 – Issue of Securities to Related Parties

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

- (a) *"That the issue of up to 5,738,427 Options to Adam Sierakowski (and/or his nominees) on the terms and conditions as outlined in the Explanatory Statement is approved under and for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes."*
- (b) *"That the issue of up to 5,428,831 Options to Geoff Michael (and/or his nominees) on the terms and conditions as outlined in the Explanatory Statement is approved under and for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes."*
- (c) *"That the issue of up to 3,800,000 Options to James Searle (and/or his nominees) on the terms and conditions as outlined in the Explanatory Statement is approved under and for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes."*

Shareholders should note that if this Resolution is passed, the approval of Shareholders is not required under Listing Rule 7.1.

KINETIKO ENERGY LIMITED

ACN: 141 647 529

Voting Exclusion Statement

Adam Sierakowski: The Company will disregard any votes cast in favour of Resolution 2(a) by or on behalf of:

- a) Adam Sierakowski (and/or his nominees); or
- b) an associate of Adam Sierakowski.

However, this does not apply to a vote cast in favour of the resolution by:

- a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way, or
- b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Geoff Michael: The Company will disregard any votes cast in favour of Resolution 2(b) by or on behalf of:

- a) Geoff Michael (and/or his nominees); or
- b) an associate of Geoff Michael.

However, this does not apply to a vote cast in favour of the resolution by:

- a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way, or
- b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

James Searle: The Company will disregard any votes cast in favour of Resolution 2(c) by or on behalf of:

- a) James Searle (and/or his nominees); or
- b) an associate of James Searle.

However, this does not apply to a vote cast in favour of the resolution by:

- a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way, or
- b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

KINETIKO ENERGY LIMITED

ACN: 141 647 529

Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice of General Meeting and should be read in conjunction with it.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used in this Notice of General Meeting and the Explanatory Statement.

Proxies

Please note that:

- (a) a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company;
- (c) a Shareholder may appoint a body corporate or an individual as its proxy;
- (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- (e) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the General Meeting or handed in at the General Meeting when registering as a corporate representative.

Voting Entitlements

In accordance with Regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of Shareholders as at 5.00pm (WST) on 26 August 2020. Accordingly, transactions registered after that time will be disregarded in determining Shareholder's entitlement to attend and vote at the General Meeting.

Attendance Instructions

The Board has made the decision that it will hold a physical Meeting with the appropriate social gathering and physical distancing measures in place to comply with the Federal Government's and State Government's current restrictions for physical gatherings.

By Order of the Board of Directors



Stephen Hewitt-Dutton
Company Secretary
Kinetiko Energy Limited

14 July 2020

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the resolution in the accompanying Notice of General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

1. Resolution 1 – Ratification of Issue of Placement Shares

1.1 General

On 30 January 2020 the Company announced that it intended to raise up to approximately \$3 million. The funds are to be raised through Placement in conjunction with a non-renounceable entitlement offer (**Entitlement Offer**) on the basis of one (1) fully paid ordinary share for every four (4) fully paid ordinary shares held by shareholders of Kinetiko with a registered address in Australia or New Zealand at 5pm (Perth time) on 4 February 2020. The Board has made the decision that it will hold a physical Meeting with the appropriate social gathering and physical distancing measures in place to comply with the Federal Government's and State Government's current restrictions for physical gatherings. February 2020.

The Entitlement Offer, including placement of the shortfall, raised the full amount of \$2,040,461 (before expenses). In addition, the Company raised a further \$664,140.26 through the Placement Offer (Placement Offer) by the issue of 33,207,013 shares at an issue price of \$0.02 per share.

1.2 Listing Rules

Listing Rule 7.4 provides that an issue of securities by a company made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the Company's shareholders subsequently approve it. Such approval replenishes the company's 15% capacity and enables it to issue further securities up to that limit. Accordingly, if Resolution 1 is approved, the Shares issued under the Placement Offer will not be included in the Company's 15% calculation for the purposes of Listing Rule 7.1. If the Resolution is not passed, the Shares issued under the Placement Offer will reduce, to that extent, the Company's capacity to issue equity securities without shareholder approval under Listing Rule 7.1 for 12 months following the date of issue of the Shares.

Listing Rule 7.5 requires that the following information be provided to the Shareholders in relation to obtaining approval of Resolution 1 for the purposes of Listing Rule 7.4:

(a) Number of Securities allotted

A total of up to 33,207,013 Fully Paid Ordinary Shares.

(b) The price at which the Securities were issued

The Shares have an issue price of \$0.02 each.

(c) The terms of the Securities

The Shares issued are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue.

(d) The date on which securities were issued

2,900,000 Shares were issued on 11 February 2020 and 30,307,013 Shares were issued on 30 April 2020.

(e) Names of the allottees or the basis on which the allottees were determined

The Placement Offer Shares were issued to Exempt Investors under section 708A(5) of the Corporations Act, none of whom were related parties of the Company, who are clients of Trident Capital Pty Ltd. Substantial shareholder Brendan Gore received an allotment of 10,250,000 Shares in the placement.

(f) The use of (or intended use) of the funds raised

The Company intends to apply the funds raised from the Placement Offer as follows:

- Continue exploration at Amersfoort beyond the minimum required to maintain good standing;
- Comply with the requirements of the ASX to enable the removal of the trading suspension in the Company's shares; and
- Costs of the offer and working capital.

2. Resolutions 2(a), 2(b) and 2(c) – Issue of Shares to Related Parties

Resolutions 2(a), 2(b) and 2(c) are ordinary resolutions and seek Shareholder approval for the issue of Securities to entities associated with Adam Sierakowski, Geoff Michael and James Searle.

The Options to be issued to entities associated with Adam Sierakowski, Geoff Michael and James Searle are being issued on the same terms as the Options that were issued to applicants under the Option offer during November 2019. Full terms of the Options are contained in Appendix A. The Director will apply for the options and pay a subscription price of \$0.001 per option.

The Directors held options, exercisable at \$0.03 each, in the Company which expired during the period the Company was suspended from trading on the ASX. The original options were acquired by the Directors in 2016 and were issued as attaching options to shares issued for the repayment of loans and conversion of fees to shares. The issue of the shares and options in 2016 was on the same terms as shares and options issued to investors under the September 2016 placement and other non-related loan repayments approved at the 2016 Annual General Meeting. As Shareholder approval is required to issue securities to Directors, the Directors could not participate in the Option offer in November 2019. The Company seeks to issue the following Options to the Directors to provide them with the opportunity they were denied through expiry of their original options during the Company's extended suspension. The Options are not being issued as remuneration.

Director	Associated Entity	Options
Adam Sierakowski	IML Holdings Pty Ltd	5,738,427
Geoff Michael	Ageus Pty Ltd <The M & A A/c>	5,428,831
James Searle	Earthsciences Pty Ltd	3,800,000
Total		14,967,258

IML Holdings Pty Ltd is a Related Party of the Company as Mr. Adam Sierakowski is a director of the Company and a director and shareholder of IML Holdings Pty Ltd.

Ageus Pty Ltd is a Related Party of the Company as Mr. Geoff Michael is a director of the Company and a director of Ageus Pty Ltd.

Earthsciences Pty Ltd is a Related Party of the Company as Dr. James Searle is a director of the Company and a director and Shareholder of Earthsciences Pty Ltd.

As the parties to be issued securities are Related Parties of the Company, Resolutions 2(a), 2(b) and 2(c) must be approved by Shareholders under Listing Rule 10.11.

The ASX Listing Rules set out a number of regulatory requirements which must be satisfied in connection with the proposed issue of securities to Related Parties. These are summarised below.

2.1

ASX Listing Rule 10.11

Chapter 10 of the Listing Rules contains certain provisions in relation to transactions between a company and “persons in a position of influence”. Listing Rule 10.11 provides that a company must not issue equity securities to a “Related Party” without the approval of holders of ordinary securities by ordinary resolution. The term “Related Party” is defined in for these purposes to include a Related Party within the meaning of section 228 of the Corporations Act and a person whose relationship with the entity or a Related Party is, in ASX’s opinion, such that approval should be obtained.

If Resolutions 2(a), 2(b) and 2(c) are passed, securities will be issued to the parties noted above which are Related Parties of the Company. Accordingly approval for the proposed issue of Shares and Options is required pursuant to ASX Listing Rule 10.11. If Resolutions 2(a), 2(b) and 2(c) are not passed the Company will not be able to issue the Securities to the Directors (and/or their associated entities). The Company will need to raise additional cash to be able to pay the amounts outstanding.

ASX Listing Rule 10.13 sets out a number of matters which must be included in a Notice of Meeting proposing an approval of an issue of securities under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 2(a), 2(b) and 2(c):

(a) **Names of the Allottees of the Securities**

Allottee	Options
IML Holdings Pty Ltd	5,738,427
Ageus Pty Ltd <The M & A A/c>	5,428,831
Earthsciences Pty Ltd	3,800,000
	14,967,258

(b) **Maximum Number of Securities to be issued**

A total of 14,967,258 Options are to be issued.

(c) **Date by which the Securities will be issued**

It is intended that the Securities are issued on 31 August 2020, and in any case no later than 1 month from the date of the General Meeting. It is not anticipated that the Securities will be issued progressively.

(d) **The price at which the Securities will be issued**

The Options will have an issue price of \$0.001 each.

(e) **The terms of the Securities**

The Options will have an exercise price of \$0.03 and expire on 31 December 2021. Full Terms of the Options can be found in Annexure A.

(f) **The use of (or intended use) of the funds raised**

The funds raised from the issue of the Options will be used as working capital of the Company.

2.2 Section 208 of the Corporations Act

Section 208 of the Corporations Act states that a public company cannot give a “financial benefit” (including an issue of shares and options) to a “related party” of the Company unless one of the exceptions set out in section 210 to 216 of the Corporations Act apply, or the holders of ordinary securities have approved the giving of the financial benefit to the related party in a general meeting.

Mr Sierakowski, Mr Michael and Dr Searle (the "Directors") are related parties of the Company within the meaning specified under section 228 of the Corporations Act. Further, the provision of the Options constitutes a financial benefit within the meaning of section 229 of the Corporations Act. Accordingly, Shareholder approval is sought under section 208 of the Corporations Act to permit the issue of the Options on the terms set out in Resolution 2 to the Directors (and/or their nominees) as a related party of the Company.

As required by section 219 of the Corporations Act, the following information is provided in relation to Resolution 2:

(a) Related party to whom the financial benefit is to be given

IML Holdings Pty Ltd, a Related Party of Mr. Adam Sierakowski.

Ageus Pty Ltd, a Related Party of Mr. Geoff Michael.

Earthsciences Pty Ltd, a Related Party of Dr. James Searle.

(b) Nature of the financial benefit

Allottee	Options
IML Holdings Pty Ltd	5,738,427
Ageus Pty Ltd <The M & A A/c>	5,428,831
Earthsciences Pty Ltd	3,800,000
	14,967,258

(c) Valuation of the financial benefit

Pendragon Capital Ltd has conducted a valuation report on the Options, a copy of which is included as Annexure B. Pendragon's findings are summarised in the below table.

Item	Options
Underlying share price	\$0.062
Exercise price	\$0.03
Valuation date	6 July 2020
Expiration date	31 December 2021
Life of the Options (years)	1.5 years
Volatility	115.7%
Risk free rate	0.25%
Valuation per Option	\$0.0429

Value of the Options:

Director	Associated Entity	Options	Value	Subscription Cost	Financial Benefit
Adam Sierakowski	IML Holdings Pty Ltd	5,738,427	\$243,848	\$(5,738)	\$238,110
Geoff Michael	Ageus Pty Ltd <The M & A A/c>	5,428,831	\$230,692	\$(5,429)	\$225,263
James Searle	Earthsciences Pty Ltd	3,800,000	\$161,477	\$(3,800)	\$157,677
Total		14,967,258	\$636,017	\$(14,967)	\$621,050

(d) Current Relevant Interests

As at the date of the Notice of Meeting, the Directors shareholdings are as follows:

Director	Number of Shares Held ¹
Adam Sierakowski	81,636,129
Dr James Searle	20,233,334
Geoff Michael	37,046,123

Notes:

1. Held directly or indirectly by the Director or a related party of the Director.

As at the date of this Prospectus, the Directors had no relevant interests in Options.

(e) Terms of the Options

Full terms and conditions of the Options are set out in Annexure A.

(f) Dilution

If all of the Options under Resolution 2 were exercised, and no other Shares were issued by the Company, the shareholding of existing Shareholders would, based on the current issued capital of the Company, be diluted by approximately 2.68%.

(g) Opportunity costs to the Company

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in issuing the Options.

(h) Funds raised

Funds raised through the issue of the Options will be used as working capital. Funds raised in the event of exercise of the Options will be applied towards working capital requirements or in any other manner that the Board considers appropriate at the relevant time. However, there is no guarantee that any of the Options will be exercised at any future time.

(i) Directors' interests

The Directors, as recipients of the Options, have a material personal interest in the outcome of Resolution 2.

(j) Directors' recommendation

See section 2.3 below.

(k) Other information

Other than as set out in this Explanatory Statement, there is no further information which the Shareholders would reasonably require in order to decide whether or not it is in the Company's best interests to pass Resolution 2.

2.3 Directors' Recommendation

The Directors (other than Mr Sierakowski) do not have any personal interest in the outcome of Resolution 2(a). The Directors (other than Mr Sierakowski) believe that the issue of options is fair as it is offered on the same terms as the options offer conducted by the Company in November 2019 which were replacement options for the options that lapsed during the Company's suspension and provides incentive to Mr Sierakowski linked to the Success of the Company.

The Directors (other than Mr Sierakowski) recommend Shareholders vote in favour of Resolution 2(a).

Mr Sierakowski declines to make a recommendation in relation to Resolution 2(a) due to the fact that he has a material personal interest in the outcome.

The Directors (other than Mr Michael) do not have any personal interest in the outcome of Resolution 2(b). The Directors (other than Mr Michael) believe that the issue of options is fair as it is offered on the same terms as the options offer conducted by the Company in November 2019 which were replacement options for the options that lapsed during the Company's suspension and provides incentive to Mr Michael linked to the Success of the Company.

The Directors (other than Mr Michael) recommend Shareholders vote in favour of Resolution 2(b).

Mr Michael declines to make a recommendation in relation to Resolution 2(b) due to the fact that he has a material personal interest in the outcome.

The Directors (other than Mr Searle) do not have any personal interest in the outcome of Resolution 2(c). The Directors (other than Mr Searle) believe that the issue of options is fair as it is offered on the same terms as the options offer conducted by the Company in November 2019 which were replacement options for the options that lapsed during the Company's suspension and provides incentive to Mr Searle linked to the Success of the Company.

The Directors (other than Mr Searle) recommend Shareholders vote in favour of Resolution 2(c).

Mr Searle declines to make a recommendation in relation to Resolution 2(c) due to the fact that he has a material personal interest in the outcome.

Glossary

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

General Meeting	the general meeting convened by this Notice of General Meeting.
ASX	ASX Limited (ACN 008 624 691) trading as the Australian Securities Exchange.
Board	the board of Directors.
Business Day	a day on which banks in Perth, Western Australia are generally open for business, except a Saturday, Sunday and gazetted public holiday.
Chairman	Mr Adam Sierakowski.
Constitution	the constitution of the Company.
Company	Kinetiko Energy Limited ACN 141 647 529.
Corporations Act	Corporations Act 2001 (Cth).
Director	a director of the Company.
Equity Securities	has the meaning given in the Listing Rules.
Exempt Investors	exempt investors under section 708A(5) of the Corporations Act
Explanatory Statement	the explanatory statement accompanying the Notice of General Meeting.
Listing Rules	the listing rules of ASX.
Notice of General Meeting	the notice of general meeting accompanying the Explanatory Statement.
Option	means an option to acquire a Share to be issued (as contemplated by Resolution 2), the terms and conditions of which are set out in Annexure A.
Related Party	a party so defined by section 228 of the Corporations Act.
Share	a fully paid ordinary share in the capital of the Company.
Shareholder	a holder of Shares.
Trident Capital	Trident Capital Pty Ltd (ACN 100 561 733).

Annexure A

Kinetiko Energy Limited (“Company”) - Option Terms

- a) Each Option shall entitle the holder the right to subscribe for one (1) fully paid ordinary share in the capital of the Company.
- b) The exercise price of each Option is 3.0 cents (\$0.03) per share subscribed for on exercise of each Option.
- c) Each Option will expire on 31 December 2021 (“Option Expiry Date”). Each Option may be exercised at any time prior to 5.00pm WST on the Option Expiry Date and any Option not so exercised shall automatically expire on the Option Expiry Date.
- d) Each ordinary share allotted as a result of the exercise of an Option will, subject to the Constitution of the Company, rank in all aspects pari passu with the existing ordinary fully paid shares in the capital of the Company on issue at the date of allotment.
- e) A registered owner of an Option (“Option Holder”) will be entitled to receive and will be sent all reports, accounts and notices required to be given to members of the Company but will not be entitled to attend or vote at any meetings of the members of the Company unless they are members of the Company.
- f) A certificate or holding statement will be issued by the Company with respect to Options held by an Option Holder. Attached to these terms and attached or endorsed on the reverse side of each certificate or holding statement will be a notice that is to be completed when exercising the Options the subject of the certificate or holding statement (“Notice of Exercise of Options”). Options may be exercised by the Option Holder completing the Notice of Exercise of Options and forwarding the same to the Secretary of the Company. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be allotted.

The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full of the relevant number of shares being subscribed, being an amount of \$0.03 per share.

On exercise of Options, the Option Holder must surrender to the Company the Option Holder’s option certificate or holding statement with respect to those Options being exercised.

Within 14 days from the date the Option Holder properly exercised Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of fully paid ordinary shares in the capital of the Company so subscribed for by the Option Holder.

- g) In the event of a reconstruction (including a consolidation, sub-division, reduction, return or pro-rata cancellation) of the issued capital of the Company, the number of Options or the exercise price of the Options or both shall be reconstructed in such that there will not result in any benefits being conferred on the Option Holders which are not conferred on shareholders (subject to the provision with the respect to rounding of entitlements sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms of the exercise of Options shall remain unchanged. In addition, these option terms will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- h) There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the Option Expiry Date unless and until Options are exercised. The Company will ensure that during the exercise period of the Options, the record date for the purposes of determining entitlement to any new such issue, will be at least 9 Business Days after such new issues are announced in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.
- i) Subject to the Corporations Law, the Listing Rules and the Constitution of the Company, the Options are freely transferable and will only be quoted on ASX if a sufficient spread of option holders exists in compliance with the ASX Listing Rules.
- j) If the Company is listed on ASX and makes a pro rata issue (except a bonus issue) to the holders of ordinary shares, the exercise price of each Option shall be amended in accordance with the following formula:

$$O' = O - E [P - (S + D)]$$

$$N + 1$$

Where:

O’ = the new exercise price of the Option.

O = the old exercise price of the Option.

E = the number of underlying shares into which one Option is exercisable.

P = the average market price per share (weighed by reference to volume) of the underlying shares to which the Option Holder is entitled.

S = the subscription price for a share under the pro rata issue.

D = any dividend due but not yet paid on the existing underlying share (except those to be issued under the pro rata issue).

N = the number of shares with rights or entitlements that must be held to receive a right to one new share.

No change will be made pursuant to the application of the above formula to the number of shares to which the Option Holder is entitled.

If the Company is listed upon ASX, the reduction of the exercise price of each Option in accordance with the above formula shall be subject to the provision of the Listing Rules of ASX.

If the Company makes a bonus issue or other securities convertible into ordinary shares pro rata to holders of ordinary shares the number of shares issued on exercise of each Option will include the number of bonus shares that would have been issued if the Option had been exercised by the Option Holder prior to the books closing date for bonus shares. No change will be made in such circumstances to the exercise price of each Option.



14 July 2020

The Directors
Kinetiko Energy Limited
C/- Stephen Hewitt-Dutton
Unit 10, 100 Railway Road
SUBIACO WA 6008

Dear Stephen

KINETIKO ENERGY LIMITED – VALUATION OF OPTIONS

1. SCOPE

You have requested Pendragon Capital Limited (“Pendragon”) to prepare a valuation for the proposed issue of options in Kinetiko Energy Limited (“KKO”) to the directors in accordance with Resolution 2 of the draft Notice of General Meeting (“NoM”) provided to us on 10 July 2020, for the proposed General meeting on 24 August 2020.

Terms and phrases used in this Report have the same meaning given to them in the NoM unless separately defined.

KKO is a public company listed on the ASX.

2. DETAILS OF OPTIONS

Entity	Valuation Date	Expiry Date	No of options Issued	Subscription Price	Exercise price Per option
IML Holdings Pty Ltd	6 July 2020	31 Dec 2021	5,738,427	\$0.001	\$0.030
Ageus Pty Ltd <The M & A/c>	6 July 2020	31 Dec 2021	5,428,831	\$0.001	\$0.030
Earthsciences Pty Ltd	6 July 2020	31 Dec 2021	3,800,000	\$0.001	\$0.030
Total			14,967,258		

The key dates, as provided in Annexure A of the Nom, are as follows:

- Valuation date – 6 July 2020 as advised; and
- Expiry date – being 31 December 2021.

3. TRADING HISTORY

KKO's shares are listed on the ASX. The charts below show KKO's share price movements and share trade volumes traded since the date of re-quotation on 18 May 2020 to 6 July 2020.

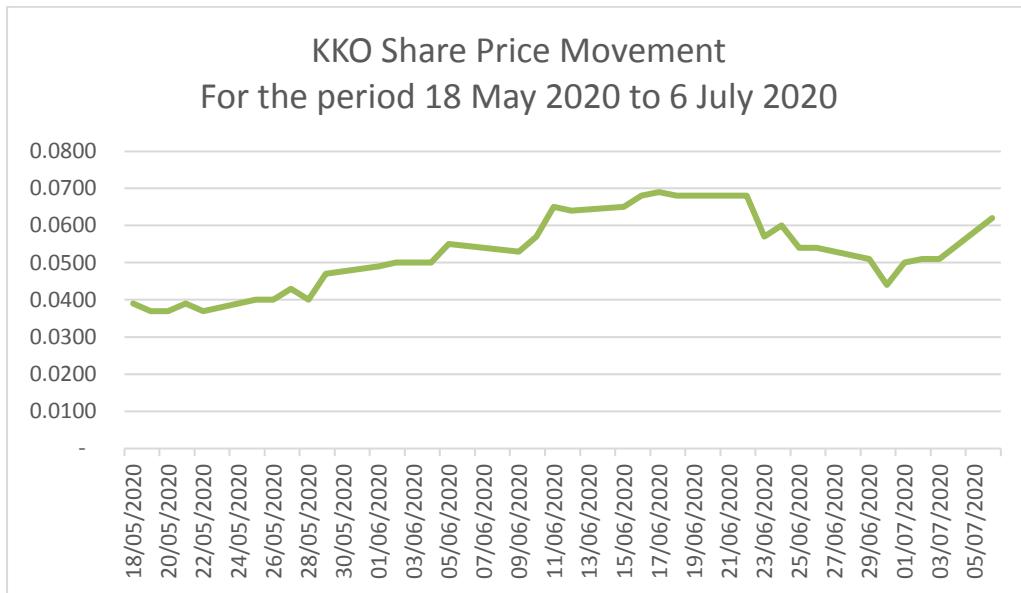


Fig 3.1 KKO's Share Price Movement

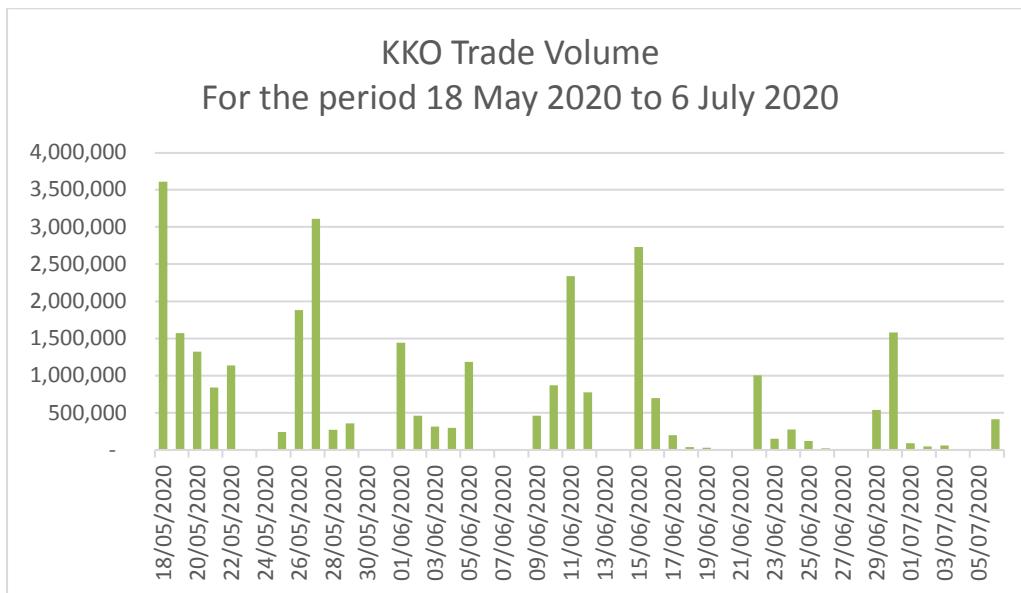


Fig 3.2 KKO's Share Trade Volume

4. VALUE OF OPTIONS

4.1. Methodology

The Black Scholes option pricing model has been used to determine the value of the Options. This model considers the following factors when calculating the value of the option:

- exercise price of the option;
- current price of the underlying share;
- volatility of the price of the underlying share;
- time to expiry of the option; and
- risk free rate of return.

4.2. Assumptions

The assumptions that have been used in the Black Scholes option price calculations are detailed as follows:

- spot price of \$0.062, being the closing price on 6 July 2020;
- exercise price of \$0.03;
- expiry date being 31 December 2021;
- A volatility for KKO shares of 115.70%. This has been calculated using Hoadley's volatility calculator for the period 18 May 2020 to 6 July 2020. The decision to exclude volatility data prior to 18 May 2020 was made as KKO was suspended from trading for the period 4 October 2017 to 17 May 2020. Volatility data prior to the suspension was considered to be inappropriate for this purpose due to both the passage of time, and the fact that the company made significant changes to its operation and was recapitalised prior to its reinstatement on the ASX; and
- Risk-Free Rate is based on the Australian Government 2 year bond rate of 0.25% as at the date of valuation.

4.3. Valuation Calculation

Call or Put (C/P)	C
Spot Price (cents)	6.2
Strike Price (cents)	3.0
Time to Maturity	18 months
Volatility	115.70%
Risk-Free Rate	0.25%
Dividend Yield	0.00%
Value per option at grant date (cents)	4.249

4.4. Total value of options

The total value of options is outlined in the table below:

Entity	No. of Options	Value of options
IML Holdings Pty Ltd	5,738,427	\$243,848
Ageus Pty Ltd <The M & A A/c>	5,428,831	\$230,692
Earthsciences Pty Ltd	3,800,000	\$161,477
Total	14,967,258	\$636,017

5. VALUE OF FINANCIAL BENEFIT

In accordance with Section 219 of the Corporations Act the total financial benefit provided to the Directors of Kinetiko is \$621,050 as summarised in the table below:

Entity	No. of Options	Value of options	Subscription cost of options	Financial Benefit
IML Holdings Pty Ltd	5,738,427	\$243,848	(\$5,738)	\$238,110
Ageus Pty Ltd <The M & A A/c>	5,428,831	\$230,692	(\$5,429)	\$225,263
Earthsciences Pty Ltd	3,800,000	\$161,477	(\$3,800)	\$157,677
Total	14,967,258	\$636,017	(\$14,967)	\$621,050

6. SOURCES OF INFORMATION

This report has been based on the following information:

- Draft Notice of Meeting provided to us on 10 July 2020;
- ASX Announcements for KKO;
- ASX data and related information on KKO's shares;
- Hoadley's volatility calculator; and
- Discussions and correspondence with management.

In preparing this Report, we have reviewed the information described above as well as other published and unpublished information.

We have relied upon information provided by management of Kinetiko Energy Limited. We have not independently verified the information supplied to us, nor have we conducted anything similar to an audit.

7. DISCLOSURE OF INTERESTS

Pendragon is entitled to receive a fee of \$3,500 for preparing this Report. Except for this fee, Pendragon, and their directors, employees and associates, have not received and will not receive any other benefit whether direct or indirect in connection with the preparation of this Report.

8. QUALIFICATIONS

Pendragon holds Australian Financial Services Licence number 237549 issued by ASIC. Pendragon has experience in the provision of corporate finance advice. Mr Keith Platel, the director responsible for and signing the Report, is a Fellow of the Institute of Chartered Accountants and has many years' experience in company valuations and reports.

9. DISCLAIMERS AND CONSENTS

9.1 Restriction on use

This valuation has been prepared specifically for the parties described above and for the purpose described in Section 1. Neither the report nor its contents may be referred to or quoted in any statement, study, report, application, prospectus, loan, other agreement or document, without the express prior approval of Pendragon.

9.2 Valuation Disclaimer

This valuation has been prepared for the sole use of Kinetiko Energy Limited and Pendragon accepts no responsibility for any other persons who choose to rely on the information contained herein.

We have relied solely on information provided by you for the purposes of carrying out the valuation. We have not carried out any external enquiries or other verification. We have not taken into consideration any information that we have not been made aware of by you which could have an influence on the valuation.

To the extent that this report contains any information about future matters or expected future performance, we give no representation or warranty, either express or implied, that the future matters will occur or that the expected future performance will be met.

Yours sincerely



Keith Plate

Director

Enc



Kinetiko Energy Limited | ACN 141 647 529

GM Registration Card

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

Holder Number:

Vote by Proxy: KKO

Your proxy voting instruction must be received by **2.00pm (WST) on Wednesday, 26 August 2020**, being not later than **48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.



