KINETIKO ENERGY LTD

ABN 45 141 647 529

Annual Report
for the Year Ended
30 June 2021

C O N T E N T S

Corporate Directory

Directors
Adam Sierakowski
Geoffrey Michael
Thomas Fontaine

Company Secretary
Simon Whybrow

Public Officer
Geoffrey Michael

Principal Activity
Coal Bed Methane Exploration

Principal Place of Business
283 Rokeby Road
SUBIACO WA 6008

Registered Office
283 Rokeby Road
SUBIACO WA 6008

Auditors
BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

Stock Exchange Listing
Australian Securities Exchange
Home Exchange: Perth
Code: KKO

Share Registry
Automic Registry Services
Level 2, 267 St Georges Terrace
PERTH WA 6000

Directors' Report

The directors of Kinetiko Energy Ltd ("the Company") submit herewith the financial report of the Company for the financial year ended 30 June 2021. In order to comply with the provisions of the Corporations Act, the Directors' report as follows:

Directors

The names of the directors in office during the financial year and until the date of this report are:

Adam Sierakowski
Dr James Searle (resigned 24 February 2021)
Geoffrey Michael
Thomas Fontaine (appointed 9 February 2021)

Information on Directors

Adam Sierakowski, Non-Executive Chairman (ceased 31 December 2020), Executive Chairman (commenced 1 January 2021)
Mr Sierakowski is a lawyer and founding director of the legal firm Price Sierakowski. He has more than 20 years of experience in legal practice, much of which he has spent as a corporate lawyer, consulting and advising on a range of transactions to a variety of large private and listed public entities. He has advised and guided many companies undertaking fundraising activities in Australia and seeking to list on the ASX.

As the co-founder of Trident Capital, Mr Sierakowski has also advised a variety of public and private clients on the structuring of their transactions and has been engaged in co-ordinating fundraising both domestically and overseas. He has vast experience in restructuring and mergers and acquisitions and has played a key role in the recapitalisation of many ASX-listed companies.

Mr Sierakowski is a member of the Australian Institute of Company Directors and the Association of Mining Exploration Companies.

Special responsibilities:
- None

Directorships held in other ASX-listed companies in the past 3 years:
- Coziron Resources Ltd, Executive Director, appointed 21 October 2010, resigned 2 November 2020.
- Dragontail Systems Limited, Non-Executive Director, appointed 14 September 2016.
- Rision Limited, Non-Executive Director, appointed 8 June 2018, de-listed 20 April 2020.
- Connected IO Limited, Non-Executive Director, appointed 3 December 2018.

Dr James Searle (B. Sc., PhD, MAusIMM, MAICD), Non-Executive Director and Co-Managing Director (resigned 24 February 2021)
Dr Searle is a geologist with 35 years of experience in exploration, project management, project financing and development in both the minerals and energy industries. He has spent 20 years in Executive and Non-Executive capacities as a Director, Managing Director and Chairman of ASX-listed companies. He has led exploration and development teams for successful projects in Australia, Africa and Europe.

Dr Searle has a Bachelor of Science Honours degree in soft and hard rock geology, and a PhD from the University of Western Australia. He is a Member of the Australian Institute of Mining and Metallurgy and a Member of the Australian Institute of Company Directors.

Directors' Report (continued)

Information on Directors (continued)

Special responsibilities:
- None

Directorships held in other ASX-listed companies in the past 3 years:
- Titanium Sands Limited, appointed 2 March 2016.

Geoffrey Michael (BA UWA), Non-Executive Director and Co-Managing Director
Mr Michael has been an Executive Director of various companies, investment syndicates and enterprise start-ups across a range of asset classes for more than 20 years. His experience ranges from property development and investment to resources, mining services, civil engineering and contracting, to information technology and hospitality. These activities have been carried out in Australia, Europe, Asia and Southern Africa. He has over ten years continuous experience to date as a Non-Executive Director of ASX-listed company Kinetiko Energy Ltd.

Special responsibilities:
- None

Directorships held in other ASX-listed companies in the past 3 years:
- None

Thomas Fontaine (B.Sc.Eng UAlberta), Non-Executive Director (appointed 9 February 2021)
Mr Fontaine is a professional engineer with over 25 years' technical and commercial experience in the development and commercialisation of conventional and unconventional petroleum assets, including start-up, running and building resource companies.

In the mid-2000s, he co-founded Pure Energy Limited whose primary endeavour was to secure prospective coal bed methane acreage in Queensland and develop a resource. Pure Energy successfully drilled over 40 wells to prove over 1 trillion cubic feet of gas, which enabled the company to be sold to British Gas for over AUD$1 billion in 2009.

Mr Fontaine is currently a major shareholder and on the board of several early stage resource companies with assets based in Australia, Cuba, Africa and North America.

Special responsibilities:
- None

Directorships held in other ASX-listed companies in the past 3 years:
- Hawkley Oil and Gas Limited (delisted on 9 June 2020), appointed 21 June 2019, resigned 19 August 2021.

Company Secretary

Simon Whybrow (ACPA, FGIA, FCG), (appointed 19 July 2021)
Mr Whybrow is a Certified Practising Accountant and Chartered Secretary and has over twenty-five (25) years corporate and commercial experience within both ASX-listed and unlisted companies. Mr Whybrow was Chief Financial Officer, Chief Operating Officer and Company Secretary for ASX-listed security company Threat Protect Australia Ltd (ASX: TPS) from 2016 to 2020. Prior to that he was involved in several listed and unlisted, public and private, mining companies including chief financial officer and company secretary for RMA Energy Limited 2007 to 2010.

Directors' Report (continued)

Information on Directors (continued)

Company Secretary (continued)

Stephen Hewitt-Dutton (B. Bus., CA, SAFin), (resigned 19 July 2021)
Mr Hewitt-Dutton has over 22 years of experience in corporate finance, accounting and company secretarial matters. He is an Associate Director of Trident Capital and holds a Bachelor of Business from Curtin University.

Before joining Trident Capital, Mr Hewitt-Dutton was an Associate Director of Carmichael Corporate where he assisted clients by providing equity market, IPO and M&A advice and assistance. He had also held Financial Controller and Company Secretary positions for both public and private companies for in excess of 15 years.

Principal Activities
The principal activity of the Company during the financial year was coal bed methane exploration.

Operating Results
The loss for the year ended 30 June 2021 after providing for income tax amounted to $1,704,899 (2020: $1,874,159).

The directors of Kinetiko Energy Ltd ("the Company") submit herewith the operations report of the Company for the financial year ended 30 June 2021.

Review of Operations

Year Highlights

- **Significant Gas Resource Growth**:
  - Contingent Resource (2C) increased from 1.5Tcf to 4.9Tcf up 227%
  - Prospective Resource (GIP) increased from 2.4Tcf to 9.3Tcf up 287%

- **High Resolution Aeromagnetic Survey and Interpretation Unlocks More Gas Potential**
  - Third high-resolution aeromagnetic and radiometric survey on the Amersfoort project completed successfully.
  - Initial interpretation of the latest aeromagnetic and radiometric surveys identified 20 additional potentially gas-charged geologically defined compartments increasing the number of potential production fields to 30 in ER38 (10 fields) and ER56 (20 fields).
  - Interpretation of the survey areas ongoing, with data set and images providing previously unseen geological information that will be critical in guiding ongoing exploration.
  - Interpretation of surveys completed on ER38 identified a further 10 potential gas compartments and some of the largest so far up to 22Km2 in size. The total gas compartments identified on the Amersfoort Project have now reached 37 and 257km2.
  - Aircraft completed flying 6.011 line kilometre survey covering 273km2 over a selected portion of ER271 which forms part of the Amersfoort project.
  - Latest survey links together the two previous surveys for a combined 965km2 of gas-prone Karoo sediments and intruding dolerite bodies.
  - This extensive area of high-resolution aeromagnetic data will guide the sequence of exploration drilling to evaluate the gas compartments potential to host production fields.
  - Further aeromagnetic surveys are planned for late Q3-21 in undrilled exploration areas over ER 270 and ER 272 for the purpose of targeting further gas compartments.

- **Gas production rights granted which enabled pilot commercial field operations to commence**.

Directors' Report (continued)

Review of Operations (continued)

- **Work completed 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 upgraded downhole pumping and surface metering and control equipment.
    - The well workover program in preparation of pilot gas-to-CNG production was successfully completed.
    - Subsequent gas testing has confirmed commercial flow rate and quality to off take specifications.
    - Access road and terminal landing upgrade completed in anticipation of pilot gas production.
    - The Company is in discussions with established gas traders and other local markets as potential off takers.

- **Tom Fontaine appointed to the Board as a Non-Executive Director**, bringing significant CBM experience and additional technical expertise.

- **Health, Safety and Environment** – No accidents, injuries or environmental incidents have been reported during the period.

- **COVID-19** – Afro Energy will continue exploration activities observing South Africa's latest Covid-19 restrictions and regulations with no related incidences reported. Kinetiko continues to progress its exploration activities.

- **Funding** – The Company successfully completed a Capital Raising to sophisticated investors raising $2.8m and intends to undertake an SPP to raise up to a further $2m. Kinetiko is debt free and has cash to commence approved exploration and gas drilling programs within H2-21.

- **Regulatory** – Afro Energy submitted an application to PASA applying for the consolidation of exploration rights 12/3/56 (ER56), ER12/3/38 (ER38) and ER12/3/271 (ER271) into ER271. The application has been approved by PASA and the DMRE.

- **Merger** – Kinetiko has executed a binding terms sheet with Badimo Gas (Pty) Ltd to acquire the remaining 51% of Afro Energy (Pty) Ltd, making Kinetiko the 100% owner of all South African exploration rights and production approvals. The satisfaction of the conditions to the merger have been ongoing and good progress has been made and the parties to the merger transaction believe it can be completed within Q4-21.

Directors' Report (continued)

Review of Operations (continued)

SIGNIFICANT ACHIEVEMENTS:

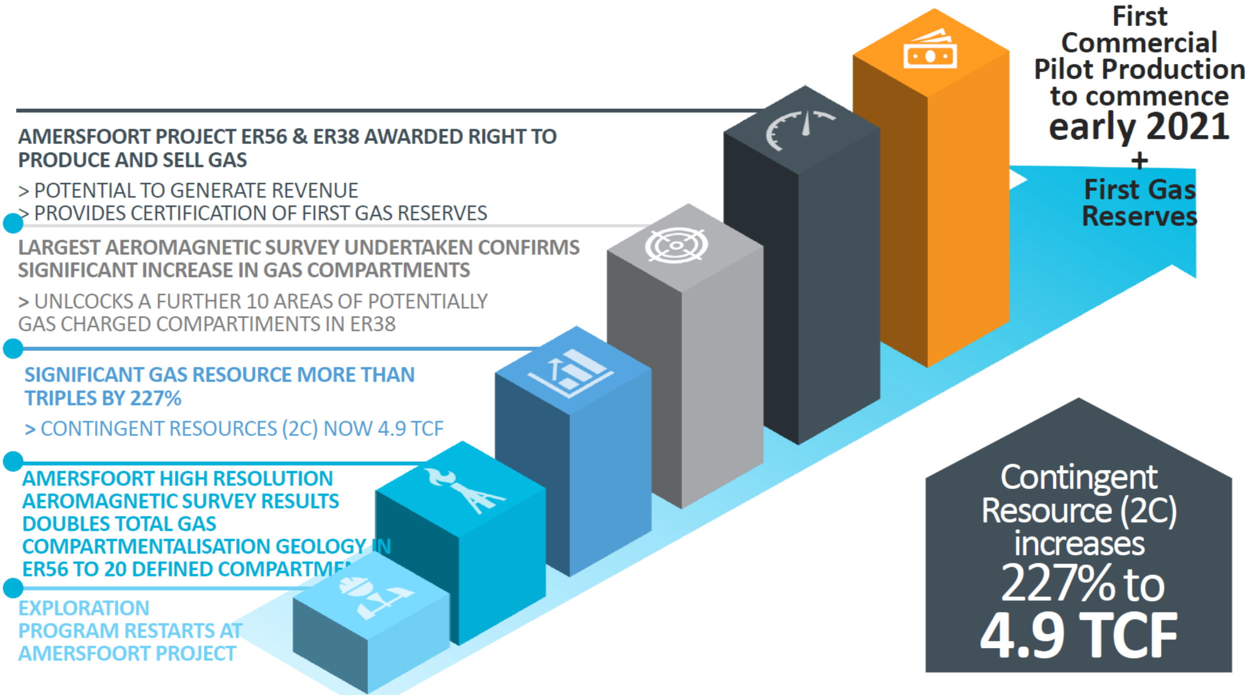

Figure 1 – Operational and certification results during 2021

Perth-based energy exploration company Kinetiko Energy Limited (ASX:KKO) ("**Kinetiko**") is pleased to report on corporate developments and operation activities at its Amersfoort project and adjacent exploration rights in South Africa (Figure 1) during the year ended 30 June 2021. The activities are conducted through Afro Energy (Pty) Ltd ("**Afro Energy**") an incorporated joint owned by Kinetiko Energy Ltd of Australia (49%) and Badimo Gas (Pty) Ltd ("**Badimo**") of South Africa (51%).

Directors' Report (continued)

Review of Operations (continued)

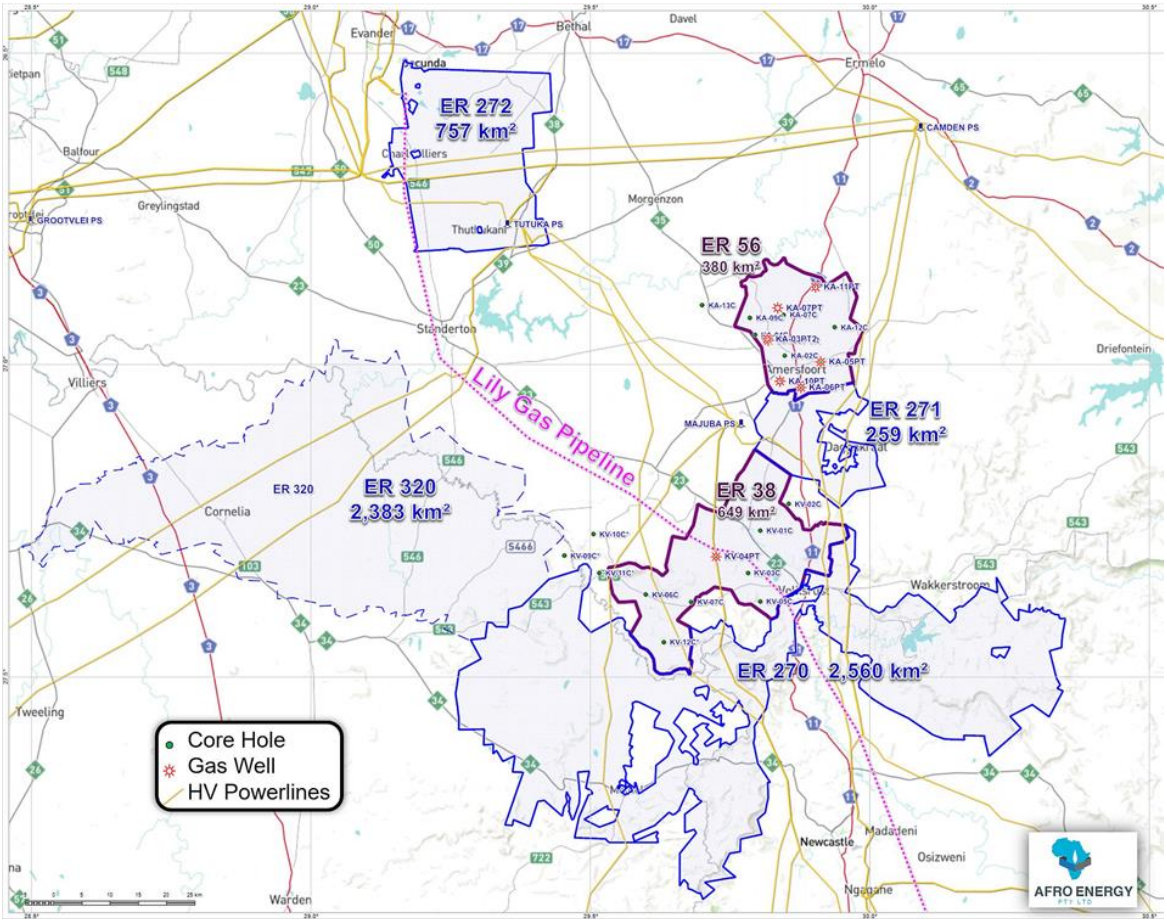

Figure 2 – Afro Energy Exploration Rights & Applications

CORPORATE

Proposed Acquisition of Badimo by Kinetiko

Kinetiko has executed a binding terms sheet with Badimo to acquire the remaining 51% of Afro Energy. Upon completion of the proposed acquisition, Kinetiko will become the sole owner of Afro Energy, which holds 100% interest in the exploration rights and the sample gas production permit in South Africa (Figure 2).

The proposed acquisition significantly de-risks the development of the South African projects and brings together all the experience and expertise of the historic joint venture parties. Once finalised, the proposed acquisition will streamline the exploration and development of nearly 7,000km2 of exploration rights and application to exploration rights.

The respective Boards and major shareholders of both Badimo and Kinetiko are supportive of the acquisition and have been working together to complete the satisfaction of the conditions to the merger where good progress has been made and the parties to the merger transaction believe it can be completed this year.

Directors' Report (continued)

Review of Operations (continued)

Funding

The Company successfully completed a sophisticated placement in July 2021 that raised $2.8m and intends to undertake an SPP to raise up to a further $2m later in 2021. Kinetiko is debt free and has cash to commence approved exploration and gas drilling programs immediately.

These achievements and the ongoing merger of the Afro Energy joint venture 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 and in particular the potential development of a pilot production field. Afro energy remains in discussions with a number of interested funding parties.

EXPLORATION

Drilling

Kinetiko is preparing to mobilise drilling activities to approved and known gassy well locations adjacent to existing pilot production wells on Amersfoort project ER56. The new wells will be the first drilled on the project in about 7 years and with the deployment of updated technology and geological data represents an exciting new exploration phase for the Company. Several suitable drilling companies have rigs and teams available and an engagement process is currently underway. Similar discussions are current with prospective logging and cementation suppliers.

Aeromagnetic Surveys

The latest survey area on exploration licenses ER271 and ER38, conducted in November 2020, links three previous survey areas. The total surveyed area of unprecedented geological detail now covers 965km2 of gas prone Main Karoo Basin sediments (Figure 3). While this area is extensive it represents only 21% of the area of granted exploration tenure being explored by the Company.

Directors' Report (continued)

Review of Operations (continued)

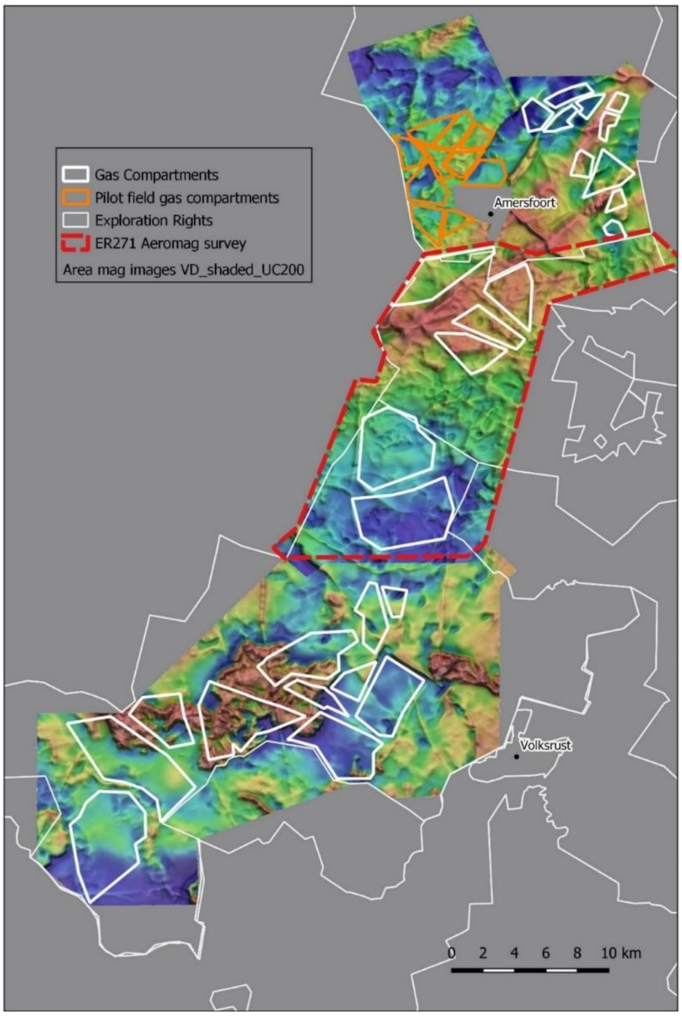

Figure 3 – Interpreted compartments (Areas) on a composite Magnetic Image with 10 compartments In ER56 shown by drilling to be gas changed and defined as pilot field compartments

Plans for H2-21: In addition to drilling three more test wells in 56ER, the company will continue to fly aeromagnetic surveys on newly granted exploration rights ER 270 and ER 272 for the purpose of targeting further gas compartments. These flown surveys are anticipated to be undertaken in late Q3-21 and data procured approximately one month later, followed by interpretation and an announcement shortly thereafter.

PRODUCTION

Gas Sales and Purchase Agreement under Bulk Sampling Permit

Afro Energy is in advanced negotiations with potential gas off-takers for small and intermittent gas production from Well KA-03PTR and possibly well KA-03PT2, where they will purchase gas at an on-site transfer point, compress the gas to a required pressure utilizing their own compression equipment and feed gas to their CNG trailers for transportation to existing gas-based customers in the Johannesburg and Witbank regions. Figure 4 shows existing well infrastructure and testing equipment which will be the location for Kinetiko's first stage gas sales adjacent to Well KA-03PTR.

Directors' Report (continued)

Review of Operations (continued)

Figure 4 – Gas separator and well head equipment on Well KA-03PTR

Following the successful capital raising, Afro Energy is able to drill further interval test wells that may be transformed into pilot production wells adjacent to the existing producing wells. Once successfully completed, these would form a cluster of producing wells that could enhance off-take commercial scenarios and provide an informed basis for further, and larger, field development projects.

Pilot Production Field Development

Afro Energy has modelled a 15-20 well pilot production field on ER56 for which it has been seeking institutional funding to develop. Positive responses have been received from potential funding institutions both inside South Africa and abroad to fund and participate in the development of a pilot production field.

One of the potential investors has proceeded to a decision to invest stage having undertaken a successful due diligence and it anticipated a positive decision is awaited.

REGULATORY

Application for consolidation of ERs

Afro Energy submitted an application to PASA applying for the consolidation of exploration rights 12/3/56 (ER56), ER12/3/38 (ER38) and ER12/3/271 (ER271) into ER271. The application has been approved by PASA and the DMRE.

Afro Energy further submitted an application for the amendment in terms of section 29 of the EIA Regulations (guided by Regulation 54(2) of the EIA Regulations, 2014) to existing EMPRs for exploration rights ER38, ER271 and ER56 into a consolidated EMPR for ER271. SLR Consulting was appointed as competent environmental practitioners to draft the consolidated report, which they did and was subsequently submitted to PASA.

Directors' Report (continued)

Review of Operations (continued)

Exploration Right 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. Afro Energy 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. PASA will inform Afro Energy

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.

Updated Independent Resource Certification

On 17 June 2020, the Company announced the appointment of independent international oil and gas appraisers and certifiers Gustavson Associates LLP ("Gustavson") from Boulder, Colorado to undertake an evaluation of the Company's exploration rights in preparation of a resource report according to the VALMIN standards and update the Company's current resource certification.

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 (ASX Announcement 12 August 2012).

New information available to be considered by Gustavson included the expansion of the addressable geology through the recently granted exploration rights ER270, ER271 and ER272 which hosts contiguous coal geology similar to that drilled on the Amersfoort project. In addition, during the second half of 2018 world leaders in gas process control and pumping systems Endress Hauser and Franklin Electrical conducted gas flow and pressure testing on well KA-03PT situated on ER56. The results of these tests established an improved 95% recovery of gas from produced groundwater from equipment previously used and a higher methane purity content.

Subsequent to the year end, Gustavson produced an updated resource report according to the VALMIN/PRMS standards which increased the existing (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 to ASX Announcement 29 July 2020).

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 2,394Km2 of rights under application which the company is seeking to have granted.

This significant milestone confirms the huge scale of the Afro Energy exploration rights and further rights still to be assessed.

Directors' Report (continued)

Review of Operations (continued)

COVID-19 Pandemic

The COVID-19 coronavirus ("COVID-19") pandemic in South Africa was declared a national disaster on 15 March 2020.

On 23 March 2020, South Africa announced a new measure to combat the spread of COVID-19 in the country – a three-week nationwide lockdown with near-total restrictions on travel and movement, barring emergency and essential services, from 26 March 2020 to 16 April 2020. The South African government subsequently amended State of National Disaster Regulations for the Alert Level 5 lockdown regulations to continue the implementation thereof to 30 April 2020.

Cabinet subsequently determined that the alert level for the whole country should be lowered to Level 3 with effect from 1 June 2020. The implementation of alert level 3 involved the return to operation of most sectors of the economy, subject to observance of strict health protocols and social distancing rules.

During Alert Levels 4 and 5 in South Africa, Kinetiko was in the planning phase for its upcoming exploration activities. Activities related to the exploration program commenced within Alert Level 3 during June 2020. During this period, the Company was able to house its Field Manager on site to ensure any appropriate maintenance was carried out as and when required to its existing wells. The Company has successfully conducted planned exploration and anticipates that it can continue observing the COVID-19 restrictions currently in place in South Africa.

The reverse history of COVID Alert Levels follows:

- The country is currently on adjusted alert level 3 from 26 July 2021.
- Adjusted alert level 4 was in place from 28 June to 25 July 2021.
- Adjusted alert level 3 was in place from 16 June 2021 to 27 June 2021.
- Adjusted alert level 2 was in place from 31 May to 15 June 2021.
- Adjusted alert level 1 was in place from 1 March 2021 to 30 May 2021.
- Adjusted alert level 3 was in place from 29 December 2020 until 28 February 2021.
- Alert level 1 was in effect from 21 September to 28 December 2020.
- Alert level 2 was in effect from 18 August to 20 September 2020.
- Alert level 3 was in effect from 1 June to 17 August 2020.
- Alert level 4 was in effect from 1 to 31 May 2020.
- Alert level 5 was in effect from midnight 26 March to 30 April 2020.

Corporate comments and geographical positioning

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 and affordable energy.

Recent achievements and the ongoing development of the Afro Energy joint venture have elicited a number of positive responses from potential funding institutions both inside South Africa and abroad to fund and participate in the Amersfoort-Volksrust multi-project development and in particular the potential development of a pilot production field. The vast exploration acreage of the Amersfoort project and its location adjacent to existing energy infrastructure such as the Majuba coal power station is shown below (Figure 5).

Directors' Report (continued)

Review of Operations (continued)

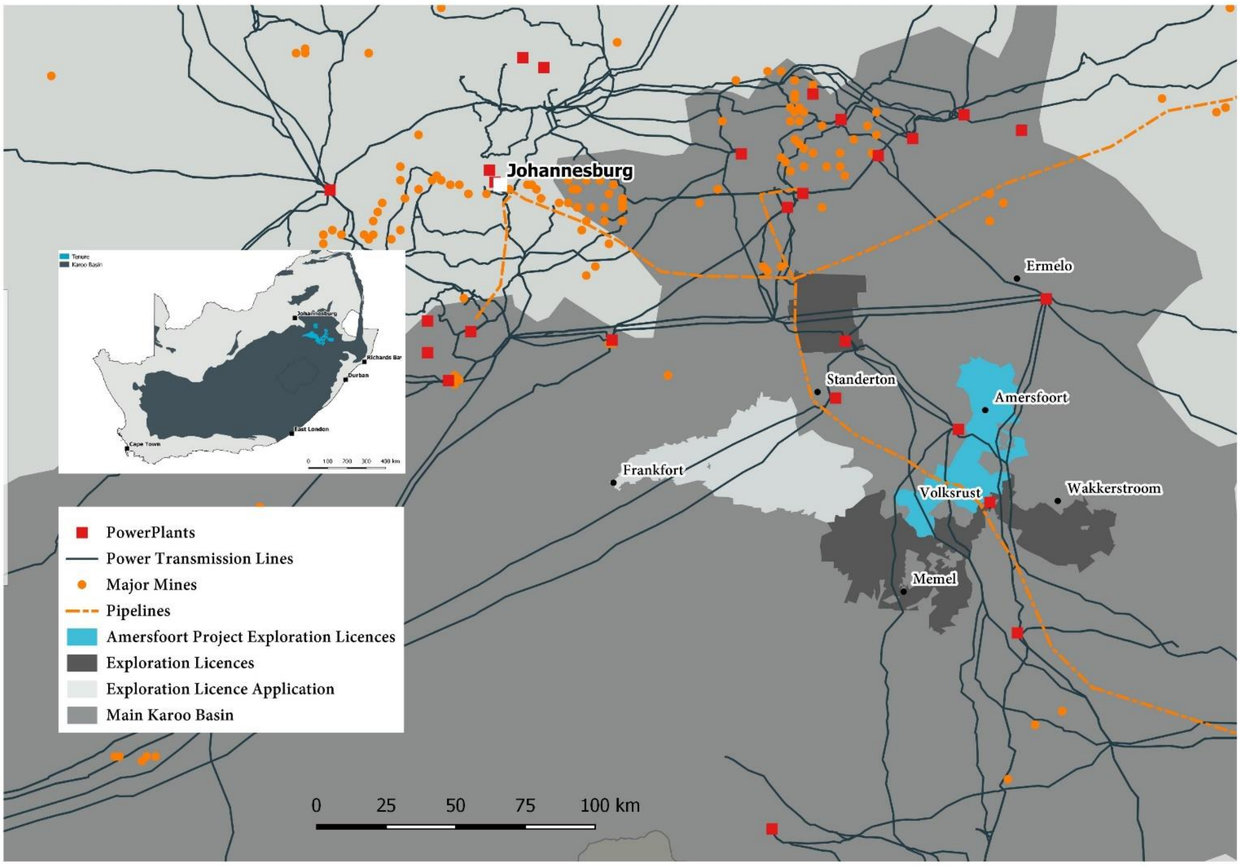

Figure 5 – Kinetiko rights in Karoo coal basin surrounded by energy infrastructure

Area of Interest	Tenement reference	Nature of interest	Interest
Amersfoort Project – South Africa			
	30/5/2/3/38ER	2nd renewal period granted by DMR in August 19. Included in application for consolidation with 56ER and 271ER.	49%
	30/5/2/3/56ER	2nd renewal period granted by DMR in August19. Included in application for consolidation with 38ER and 271ER.	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 August 2019.	49%
	ER 271	Exploration right granted in August 2019. Included in application for consolidation with 38ER and 56ER.	49%
	ER 272	Exploration right granted in August 2019.	49%

Directors' Report (continued)

Review of Operations (continued)

Competent Persons Statement
Unless otherwise specified information in this report relating to exploration and related technical comments have been compiled by Dr James Searle, a Member of the Australian Institute of Mining and Metallurgy, and a non -executive Director of Kinetiko Energy Ltd with over 30 years' experience in metallic and energy minerals exploration and development, including over 9 years' experience in hydrocarbon exploration. Dr Searle consents to the inclusion of this information in form and context in which it appears.

The Company is not aware of any new information or data that materially affects the information included in the announcement 29 July 2020 and all the material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

Significant Changes in State of Affairs
Significant changes in the state of affairs of the Company during the financial year were as follows:

- During the year ended 30 June 2021, the Company issued a total of 41,906,449 ordinary shares upon the exercise of unlisted options for a total sum of $1,257,194.

- On 5 February 2021, the Company issued 3,000,000 shares at $0.02 per share to Mr Johan Visagie which represented loyalty shares issued in accordance with his employment agreement.

- On 9 February 2021, Tom Fontaine was appointed as a Non-Executive Director of the Company.

- On 24 February 2021, Dr. James Searle resigned as a Non-Executive Director of the Company.

- On 7 May 2021, the Company announced that a binding terms sheet had been executed with Badimo Gas (Pty) Ltd to acquire the remaining 51% interest in Afro Energy (Pty) Ltd (the 'Proposed Acquisition') via the issuing of approximately 595 million shares in the Company as consideration for the Proposed Acquisition.

  Upon completion of the Proposed Acquisition, the Company will become the sole owner of Afro Energy (Pty) Ltd which holds 100% interest in the exploration rights and the sample gas production permit in South Africa.

  The Proposed Acquisition is subject to a number of conditions being satisfied (or waived) including the obtaining of shareholder approval.

Matters subsequent to the end of the financial year
On 8 July 2021, the Company issued 28,480,000 ordinary shares at an issue price of $0.10 per share to professional and sophisticated investors in relation to the non-renounceable, pro-rata entitlement offer as announced on 2 July 2021. A total amount of $2,848,000 was raised (before costs) and will be used for working capital purposes.

On 7 July 2021, the Company issued 3,000,000 unlisted options to the Lead Broker under the terms of the Share Purchase Plan. The options are exercisable at $0.13 per share on or before 7 July 2023.

On 10 August 2021, Mr Nick de Blocq was appointed as the new Chief Executive Officer of the Company and replaced Mr Johan Visage in the role. Mr de Blocq's remuneration package is noted as follows:

Remuneration: AUD $240,000 per annum.

Directors' Report (continued)

Matters subsequent to the end of the financial year (continued)

Incentive Options: 2,000,000 performance options which shall entitle the CEO to acquire 1 share for every performance option held following satisfaction of the performance criteria being the completion of 12 months of service under the terms of the Agreement. The terms of the performance options are exercisable at $0.10 per share on or before 31 July 2024.

The full impact of the COVID-19 pandemic continues to evolve at the date of this report. The Company is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity and future results of operations.

No other matters or circumstance has arisen since 30 June 2021 that has affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Likely developments and expected results of operations

As Kinetiko Energy Ltd is listed on the Australian Stock Exchange, it is subject to the continuous disclosure requirements of the ASX Listing Rules which require immediate disclosure to the market of information that is likely to have a material effect on the price or value of Kinetiko Energy Ltd securities.

Dividends Paid or Recommended

No dividends were paid during the financial year (2020: nil) and no recommendation is made as to payments of future dividends.

Meetings of Directors

During the financial year, 11 meetings of Directors were held. Attendances by each director were as follows:

	Number eligible to attend	**Number Attended**
Adam Sierakowski	11	11
Dr James Searle	6	6
Geoffrey Michael	11	11
Thomas Fontaine	5	5

Directors' Shareholdings

As at the date of this report, the interests of the directors in the shares of the Company were:

Director	**Ordinary Shares**	**Unlisted Options**
Adam Sierakowski	87,374,556	-
Geoffrey Michael	37,046,123	5,428,831
Thomas Fontaine	-	-

Share Options

As at the date of this report, the unissued ordinary shares of the Company under option are as follows:

Grant date	Expiry date	Exercise price	Number under option
23 September 2020*	31 December 2021	$0.03	9,228,831
7 July 2021*	7 July 2023	$0.13	3,000,000
			12,228,831

* Options are unlisted.

Directors' Report (continued)

Remuneration Report (Audited)

The directors are pleased to present the Company's 2021 remuneration report which sets out remuneration information for the company's Non-Executive directors, managing director and other key management personnel.

The report contains the following sections:

(a) Principals used to determine the nature and amount of remuneration
(b) Compensation of key management personnel
(c) Services agreements
(d) Shareholdings of key management personnel
(e) Options on issue
(f) Loans to key management personnel
(g) Loans from key management personnel
(h) Other transactions with key management personnel
(i) Use of remuneration consultants
(j) Voting and comments made at the Company's 2020 Annual General Meeting

The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

(a) Principles used to determine the nature and amount of remuneration

The remuneration policy of Kinetiko Energy Ltd has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the company's financial results. The board of Kinetiko Energy Ltd believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the company.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the company is as follows:

The remuneration policy, setting the terms and conditions for the Executive Directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The Board of Directors (Board) reviews executive packages annually by reference to the company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth. Executives are also entitled to participate in the employee share and option arrangements.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes or Binomial methodologies.

Directors' Report (continued)

Remuneration Report (continued)

(a) Principles used to determine the nature and amount of remuneration (continued)

The Board policy is to remunerate Non-Executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive directors and reviews their remuneration annually based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive directors is subject to approval by shareholders at the annual general meeting (currently $250,000). Fees for Non-Executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in employee option plans.

The objective of the Company's executive reward framework is set to attract and retain the most qualified and experienced directors and senior executives. The board ensures that executive reward satisfies the following criteria for good reward governance practices:

- Competitiveness
- Acceptability to shareholders
- Performance linkage
- Capital management

Directors' fees

A director may be paid fees or other amounts as the directors determine where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Performance based remuneration

An employee may be granted long term incentives by way of performance rights and options, which vest after certain predetermined periods of service.

Company performance, shareholder wealth and Directors' and Executives' remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and Directors and Executives. This is facilitated through the issue of options or performance rights to Directors and Executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. At commencement of mine production, performance based bonuses based on key performance indicators are expected to be introduced.

Remuneration governance

The Company has not formed a remuneration committee. The role of a remuneration committee is instead carried out by the full Board in accordance with the Nomination and Remuneration Committee charter. The Corporate Governance statement provides further information on the role of this committee.

Directors' Report (continued)

Remuneration Report (continued)

(b) Compensation of key management personnel

The key management personnel of the Company are the Directors and the Company Secretary. There are no Executives, other than Directors and the Company Secretary, who have the authority and responsibility for planning, directing and controlling the activities of the Company.

Name of Director	
Adam Sierakowski	Non-Executive Chairman (ceased 31 December 2020), Executive Chairman (commenced 1 January 2021)
Dr James Searle	Non-Executive Director and Co-Managing Director (resigned 24 February 2021)
Geoffrey Michael	Non-Executive Director and Managing Director
Thomas Fontaine	Non-Executive Director (appointed 9 February 2021)

Company Secretary
Stephen Hewitt-Dutton (resigned 19 July 2021)
Simon Whybrow (appointed 19 July 2021)

The emoluments for each Director and key management personnel of the Company for the year ended 30 June 2021 are as follows:

Year ended 30 June 2021	**Short-term**				**Post Employment**	**Total**
	Salary & Fees	*Profit Share & Bonuses*	*Non Cash*	*Share Based Payments*	*Superannuation*	
	$	*$*	*$*	*$*	*$*	*$*
Directors						
A Sierakowski	130,950	-	-	-	-	130,950
Dr J Searle (resigned 9 Feb 21)	39,286	-	-	-	-	39,286
G Michael	60,000	-	-	-	-	60,000
T Fontaine (appointed 24 Feb 21)	23,571	-	-	-	-	23,571
Company Secretary						
S Hewitt-Dutton (resigned 19 Jul 21)	48,000	-	-	-	-	48,000
S Whybrow (appointed 19 Jul 21)	-	-	-	-	-	-
	301,807	-	-	-	-	301,807

Directors' Report (continued)

Remuneration Report (continued)

(b) Compensation of key management personnel (continued)

The emoluments for each Director and key management personnel of the Company for the year ended 30 June 2020 are as follows:

Year ended 30 June 2020	**Short-term**				**Post Employment**	**Total**
	Salary & Fees	*Profit Share & Bonuses*	*Non Cash*	*Share Based Payments*	*Superannuation*	
	$	*$*	*$*	*$*	*$*	*$*
Directors						
A Sierakowski	72,000	-	-	-	-	72,000
Dr J Searle	60,000	-	-	-	-	60,000
G Michael	60,000	-	-	-	-	60,000
Company Secretary						
S Hewitt-Dutton	48,000	-	-	-	-	48,000
	240,000	-	-	-	-	240,000

(c) Service agreements

The agreements related to remuneration are set out below:

Current Agreements

(i) The Company has agreed with Ageus Pty Ltd, a company in which Mr Geoffrey Michael has an interest, to pay $5,000 per month for Mr Michael's services as Director. In October 2020, the Company agreed to pay Mr Michael's director fees to Vital Nominees Pty Ltd as trustee for Vital Trust, an entity in which Mr Michael has an interest, going forward.

(ii) The Company has entered into an employment agreement with Mr Adam Sierakowski, whereby the base remuneration for services provided by Mr Sierakowski as Executive Director of the Company is $190,000 per annum.

The term of the employment agreement commenced on 1 January 2021 and continues until terminated in accordance with the agreement.

(iii) The Company has agreed with Trident Management Services Pty Ltd, a Company in which Mr Adam Sierakowski is a Director and shareholder, to pay $4,000 per month for Mr Stephen Hewitt-Dutton's services as Company Secretary. The agreement remained in effect despite Mr Hewitt-Dutton's resignation and Mr Simon Whybrow's appointment as Company Secretary on 19 July 2021.

(iv) The Company has agreed with Fontaine Consulting Pty Ltd, a company controlled by Thomas Fontaine, to pay $5,000 per month for Mr Fontaine's services as Director, commencing from his appointment on 9 February 2021.

Directors' Report (continued)

Remuneration Report (continued)

(c) *Service agreements (continued)*

Terminated Agreements

(i) The Company had agreed with Earthsciences Pty Ltd, a company controlled by Dr James Searle, to pay $5,000 per month for Dr Searle's services as Director. The agreement subsequently ceased upon his resignation as Director on 24 February 2021.

(ii) The company had agreed with Trident Capital Pty Ltd, a company in which Mr Adam Sierakowski is a Director and shareholder, to pay $6,000 per month for Mr Sierakowski's services as Non-Executive Chairman and $10,000 per month for corporate advisory services as per the Mandate which commenced 1 September 2016. The Mandate for corporate advisory services was extended annually at each renewal period until 1 September 2020 whereby it was extended for a further 4 months up to 31 December 2020 and subsequently ceased.

(d) *Shareholdings of key management personnel*

2021	**Balance at 01/07/20**	**Shares Held at Appointment**	**Shares Issued**[1]	**Shares Held at Resignation**	**Balance at 30/06/21**
	No.	**No.**	**No.**	**No.**	**No.**
Directors					
A Sierakowski	81,636,129	-	5,738,427	-	87,374,556
Dr J Searle (resigned 24 Feb 21)	20,233,334	-	3,000,000	(23,233,334)	-
G Michael	37,046,123	-	-	-	37,046,123
T Fontaine (appointed 9 Feb 21)	-	-	-	-	-
Company Secretary					
S Hewitt-Dutton (resigned 19 Jul 21)	1,522,500	-	400,000	-	1,922,500
S Whybrow (appointed 19 Jul 21)	-	-	-	-	-
	140,438,086	-	9,138,427	(23,233,334)	126,343,179

[1] Shares were issued during the year upon the exercising of unlisted options.

Directors' Report (continued)

Remuneration Report (continued)

(e) Options on issue

2021	Balance at 01/07/20	Options Held at Appointment	Options Issued	Options Exercised	Options Held at Resignation	Balance at 30/06/21
	No.	No.	No.	No.	No.	No.
Directors						
A Sierakowski	-	-	5,738,427	(5,738,427)	-	-
Dr J Searle (resigned 24 Feb 21)	-	-	3,800,000	(3,000,000)	(800,000)	-
G Michael	-	-	5,428,831	-	-	5,428,831
T Fontaine (appointed 9 Feb 21)	-	-	-	-	-	-
Company Secretary						
S Hewitt-Dutton (resigned 19 Jul 21)	400,000	-	-	(400,000)	-	-
S Whybrow (appointed 19 Jul 21)	-	-	-	-	-	-
	400,000	-	14,967,258	(9,138,427)	(800,000)	5,428,831

(f) Loans to key management personnel

No loans were advanced to key management personnel during the year.

(g) Loans from key management personnel

There were no loans from key management personnel during the year.

Directors' Report (continued)

Remuneration Report (continued)

(h) Other transactions with key management personnel

Transactions with key management personnel related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

		2021 $	2020 $
(i)	Payments to Trident Management Services Pty Ltd, a company of which Adam Sierakowski is a Director and shareholder, for company secretarial services provided.	48,000	48,000
(ii)	Payments to Price Sierakowski Pty Ltd, a company of which Adam Sierakowski is a Director and shareholder, for legal services provided.	26,251	94,340
(iii)	Payments to Trident Capital Pty Ltd, a company of which Adam Sierakowski is a Director and shareholder, for corporate advisory services as per mandate.	60,000	120,000
(iv)	Payments to Trident Capital Pty Ltd, a company of which Adam Sierakowski is a Director and shareholder, for capital raising fees as per the Company's Prospectus dated 30 January 2020.	-	37,560
(v)	Payments to Geoff Michael for services rendered in relation to the legal dispute with BBP Law.	8,105	-
(vi)	Payments to Cirrena Pty Ltd, a company of which Geoff Michael has an interest in, for office occupancy costs.	5,000	30,000
(vii)	Payments to Cowbra Pty Ltd, a company of which Geoff Michael is a Director, for the provision of IT services.	8,870	-
(viii)	During the year ended 30 June 2020, further convertible notes with a face value of $30,000 were issued to Adam Sierakowski and Wawsaw Superannuation Fund, an entity of which Adam Sierakowski is a trustee and beneficiary. Interest on the convertible notes was calculated at 12% p.a. and repaid via the issue of ordinary shares. Movements for the year are as follows:		
	Opening balance	-	-
	Funds received	-	30,000
	Accrued interest	-	593
	Funds repaid via conversion of debt to equity (1,529,471 shares at $0.02 per share)	-	(30,593)
	Closing balance	-	-

Directors' Report (continued)

Remuneration Report (continued)

(h) Other transactions with key management personnel (continued)

	2021 $	2020 $
(ix) During the year ended 30 June 2020, SHD Nominees Pty Ltd, an entity associated with Stephen Hewitt-Dutton, advanced funds to the Company. The loan was unsecured, interest calculated at 15% p.a. and repaid in full on 10 March 2020. Movements for the year are as follows:		
Opening balance	-	-
Funds received	-	30,000
Interest paid	-	485
Funds repaid	-	(30,485)
Closing balance	-	-
(x) During the year ended 30 June 2020, 7,150,000 shares were issued, at an issue price of $0.02 per share, to Trident Capital Pty Ltd, a company of which Adam Sierakowski is a Director and shareholder, in satisfaction of amounts owed in relation to corporate advisory fees owing.	-	143,000

(xi) During the year ended 30 June 2021, the Company obtained shareholder approval at a General Meeting to issue 14,967,258 unlisted options at $0.001 per option to the Directors of the Company which are exercisable at $0.03 per share and expire 31 December 2021.

The options were issued to Director related entities in relation to the re-issuing of unlisted options that were previously held by the Directors and which subsequently 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 options issued to Director related entities were on the same terms and conditions as to the options that were issued to external shareholders in November 2019.

During the year ended 30 June 2021, 8,738,427 options held by Directors were exercised. As at 30 June 2021, 5,428,831 options remained unexercised.

	2021 $	2020 $
Amounts outstanding at reporting date		
Aggregates amount payable to Key Management Personnel and their related entities at reporting date.		
(i) Payables	78,451	202,798

(i) Use of remuneration consultants

The Company did not employ the services of remuneration consultants during the financial year.

Directors' Report (continued)

Remuneration Report (continued)

(j) Voting and comments made at the Company's 2020 Annual General Meeting

The approval of the remuneration report was passed as indicated in the results of Annual General Meeting (AGM) dated 27 November 2020. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

The Company's resolution to re-elect Adam Sierakowski as a Director was passed via a poll.

End of audited remuneration report

Indemnification of Officers and Auditors

The Company did not renew its contract of insurance insuring the Directors and officers of the Company against certain liabilities specified in the contract during the financial year.

Non-Audit Services

The Company may decide to employ the auditors on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor or a related practice of the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

No non-audit services have been provided by the Company's auditors in the year ended 30 June 2021. Remuneration paid to the Company's auditors is detailed in Note 16 of this report.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included in this Financial Report on page 27.

Auditor Fees

During the year, the total amounts paid or payable to the auditor, BDO Audit (WA) Pty Ltd, for audit services provided was $42,983 (2020: $48,364).

Environmental Regulations

The Company is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

The Company has considered its compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the period of 1 July 2020 to 30 June 2021, the Directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

Directors' Report (continued)

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

The Company was not a party to any such proceedings during the financial year.

Signed in accordance with a resolution of the Board of Directors:

DIRECTOR

Dated at Perth, 30 September 2021

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Fax: +61 8 6382 4601
www.bdo.com.au

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Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF KINETIKO ENERGY LIMITED

As lead auditor of Kinetiko Energy Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2021

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Kinetiko Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kinetiko Energy Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Kinetiko Energy Limited, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying Value of Investment in Associate

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 10, the Company's investment in associate (Afro Energy Pty Ltd) has a significant carrying value as at 30 June 2021. The company is required to assess whether any impairment indicators are present in accordance with ASAB 128 *Investments in Associates and Joint Ventures* (*"AASB 128"*) which may indicate the Group's investment in associate is impaired. We have determined this is a key audit matter given its financial significance to the entity and the judgements and estimates required in assessing the carrying value of the investment.	Our procedures included, but were not limited to the following: • Considering the existence of any indicators of impairment in accordance with AASB 128; • Reviewing ASX Announcements, Board of Directors meetings minutes, joint venture minutes and considering management's assessment of impairment indicators; and • Assessing the adequacy of related disclosures in Note 10 and Note 1 to the Financial Statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 25 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Kinetiko Energy Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Jarrad Prue

Director

Perth, 30 September 2021

Directors’ Declaration

The directors of the company declare that:

a) The financial statements and notes, as set out on pages 33 to 63 comply with Accounting Standards and the Corporations Act 2001 and other mandatory professional reporting requirements;

b) gives a true and fair view of the company’s financial position as at 30 June 2021 and of its performance for the year ended to 30 June 2021; and

c) in the Directors’ opinion, the financial statements and notes are prepared in accordance with International Financial Reporting Standards and Interpretations as adopted by the International Accounting Standards Board.

In the Directors’ opinion:

(i) At the date of the declaration there are reasonable grounds to believe that the Company will be able to pay its debts as when they become due and payable; and

(ii) the Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by Section 295A of the Corporations Act for the financial year ending 30 June 2021.

This declaration is made in accordance with a resolution of the Board of Directors.

DIRECTOR

Dated at Perth, 30 September 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	30 June 2021	30 June 2020
		$	$
Other Income			
Other income from ordinary activities	**2(a)**	43,417	2,837
Total Income		43,417	2,837
Expenses			
Depreciation	**2(b)**	(5,581)	(530)
Administration expenses		(136,566)	(98,178)
Consultancy and professional costs	**2(c)**	(413,907)	(196,660)
Employment and contractor expenses		(538,968)	(519,830)
Travel expenses		(172)	(15,857)
Occupancy expenses		(19,013)	(30,000)
Foreign exchange gain/(loss)		31,857	(49,269)
Project expenditure	**10**	(669,453)	(582,974)
Interest expense and finance charges		(10,202)	(6,792)
Reversal/(impairment) of loan to associate	**2(c) / 8**	162,662	(162,662)
Total expenses		(1,599,343)	(1,662,752)
Share of net loss from associated entities	**10**	(148,973)	(214,244)
Loss before income tax expenses		(1,704,899)	(1,874,159)
Income tax benefit/(expense)	**4**	-	-
Loss after Income Tax Expense for the year		(1,704,899)	(1,874,159)
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign balances		656,616	(827,668)
Total comprehensive loss for the year net of tax		(1,048,283)	(2,701,827)
Loss per share for loss from continuing operations attributable to equity holders of the company:			
Basic loss per share (cents)	**5**	(0.3)	(0.5)
Diluted loss per share (cents)	**5**	(0.3)	(0.5)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	30 June 2021 $	30 June 2020 $
CURRENT ASSETS			
Cash and cash equivalents	**6(a)**	190,857	1,114,767
Receivables	**8**	622,744	249,793
Other		11,090	701
TOTAL CURRENT ASSETS		824,691	1,365,261
NON CURRENT ASSETS			
Property, plant & equipment	**9**	1,954	2,333
Investment in associate	**10**	7,014,212	6,506,569
TOTAL NON CURRENT ASSETS		7,016,166	6,508,902
TOTAL ASSETS		7,840,857	7,874,163
CURRENT LIABILITIES			
Trade & other payables	**11**	298,914	558,153
TOTAL CURRENT LIABILITIES		298,914	558,153
TOTAL LIABILITIES		298,914	558,153
NET ASSETS		**7,541,943**	**7,316,010**
EQUITY			
Contributed equity	**12**	24,319,825	23,060,577
Reserves	**13(b)**	639,934	(31,650)
Accumulated losses	**13(a)**	(17,417,816)	(15,712,917)
TOTAL EQUITY		**7,541,943**	**7,316,010**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

Year ended 30 June 2021	**Ordinary Shares $**	**Accumulated Losses $**	**Reserves $**	**Total Equity/(Deficit) $**
Balance at 1 July 2020	23,060,577	(15,712,917)	(31,650)	7,316,010
Other comprehensive loss				
Loss for the year	-	(1,704,899)	-	(1,704,899)
Movement in foreign currency translation reserve	-	-	656,616	656,616
Total comprehensive loss for the year	-	(1,704,899)	656,616	(1,048,283)
Transactions with owners in their capacity as owners				
Shares issued during the year	1,317,193	-	-	1,317,193
Share issue costs	(57,945)	-	-	(57,945)
Options issued during the year – refer to Note 15(x)	-	-	14,968	14,968
Total contributions by owners	1,259,248	-	14,968	1,274,216
Balance at 30 June 2021	24,319,825	(17,417,816)	639,934	7,541,943

Year ended 30 June 2020	**Ordinary Shares $**	**Accumulated Losses $**	**Reserves $**	**Total Equity/(Deficit) $**
Balance at 1 July 2019	20,081,575	(13,838,758)	759,500	7,002,317
Other comprehensive loss				
Loss for the year	-	(1,874,159)	-	(1,874,159)
Movement in foreign currency translation reserve	-	-	(827,668)	(827,668)
Total comprehensive loss for the year	-	(1,874,159)	(827,668)	(2,701,827)
Transactions with owners in their capacity as owners				
Shares issued during the year	3,031,977	-	-	3,031,977
Share issue costs	(52,975)	-	-	(52,975)
Options issued during the year	-	-	36,518	36,518
Total contributions by owners	2,979,002	-	36,518	3,015,520
Balance at 30 June 2020	23,060,577	(15,712,917)	(31,650)	7,316,010

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	30 June 2021 $	30 June 2020 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,325,364)	(1,234,270)
Interest received		165	2,837
Interest and other costs of finance paid		(10,202)	(1,255)
Payments for project expenditure		(628,193)	(462,485)
Net cash used in operating activities	**6(b)**	(1,963,594)	(1,695,173)
Cash flows from investing activities			
Loans to associate		(229,331)	(325,953)
Payments for property, plant and equipment		(5,201)	-
Net cash used in investing activities		(234,532)	(325,953)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		1,317,193	2,703,440
Proceeds from issue of options		14,968	36,518
Proceeds from security deposits		-	154,016
Proceeds from borrowings		-	30,000
Repayment of borrowings		-	(30,000)
Proceeds from convertible notes		-	180,000
Share issue costs		(57,945)	(15,415)
Net cash provided by financing activities		1,274,216	3,058,559
Net increase/(decrease) in cash and cash equivalents		(923,910)	1,037,433
Cash and cash equivalents at the beginning of the financial year		1,114,767	77,334
Cash and cash equivalents at the end of the financial year	**6(a)**	190,857	1,114,767

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

Note 1: Summary of Significant Accounting Policies

The financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Australian Accounting Interpretations. The financial report of Kinetiko Energy Limited complies with International Financial Reporting Standards (IFRS). The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements were authorised for issue by the Directors on 30 September 2021.

The notes to the financial statements are organised into the following sections:

(a) Key Performance: Provides a breakdown of the key individual line items in the statement of profit or loss and other comprehensive income that is most relevant to understanding performance and shareholder returns for the year:

Notes

2. Loss from continuing operations
3. Segment information
4. Income tax expense
5. Loss per share

(b) Financial Risk Management: Provides information about the Company's exposure and management of various financial risks and explains how these affect the Company's financial position and performance:

Notes

6. Cash and cash equivalents
7. Financial risk management

(c) Other Assets and Liabilities: Provides information on other assets and liabilities in the statement of financial position that do not materially affect performance or give rise to material financial risk:

Notes

8. Receivables
9. Property, plant & equipment
10. Investment in associate
11. Trade and other payables

(d) Capital Structure: This section outlines how the Company manages its capital structure and related financing costs (where applicable), as well as capital adequacy and reserves. It also provides details on the dividends paid by the Company:

Notes

12. Contributed equity
13. Reserves and accumulated losses

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (continued)

Note 1: Summary of Significant Accounting Policies (continued)

(e) Other: Provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements however, are not considered significant in understanding the financial performance or position of the Company:

Notes

14. Share based payments
15. Key management personnel disclosures and related party transactions
16. Remuneration of auditors
17. Commitments and contingencies
18. Events occurring after reporting period
19. Other accounting policies

Key estimates and judgements

In the process of applying the Company's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:
Note 4: Income Tax Expense
Note 10: Investment in Associate
Note 14: Share Based Payments

Basis of preparation

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

For the year ended 30 June 2021, the Company recorded a loss of $1,704,899 (2020: $1,874,159) and had net cash outflows from operating and investing activities of $2,198,126 (2020: $2,021,126). At 30 June 2021, the Company had a working capital surplus of $525,777 (2020: $807,108).

The full impact of the COVID-19 pandemic continues to evolve at the date of this report. The Company is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity and future results of operations during 2021. Management continues to actively monitor the global situation and its impact on the Company's financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for the 2021 financial year.

In context of this operating environment, the ability of the Company to continue as a going concern is dependent on securing additional funding through debt or equity to continue to fund its operational and exploration activities.

These conditions indicate a material uncertainty that may cast a significant doubt about the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (continued)

Note 1: Summary of Significant Accounting Policies (continued)

Going Concern (continued)

The financial statements have been prepared on the basis that the Company is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- Subsequent to year end, an amount of $2.8 million (before costs) was raised to fund working capital (refer to Note 18);
- The Company believe they can raise additional funding through debt or equity which is actively pursued;
- The Company has a recent proven history of successfully raising capital; and
- Cash spending can be reduced or slowed below its current rate if required.

Should the Company not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Company not continue as a going concern.

New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Company from the adoption of these Accounting Standards and Interpretations are disclosed in Note 19. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

Foreign Currency

The financial statements are presented in Australian dollars, which is the Company’s functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (continued)

Note 2: Loss from continuing operations

	2021 $	2020 $
Loss from continuing operations before income tax includes the following items of income and expenses		
(a) Other Income		
Interest income	165	2,837
ATO Cashflow Boost	43,252	-
Other income from ordinary activities	43,417	2,837
(b) Operating Expenses		
Depreciation of plant and equipment	5,581	530
(c) Significant Expenses		
Consulting and professional costs		
- Auditing costs	44,334	48,364
- Legal fees	214,331[1]	107,532
- Consultancy fees	89,144	-
- Other professional fees	66,098	40,764
	413,907	196,660
Impairment of loan to associate (refer Note 8)	(162,662)	162,662

[1] During the year ended 30 June 2021, the Company settled an on-going legal matter with BBP Law regarding outstanding legal fees in respect of services rendered to the Company.

Accounting Policy

Interest Income
Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Note 3: Segment Information

The Company currently does not have production and is only involved in exploration. As a consequence, activities in the operating segments are identified by management based on the manner in which resources are allocated, the nature of the resources provided and the identity of service line manager and country of expenditure. Discrete financial information about each of these areas is reported to the executive management team on a monthly basis.

Based on the above, management has determined that the company has one operating segment being gas exploration in South Africa. As the Company is focused on gas exploration, the Board monitors the company based on actual versus budgeted exploration expenditure incurred by area of interest. These areas of interest meet aggregating criteria and are aggregated into one reporting sector. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (continued)

Note 3: Segment Information (continued)

Accounting Policy

Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

Note 4: Income Tax Expense

(a) The prima facie income tax expense on pre-tax accounting loss reconciles to the income tax expense in the financial statements as follows:

	2021 $	2020 $
Loss from operations	(1,704,899)	(1,874,159)
Income tax benefit calculated at 26% (2020: 27.5%)	(443,274)	(515,394)
Non-deductible legal fees	55,726	29,572
Non-deductible reversal of impairment of loan to associate	(42,292)	44,732
	(429,840)	(441,090)
Movements in unrecognised timing differences	1,684	(67,563)
Unused tax losses not recognised as a deferred tax asset	428,156	508,653
Income tax (benefit)/expense reported in the Statement of Profit or Loss and Other Comprehensive Income	–	–

(b) Unrecognised deferred tax balances: The following deferred tax assets have not been brought to account:	2021 $	2020 $
Unrecognised deferred tax asset – tax losses	1,447,307	1,465,787
Unrecognised deferred tax asset – other temporary differences	23,756	22,290
Net deferred tax assets not brought to account	1,471,063	1,488,077

The taxation benefits of tax losses and timing not brought to account will only be obtained if:

(c) assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised;

(d) conditions for deductibility imposed by the law are complied with; and

(e) no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

Accounting Policy

Current tax

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (continued)

Note 4: Income Tax Expense (continued)

Deferred tax
Deferred tax is accounted for using the comprehensive statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period
Current and deferred tax is recognised as an expense or income in the Statement of Profit or Loss and Other Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Key Estimates and Judgements

The Company has not recognised any deferred tax assets or liability in relation to the carrying value of its capitalised exploration and evaluation assets as the Directors do not believe it is capable of being estimated with a sufficient degree of reliability due to uncertainty over the manner in which the carrying value of these assets will be recovered.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (continued)

Note 5: Loss per Share	**2021 Cents Per Share**	**2020 Cents Per Share**
Basic loss per share:	(0.3)	(0.5)
Diluted loss per share:	(0.3)	(0.5)

The loss for the year and the weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2021 $	**2020 $**
Loss for the year after income tax	(1,704,899)	(1,874,159)

	2021 No.	**2020 No.**
Weighted average number of ordinary shares for the purposes of basic earnings per share	566,016,682	377,838,615

Accounting Policy

Basic earnings per share is calculated as a net profit attributable to members, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members, adjusted for:
- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Note 6: Cash and Cash Equivalents

(a) *Reconciliation of Cash*
For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position, as follows:

	2021 $	**2020 $**
Cash at bank and in hand	190,857	1,114,767

Refer to Note 7 for the Company's financial risk management on cash.

Accounting Policy

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (continued)

Note 6: Cash and Cash Equivalents (continued)

(b) *Reconciliation of Operating Loss After Income Tax to Net Cash Flow From Operations*

	2021 $	2020 $
Loss for the year	(1,704,899)	(1,874,159)
Share of loss for the year for investment in associate	148,973	214,244
Depreciation	5,581	530
Impairment of loan to associate	-	162,662
Reversal of impairment of loan to associate recognised in prior year	(162,662)	-
Changes in assets and liabilities:		
Trade and other payables	(256,247)	(160,097)
Receivables	10,719	(39,374)
Provisions	5,330	1,584
Prepayments	(10,389)	(563)
Net cash used in operating activities	(1,963,594)	(1,695,173)

(c) *Non-Cash Financing and Investing Activities*		
Conversion of debt to equity	-	185,537
Issue of shares to satisfy trade and other payables	-	143,000
	-	328,537

Note 7: Financial Risk Management

Financial risk management and policies

The Company's exploration activities are being funded by equity and are not exposed to significant financial risks. There are no speculative or financial derivative instruments. Funds are invested for various short term periods to match forecast cash flow requirements.

The Company holds the following financial instruments:

	2021 $	2020 $
Financial assets		
Cash and cash equivalents	190,857	1,114,767
Trade and other receivables	622,744	249,793
	813,601	1,364,560
Financial liabilities		
Trade payables and accruals	298,914	558,153
	298,914	558,153

The Company's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to fund the Company's operations.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (continued)

Note 7: Financial Risk Management (continued)

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company are capital risk, credit risk, liquidity risk, and interest rate risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Credit risk

Cash at bank is held with internationally regulated banks. As at 30 June 2021, all cash and cash equivalents were held with AA rated banks.

The Company has a credit risk exposure with Afro Energy (Pty) Ltd, which as at 30 June 2021 owed the Company $555,284. No provision has been made against this receivable as the full balance is expected to be recovered. Refer to Note 8 for further details.

(b) Capital risk

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During the year ended 30 June 2021, the Company's strategy was to keep borrowings to a minimum. The company's equity management is determined by funds required to undertake exploration activities and meet its corporate and other costs.

(c) Liquidity risk

Maturity profile of financial instruments

Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

The Company's exposure to the risk of changes in market interest rates relate primarily to cash assets and floating interest rates.

The directors monitor the cash-burn rate of the Company on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

As at reporting date the Company had sufficient cash reserves to meet its requirements. The Company has no access to credit standby facilities or arrangements for further funding or borrowings in place.

The financial liabilities the Company had at reporting date were trade payables incurred in the normal course of the business. These were non-interest bearing and were due within the normal 30-60 days terms of creditor payments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (continued)

Note 7: Financial Risk Management (continued)

(c) Liquidity risk (continued)

The following table sets out the carrying amount, by maturity, of the financial instruments including exposure to interest rate risk:

As at 30 June 2021	<1 year	1 – 5 years	Over 5 years	Total	Weighted average effective interest rate %
Financial Assets:					
Cash	190,857	-	-	190,857	0.03
Receivables & other	622,744	-	-	622,744	-
	813,601	-	-	813,601	
Financial Liabilities:					
Trade payables & accruals	298,914	-	-	298,914	
	298,914	-	-	298,914	

As at 30 June 2020	<1 year	1 – 5 years	Over 5 years	Total	Weighted average effective interest rate %
Financial Assets:					
Cash	1,114,767	-	-	1,114,767	0.17
Receivables & other	249,793	-	-	249,793	1.91
	1,364,560	-	-	1,364,560	
Financial Liabilities:					
Trade payables & accruals	558,153	-	-	558,153	
	558,153	-	-	558,153	

(d) Interest rate risk

The sensitivity analysis has not been determined for the exposure to interest rate risk, because the directors of the Company consider it to be immaterial.

(e) Foreign exchange risk

The Company operates internationally and is currently exposed to foreign exchange risk with respect to the South African Rand.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. If the foreign exchange rates strengthened or weakened by 20% with all other variables held constant the Company's net asset value would have been $103,000 higher or $103,000 lower.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (continued)

Note 7: Financial Risk Management (continued)

(e) Foreign exchange risk (continued)

The Company's exposure to foreign currency risk at the end of the reporting year, expressed in the South African Rand and United States Dollar was as follows:

	2021	**2020**
Cash – ZAR	56,789	1,162,946
Receivables – ZAR	6,403,019	3,963,817
Trade payables – ZAR	(488,022)	(1,462,582)
Trade payables – USD	-	(12,500)

(f) Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

The Company's principal financial instruments consist of cash and deposits with banks, accounts receivable and trade payables. The main purpose of these non-derivative financial instruments is to finance the entity's operations.

Note 8: Receivables

	2021 $	**2020 $**
(a) Current		
Other receivables – VAT refundable	10,865	37,457
Other receivables – GST refundable	16,628	30,098
Other receivables	39,967	18,947
Loan – Associated entity	555,284	325,953
Less: Provision for impairment of loan	-	(162,662)
	622,744	249,793

The loan to associate is repayable from Afro Energy (Pty) Ltd, an incorporated entity formed in South Africa, of which Kinetiko owns a 49% interest. The loan is unsecured, interest free and not subject to any fixed terms of repayment.

As per the Company's announcement on 7 May 2021, the loan to associate will be repaid to the Company via the reduction of consideration shares that will be issued to acquire the remaining 51% interest in Afro Energy (Pty) Ltd.

As at 30 June 2021, the Directors are confident that the full amount will be recovered and therefore reversed the provision for impairment of loan recognised during the year ended 30 June 2020.

None of the other receivables are past due or impaired. Refer to Note 7 for the Company's financial risk management and policies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (continued)

Note 8: Receivables (continued)

Accounting Policy

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

A loss allowance is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

Note 9: Property, Plant and Equipment

	2021 $	2020 $
Opening net book value	2,333	2,863
Depreciation charge for the year	(379)	(530)
Closing net book value	1,954	2,333
Cost or fair value	36,889	36,889
Accumulated depreciation	(34,935)	(34,556)
	1,954	2,333

Accounting Policy

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Company commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Plant and equipment	10% to 66.67%

Note 10: Investment in Associate

Kinetiko Energy Limited holds a 49% interest in Afro Energy (Pty) Ltd, a joint venture structured as a strategic partnership between the Company and Badimo Gas (Pty) Ltd. The primary purpose of the joint venture is to maximise the long term value of the assets of the joint venture and to secure additional funding from outside sources.

Under the joint venture agreement, the Company has a 49% direct interest in the net assets and share of profit and losses. In addition, pursuant to the joint venture agreement, the Company has 49% of the voting rights in relation to the joint venture.

During the year ended 30 June 2021, in addition to the Company’s investment in associate, the Company continued to increase project expenditure in relation to the tenements held by Afro Energy (Pty) Ltd. The total project expenditure that was expensed through the Statement of Profit or Loss and Other Comprehensive Income for the year was $669,453.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (continued)

Note 10: Investment in Associate (continued)

The carrying amount of equity-accounted investments in associates for the year ended 30 June 2021 is as follows:

	2021 $	2020 $
Opening balance	6,506,569	8,030,663
Loss for the year	(148,973)	(214,244)
Foreign exchange revaluation	656,616	(1,309,850)
Closing balance	7,014,212	6,506,569

Summarised Financial Information for Afro Energy (Pty) Ltd

Set out below is the summarised financial information for Afro Energy (Pty) Ltd as at 30 June 2021. The financial year end date was previously 29 February but was changed to 30 June in the year ended 30 June 2020.

Summarised Financial Position

	2021 $	2020 $
Current Assets		
Cash and cash equivalents	45	53
Trade and other receivables	52,944	25,457
Non-Current Assets		
Capitalised exploration	3,820,413	2,991,072
Total Assets	3,873,402	3,016,582
Current Liabilities		
Trade and other payables	105,228	93,549
Non-Current Liabilities		
Provisions	34,067	46,081
Loan from joint venture partners	5,806,746	4,462,445
Total Liabilities	5,946,041	4,602,075
Net Deficiency of Assets	**(2,072,639)**	**(1,585,493)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (continued)

Note 10: Investment in Associate (continued)

Summarised Financial Performance

	30 June 2021 (12 months) $	**Extrapolated 30 June 2020 (12 months) $**	**30 June 2020 (4 months) $**
Revenue	-	-	-
Other operating expenses	(88,795)	(458,011)	(96,030)
Finance Costs	(215,232)	(279,222)	(80,901)
Loss before income tax expense	**(304,027)**	**(737,233)**	**(176,931)**
Income tax expense	-	-	-
Loss after income tax expense	**(304,027)**	**(737,233)**	**(176,931)**
Company share of loss	**(148,973)**	**(361,244)**	**(86,696)**

The difference between our percentage of net deficiency of assets in Afro Energy (Pty) Ltd and the value of the investment in associate in the Statement of Financial Position is the deemed exploration asset.

Accounting Policy – Investment in Associate

The Company's investments in associates are accounted for using the equity method of accounting in the financial statements. The associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture.

Significant influence exists when the Company holds 20% or more of the voting power of the investee, unless in the Company's opinion, significant influence is not present.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Company's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Company determines whether it is necessary to recognise any additional impairment loss with respect to the Company's net investment in the associate. The income statement reflects the Company's share of the results of operation of the associate.

Where there has been a change recognised directly in the associate's equity, the Company recognises its share of any changes and discloses this in the statement of profit or loss and other comprehensive income.

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Note 10: Investment in Associate (continued)

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Accounting Policy – Exploration and Evaluation Expenditure

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition.

Subsequent exploration and evaluation costs related to an area of interest are written off as incurred except when they are carried forward as an item in the Statement of Financial Position where the rights of tenure of an area are current and one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and

- exploration and/or evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered through use or sale.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (continued)

Note 10: Investment in Associate (continued)

Key estimates and judgements

Exploration and Evaluation Expenditure
Acquisition, exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area that has not at reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable areas, and active and significant operations in or relating to, the area of interest are continuing. Where the Company no longer has rights to tenure to an area of interest, exploration capitalised to that area is written off.

Investments in Associates
The Company assess the carrying amount of the investment in associates at each reporting period in accordance with AASB 128. If impairment indicators are identified, the Company test the investment in accordance with AASB 136. In assessing the recoverability of investments in associates, Management applied their estimates and judgements as to the recoverability.

Royalty Obligations – Associated Company

Under the Mineral and Petroleum Royalty Act in the Republic of South Africa, royalties will be payable by Afro Energy (Pty) Ltd upon the extraction of mineral resources from within the Republic of South Africa. The royalty is estimated to range between 5-7%.

Note 11: Trade and other payables

	2021 $	2020 $
Trade payables and accruals	220,463	355,355
Trade payables and accruals – related parties	78,451	202,798
	298,914	558,153

Refer to Note 7 for the Company's financial risk management and policies.

Trade payables are normally settled on 30 day terms. Trade payables are currently being settled in excess of 60 day terms. The amount of payables at reporting date exceeding normal trading terms is $15,244.

Accounting Policy

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (continued)

Note 12: Contributed Equity

(a) *Issued Capital*

Movements in share capital were as follows:

Year ended 30 June 2021		**Issue Price**	**Fully Paid Ordinary Shares**	**$**
1 July 2020	Opening Balance		543,264,256	23,060,577
28 July 2020	Issue of shares on exercise of options	$0.03	400,000	12,000
11 November 2020	Issue of shares on exercise of options	$0.03	450,000	13,500
17 November 2020	Issue of shares on exercise of options	$0.03	600,000	18,000
4 December 2020	Issue of shares on exercise of options	$0.03	7,100,000	213,000
14 December 2020	Issue of shares on exercise of options	$0.03	16,018,022	480,541
14 January 2021	Issue of shares on exercise of options	$0.03	9,338,427	280,152
20 January 2021	Issue of shares on exercise of options	$0.03	8,000,000	240,000
5 February 2021	Issue of loyalty shares pursuant to employment agreement	$0.02	3,000,000	60,000
	Share issue costs		-	(57,945)
30 June 2021	Closing Balance		588,170,705	24,319,825

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (continued)

Note 12: Contributed Equity (continued)

(a) Issued Capital (continued)

Year ended 30 June 2020		**Issue Price**	**Fully Paid Ordinary Shares**	**$**
1 July 2019	Opening Balance		391,665,600	20,081,575
20 December 2019	Issue of shares to satisfy trade and other payables[1]	$0.02	7,150,000	143,000
20 December 2019	Conversion of convertible notes to shares[2]	$0.02	9,276,673	185,537
12 February 2020	Issue of shares pursuant to placement offer	$0.02	2,900,000	58,000
3 March 2020	Issue of shares pursuant to non-renounceable entitlements issue	$0.02	64,135,945	1,282,719
18 March 2020	Issue of shares pursuant to shortfall from entitlement issue	$0.02	14,467,325	289,347
30 April 2020	Issue of shares pursuant to placement offer and shortfall from entitlement issue	$0.02	53,668,713	1,073,374
	Share issue costs		-	(52,975)
30 June 2020	Closing Balance		543,264,256	23,060,577

[1] Following shareholder approval on 27 November 2019, the Company issued 7,150,000 ordinary shares to Trident Capital Pty Ltd, a company of which Adam Sierakowski is a Director and Shareholder, in satisfaction of amounts owed in relation to corporate advisory fees owing.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At the shareholders meetings, each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands. Refer to Note 7(b) for the Company's capital risk policy.

Accounting Policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (continued)

Note 12: Contributed Equity (continued)

(b) *Options*

The following unlisted options were on issue during the year ended 30 June 2021.

Exercise price	3c
Expiry date	31 December 2021
Opening balance	36,518,022
Issued during the year	14,967,258[1]
Expired during the year	-
Exercised during the year	(41,906,449)
Closing balance	9,578,831

[1] Options issued during the period relates to the re-issuing of options to Directors with respect to the repayment of loans and conversion of fees to shares in 2016. Refer to Note 15(x) for further details on the issue.

The following unlisted options were on issue during the year ended 30 June 2020.

Exercise price	3c
Expiry date	31 December 2021
Opening balance	-
Issued during the year	36,518,022
Expired during the year	-
Exercised during the year	-
Closing balance	36,518,022

Note 13: Reserves and Accumulated Losses

13a) Accumulated Losses	**2021 $**	**2020 $**
Balance at beginning of financial year	(15,712,917)	(13,838,758)
Net Loss	(1,704,899)	(1,874,159)
Balance at end of financial year	(17,417,816)	(15,712,917)

13b) Reserves

Share Based Payments Reserve	755,500	755,500
Options Issue Reserve	55,486	40,518
Foreign Currency Translation Reserve	(171,052)	(827,668)
Total Reserves	639,934	(31,650)

(i) Share Based Payments Reserve

Balance at beginning of financial year	755,500	755,500
Movement for year	-	-
Share Based Payments Reserve	755,500	755,500

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (continued)

Note 13: Reserves and Accumulated Losses (continued)

13b) Reserves (continued)

	2021 $	2020 $
(ii) Options Issue Reserve		
Balance at beginning of financial year	40,518	4,000
Movement for year	14,968	36,518
Options Issue Reserve	55,486	40,518
(iii) Foreign Currency Translation Reserve		
Balance at beginning of financial year	(827,668)	-
Movement for year	656,616	(827,668)
Foreign Currency Translation Reserve	(171,052)	(827,668)

(iv) Nature and purpose of reserves

Share Based Payments Reserve
The Share Based Payments Reserve is used to recognise the fair value of shares and options granted as remuneration and in satisfaction of loans advanced to the Company.

Options Issue Reserve
The Options Issue Reserve is used to recognise the fair value of options issued during the year.

Foreign Currency Translation Reserve
The Foreign Currency Translation Reserve is used to record exchange differences arising from the translation of the financial statements of foreign investments in associates.

Note 14: Share Based Payments

Key estimates and judgements

Employees
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options granted is determined by an internal valuation using a Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. The fair value of shares issued is determined by utilising the market price of the Company’s shares at the date which shares are issued.

External Consultants
The Company measures the cost of equity-settled transactions with external consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by utilising the market price of the Company’s shares at the date which shares are issued.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (continued)

Note 15: Key Management Personnel Disclosures and Related Party Transactions

Refer to Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's Key Management Personnel (KMP) for the year ended 30 June 2021.

	2021 $	2020 $
Short term employee benefits	301,807	240,000
	301,807	240,000

Investments in associated entities
Investments in associated entities are set out in Note 10.

Key management personnel
Disclosures relating to key management personnel are set out in the remuneration report of the directors' report and above.

Loans from related parties
There were no loans from related parties during the year.

Loan from Stephen Hewitt-Dutton	2021 $	2020 $
Opening balance	-	-
Funds received	-	30,000
Interest paid	-	485
Funds repaid	-	(30,485)
Closing balance	-	-

The loan was unsecured, interest calculated at 15% p.a. and repaid in full on 10 March 2020.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (continued)

Note 15: Key Management Personnel Disclosures and Related Party Transactions (continued)

Other transactions with key management personnel
Transactions with key management personnel related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

		2021 $	2020 $
(i)	Payments to Trident Management Services Pty Ltd, a company of which Adam Sierakowski is a Director and shareholder, for company secretarial services provided.	48,000	48,000
(ii)	Payments to Price Sierakowski Pty Ltd, a company of which Adam Sierakowski is a Director and shareholder, for legal services provided.	26,251	94,340
(iii)	Payments to Trident Capital Pty Ltd, a company of which Adam Sierakowski is a Director and shareholder, for corporate advisory services as per mandate.	60,000	120,000
(iv)	Payments to Trident Capital Pty Ltd, a company of which Adam Sierakowski is a Director and shareholder, for capital raising fees as per the Company's Prospectus dated 30 January 2020.	-	37,560
(v)	Payments to Geoff Michael for services rendered in relation to the legal dispute with BBP Law.	8,105	-
(vi)	Payments to Cirrena Pty Ltd, a company of which Geoff Michael has an interest in, for office occupancy costs.	5,000	30,000
(vii)	Payments to Cowbra Pty Ltd, a company of which Geoff Michael is a Director, for the provision of IT services.	8,870	-
(viii)	During the year ended 30 June 2020, further convertible notes with a face value of $30,000 were issued to Adam Sierakowski and Wawsaw Superannuation Fund, an entity of which Adam Sierakowski is a trustee and beneficiary. Interest on the convertible notes was calculated at 12% p.a. and repaid via the issue of ordinary shares. Movements for the year are as follows:		
	Opening balance	-	-
	Funds received	-	30,000
	Accrued interest	-	593
	Funds repaid via conversion of debt to equity (1,529,471 shares at $0.02 per share)	-	(30,593)
	Closing balance	-	-
(ix)	During the year ended 30 June 2020, 7,150,000 shares were issued, at an issue price of $0.02 per share, to Trident Capital Pty Ltd, a company of which Adam Sierakowski is a Director and shareholder, in satisfaction of amounts owed in relation to corporate advisory fees owing.	-	143,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (continued)

Note 15: Key Management Personnel Disclosures and Related Party Transactions (continued)

Other transactions with key management personnel (continued)

(x) During the year ended 30 June 2021, the Company obtained shareholder approval at a General Meeting to issue 14,967,258 unlisted options at $0.001 per option to the Directors of the Company which are exercisable at $0.03 per share and expire 31 December 2021.

The options were issued to Director related entities in relation to the re-issuing of unlisted options that were previously held by the Directors and which subsequently 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 options issued to Director related entities were on the same terms and conditions as to the options that were issued to external shareholders in November 2019.

During the year ended 30 June 2021, 8,738,427 options held by Directors were exercised. As at 30 June 2021, 5,428,831 options remained unexercised.

	2021 $	2020 $
Amounts outstanding at reporting date		
Aggregates amount payable to Key Management Personnel and their related entities at reporting date.		
(i) Payables	78,451	202,798

Note 16: Remuneration of Auditors

	2021 $	2020 $
BDO Audit (WA) Pty Ltd		
Audit or review of the financial report	42,983	48,364
	42,983	48,364

The auditor of Kinetiko Energy Ltd is BDO Audit (WA) Pty Ltd.

Note 17: Commitments and contingencies

Associate Company – Exploration and Evaluation Assets

In order to maintain current rights of tenure to exploration tenements, Afro Energy (Pty) Ltd (‘Afro Energy’) is required to outlay rental and other associated expenditures to meet minimum expenditure requirements.

Under the current joint venture agreement, the Company has a 49% direct interest in Afro Energy. As a result, the Company’s share of Afro Energy’s minimum expenditure requirements committed at the reporting date but not recognised as liabilities is as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (continued)

Note 17: Commitments and contingencies (continued)

	2021 $	2020 $
Within one year	968,133	-
One to five years	908,906	-
	1,877,039	-

Acquisition of Afro Energy (Pty) Ltd

On 7 May 2021, the Company announced that a binding terms sheet had been executed with Badimo Gas (Pty) Ltd to acquire the remaining 51% interest in Afro Energy (Pty) Ltd (the ‘Proposed Acquisition’) via the issuing of approximately 595 million shares in the Company as consideration for the Proposed Acquisition.

Upon completion of the Proposed Acquisition, the Company will become the sole owner of Afro Energy (Pty) Ltd which holds 100% interest in the exploration rights and the sample gas production permit in South Africa.

The Proposed Acquisition is subject to a number of conditions being satisfied (or waived) including the obtaining of shareholder approval. As at the date of this report, the due diligence process is ongoing.

Note 18: Events Occurring After Reporting Period

On 8 July 2021, the Company issued 28,480,000 ordinary shares at an issue price of $0.10 per share to professional and sophisticated investors in relation to the non-renounceable, pro-rata entitlement offer as announced on 2 July 2021. A total amount of $2,848,000 was raised (before costs) and will be used for working capital purposes.

On 7 July 2021, the Company issued 3,000,000 unlisted options to the Lead Broker under the terms of the Share Purchase Plan. The options are exercisable at $0.13 per share on or before 7 July 2023.

On 10 August 2021, Mr Nick de Blocq was appointed as the new Chief Executive Officer of the Company and replaced Mr Johan Visage in the role.

The full impact of the COVID-19 pandemic continues to evolve at the date of this report. The Company is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity and future results of operations.

No other matters or circumstance has arisen since 30 June 2021 that has affected, or may significantly affect the Company’s operations, the results of those operations, or the Company’s state of affairs in future financial years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (continued)

Note 19: Other Accounting Policies

Summary of other significant accounting policies

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, superannuation, annual leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the entity in respect of services provided by employees up to reporting date.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Provisions

Provisions are recognised when the Company has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Leases

The Company assesses at the start of a contract whether or not it contains a lease, by deciding if the contract provides the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company currently uses a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use underlying assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (continued)

Note 19: Other Accounting Policies (continued)

i) Right-of-use assets

The Company recognises right-of-use assets at the start of the lease and are measured at costs, less accumulated depreciation and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives received, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

New and Amended Standards and Interpretations adopted

For the year ended 30 June 2021, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2020.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and therefore, no material change is necessary to the Company's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 (continued)

Note 19: Other Accounting Policies (continued)

New Accounting Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2021.

As a result of this review, the Directors have determined that there are no new and revised Standards and Interpretations that may have a material effect on the application in future periods and therefore, no material change is necessary to the Company's accounting policies.

SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is as at 26 August 2021.

Shareholdings as at 26 August 2021

Substantial shareholders
The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act are:

Shareholder Name		Number of Shares	Percentage	Date of Notice
BRENDAN D GORE & ASSOCIATED ENTITIES		93,372,148	17.17%	04/08/2020
AGEUS PTY LTD	M & A A/C	37,046,123	6.82%	30/04/2020
ADAM SIERAKOWSKI & ASSOCIATED ENTITIES		81,636,129	15.03%	30/04/2020

Unmarketable parcels
The number of shareholders holding less than a marketable parcel is 50.
There is only one class of share and all ordinary shareholders have equal voting rights.

Unquoted Securities

Securities	Number of Options	Number of Holders	Holders with more than 20%
Options exercisable at $0.03, expiry 31 Dec 2021	9,228,831	3	2
Options exercisable at $0.13, expiry 7 July 2023	3,000,000	1	1

The names of the holders of unquoted securities are listed below:

	Number of options held	Percentage of total options held
1. Aegean Capital Pty Ltd <The Spartacus A/C>	3,000,000	24.53%
2. Beaglemoat Nominees Pty Ltd	3,000,000	24.53%
3. Ageus Pty Ltd <M and A A/c>	5,428,831	44.40%
	11,428,831	93.46%

Voting rights
All ordinary shares carry one vote per share without restriction.

On-market buyback
There is no current on-market buy-back.

Stock Exchange listing
Quotation has been granted for the Company’s Ordinary Shares.

SHAREHOLDER INFORMATION

Distribution of security holders category	Number of Holders of Ordinary Shares	Number of Holders of Unlisted Options
1 - 1,000	14	-
1,001 – 5,000	35	-
5,001 – 10,000	63	-
10,001 – 100,000	352	-
100,001 and over	337	4
	801	4

Twenty largest shareholders – Ordinary Shares

Name	Number of ordinary shares held	Percentage of capital held
MR BRENDAN DAVID GORE <GORE FAMILY NO 2 A/C>	89,050,369	14.43%
AGEUS PTY LTD <M AND A A/C>	37,046,123	6.00%
TRIDENT CAPITAL PTY LTD	26,293,101	4.26%
IML HOLDINGS PTY LTD	17,790,645	2.88%
MR ADAM SIERAKOWSKI	17,555,288	2.85%
AEGEAN CAPITAL PTY LTD <THE SPARTACUS A/C>	16,862,893	2.73%
MR ROBERT JAMES MACMILLAN	14,350,000	2.33%
PENISH PTY LTD <PETRIDES FAMILY A/C>	11,547,718	1.87%
MFM AUSTRALIA PTY LIMITED <MCKELVEY FAMILY NO 2 A/C>	11,326,977	1.84%
JGST PTY LTD <JGST FAMILY SETTLEMENT A/C>	11,305,925	1.83%
SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	10,849,475	1.76%
HOLDREY PTY LTD <DON MATHIESON FAMILY A/C>	10,821,395	1.75%
AUBURY PTY LTD	10,000,000	1.62%
MR ADAM SIERAKOWSKI <WAWSAW SUPER FUND A/C>	9,034,544	1.46%
SHARIC SUPERANNUATION PTY LTD <FARRIS SUPER FUND A/C>	8,483,705	1.38%
BOTSIS HOLDINGS PTY LTD	8,399,181	1.36%
MR HENDRIE JOHAN VISAGIE	8,000,000	1.30%
SDMO AUSTRALIA PTY LTD <THE BOTICA SUPER FUND A/C>	7,655,000	1.24%
BLUE SAINT PTY LTD	7,650,000	1.24%
IML HOLDINGS PTY LTD	7,218,488	1.17%
TOTAL	**341,240,827**	**55.30%**

SHAREHOLDER INFORMATION

Schedule of mining tenements

Area of Interest	Tenement reference	Nature of interest	Interest
Amersfoort Project – South Africa			
	30/5/2/3/38ER	2nd renewal period granted by DMR in August 19. Included in application for consolidation with 56ER and 271ER.	49%
	30/5/2/3/56ER	2nd renewal period granted by DMR in August19. Included in application for consolidation with 38ER and 271ER.	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 August 2019.	49%
	ER 271	Exploration right granted in August 2019. Included in application for consolidation with 38ER and 56ER.	49%
	ER 272	Exploration right granted in August 2019.	49%