



FIRST COMMERCIAL GAS PILOT PRODUCTION TO COMMENCE AT AMERSFOORT

HIGHLIGHTS

- Work has commenced on a well workover program in preparation of pilot gas-to-CNG production.
- Specialists in design and provision of process control and pumping systems Endress & Hauser AG and Franklin Electric Co have commenced repairs and upgrades to downhole pumping and surface metering and control equipment.
- The well workover program is scheduled for completion by mid-December 2020 with first pilot gas to CNG production estimated to commence in early 2021.
- The company is in advanced discussions with established gas traders as potential off takers.
- The pilot production program will enable Kinetiko to generate first revenues and seek the certification of first gas reserves.

Kinetiko Energy Ltd (“Kinetiko” or “Company”) (ASX:KKO) is pleased to announce through its incorporated joint venture Afro Energy (Pty) Ltd (“Afro Energy”) in collaboration with its joint venture partner in South Africa Badimo Gas (Pty) Ltd (“Badimo”), that preparatory work has commenced for a pilot gas production program where short term gas production could be achieved through re-opening existing producing wells in the areas designated for the establishment of an 8-spot test cluster of wells in close proximity to well number KA-03PTR (best flow rates achieved) within the ER56 tenement.

Following the granting of bulk gas production and removal permit by the Minister of Mineral Resources and Energy of up to 500 million standard cubic feet (MMscf) of gas per annum for a two-year period from its exploration rights ER56 and ER38 (ASX Announcement 21 October 2020), Afro Energy commenced the planning and preparation of a short-term pilot gas production program where produced gas will be sold to gas trader(s) for transportation and distribution to industries in the Johannesburg region.

The delivery of produced gas to end users will be predicated on established Compressed Natural Gas (CNG) transportation (virtual gas pipeline) methods by road.

The pilot production program will enable Kinetiko to generate first revenues from gas production and seek the certification of first gas reserves.

Afro Energy contracted Endress & Hauser AG and Franklin Electric Co to repair and upgrade its existing downhole and surface equipment to ensure safe and continuous production during the delivery period. Endress Hauser further allowed the use of its equipment used during a previous equipment test to optimise the surface separation of water and gas (ASX Announcement 12 September 2018). The workover of wells will commence subsequent to the completion of equipment repairs and upgrades currently undertaken when waterpipe, sensors and downhole water pumps will be pulled to surface for inspection, servicing and/or replacement. Completion of the workover program is schedule for mid-December 2020.



Figure 1 - Pilot production well KA-03PT flaring gas at Amersfoort Project

The company is currently in advanced negotiations with potential gas off taker(s) of small and intermittent gas production where they would purchase gas at an on-site transfer point, compress the gas to the required pressure utilising their own compression equipment and transfer same to their CNG trailers for transportation to existing gas-based industries In the Johannesburg region.

Following on the previously successful exploration program on ER56, the pilot gas production and commercialisation thereof under the current approval will place Afro Energy in a favourable position to apply for a production right in ER56. The Company therefore intends to apply for production rights for ER56 as soon as possible after the commencement of the pilot gas production program.

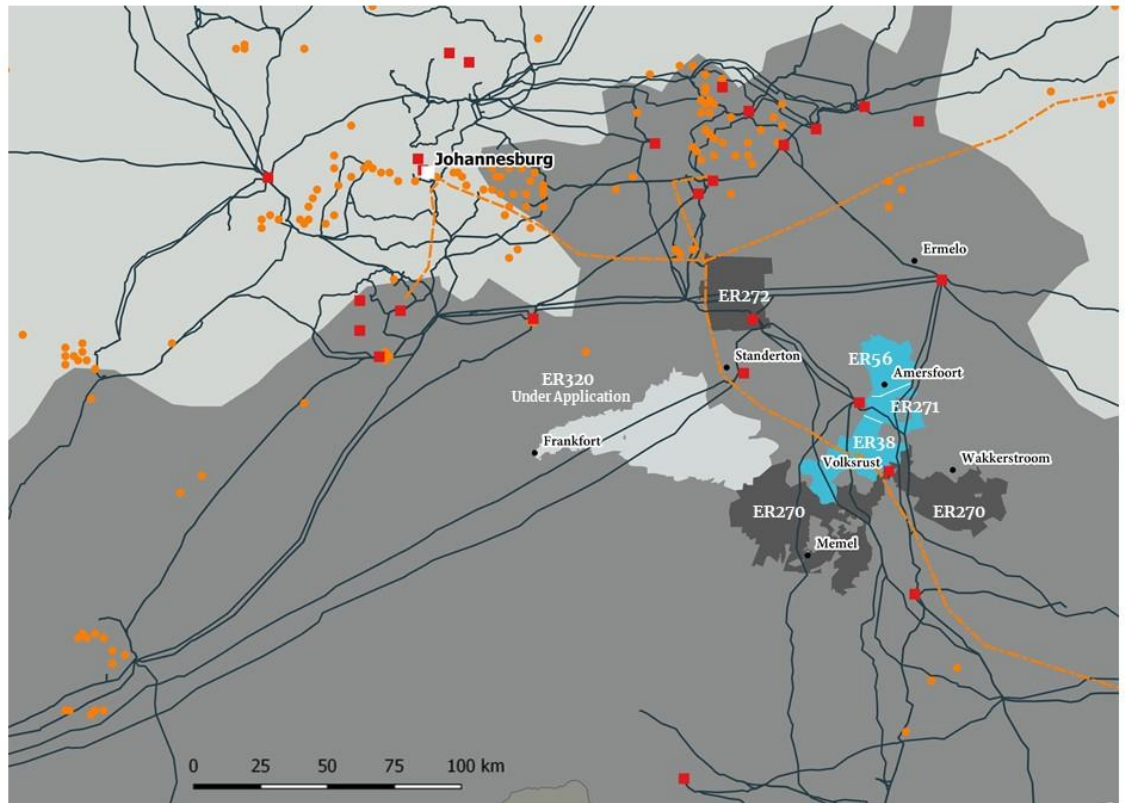
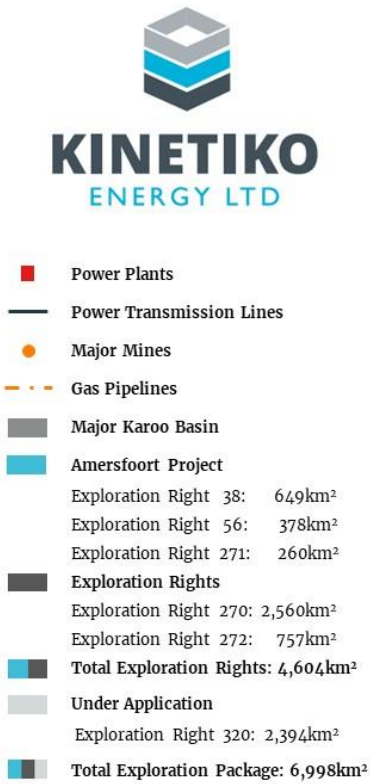


Figure 2 - Location of Johannesburg in relation to Afro Energy exploration rights

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

For more information visit: www.kinetiko.com.au or contact,

Adam Sierakowski
Non Executive Chairman
08 6211 5099
info@kinetiko.com.au

or
Evy Litopoulos
Investor Relations
ResolveIR
evy@resolveir.com

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 a large potential exploration area, of which approximately 7000km² 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 Empowerment Endowment) certification, and facilitate South African investment in order to continue to explore, develop, and commercialise gas production.

ASX: KKO | kinetiko.com.au

