

16 March 2021

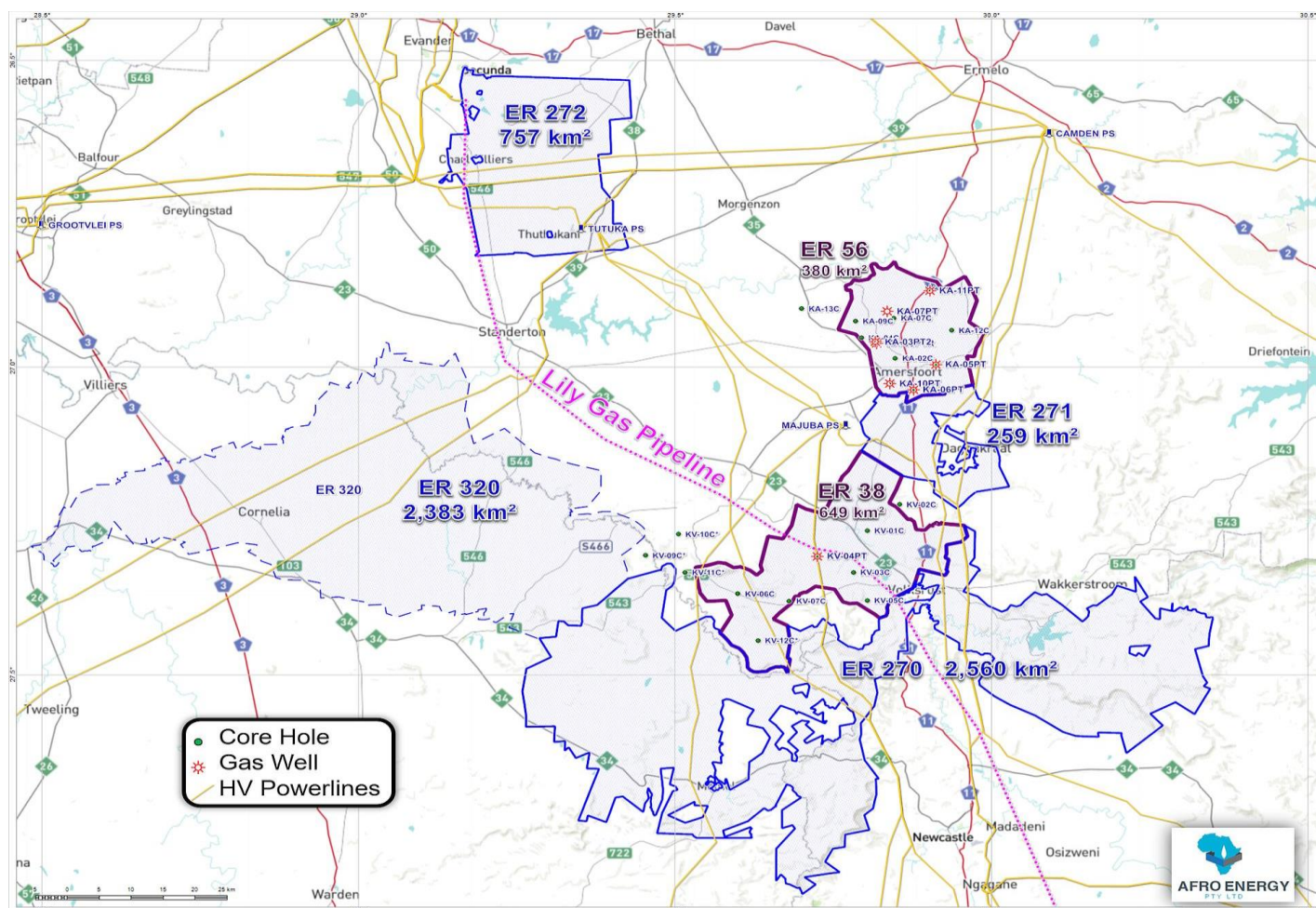
## **OPERATIONAL ACHIEVEMENTS FOR HALF YEAR ENDED 31 DECEMBER 2020**

### **HALF YEAR HIGHLIGHTS**

- **Completion of interim funding by early conversion of options raising \$1.26 million to accelerate planned exploration and development.**
- **Gas production rights granted to enable pilot commercial field operations to start Q2/21.**
- **Third high-resolution aeromagnetic and radiometric survey on the Amersfoort Project completed successfully.**
  - Interpretation of surveys completed on ER 38, ER 56 and ER 271 identified a numerous gas compartments on each of the exploration rights with some of the largest up to 22km<sup>2</sup> in size.
  - Aircraft completed flying three separate surveys which links together the three contiguous exploration rights for a combined 965km<sup>2</sup> of gas prone Karoo sediments and intruding dolerite bodies.
  - The Amersfoort Project has now identified 30 potential gas compartments, representing only 15% of the total exploration potential.
- **Work commenced on a well workover program in preparation of pilot gas-to-CNG production.**
  - Specialists in design and provision of process control and pumping systems Endress & Hauser AG and Franklin Electric Co completed repairs and upgrades to downhole pumping and surface metering and control equipment.
  - The well workover program, is now scheduled for completion by the end of March 2021 with the potential for first pilot gas to CNG production estimated to commence in Q2/2021.
  - The Company is in advanced discussions with established gas traders as potential off takers for the gas produced.
- **Negotiations continue with strategic investors**
  - The Company continues to advance discussions from funding institutions both inside South Africa and abroad to fund and participate in the next phase of Amersfoort Project development, being a planned 20 well production field.

## SUBSTANTIAL AND STRATEGIC LAND POSITION

Perth-based energy exploration company Kinetiko Energy Limited (ASX: "KKO" or "Kinetiko") is pleased to report on substantial developments and its activities at the Amersfoort Project and adjacent tenements in South Africa (Figure 1) during for the half year ending 31 December 2021. Activities at the Amersfoort Project are carried out through an incorporated joint venture entity, Afro Energy (Pty) Ltd ("**Afro Energy**"), owned by Kinetiko (49%) and its South African partner Badimo Gas (Pty) Ltd ("**Badimo**") (51%).



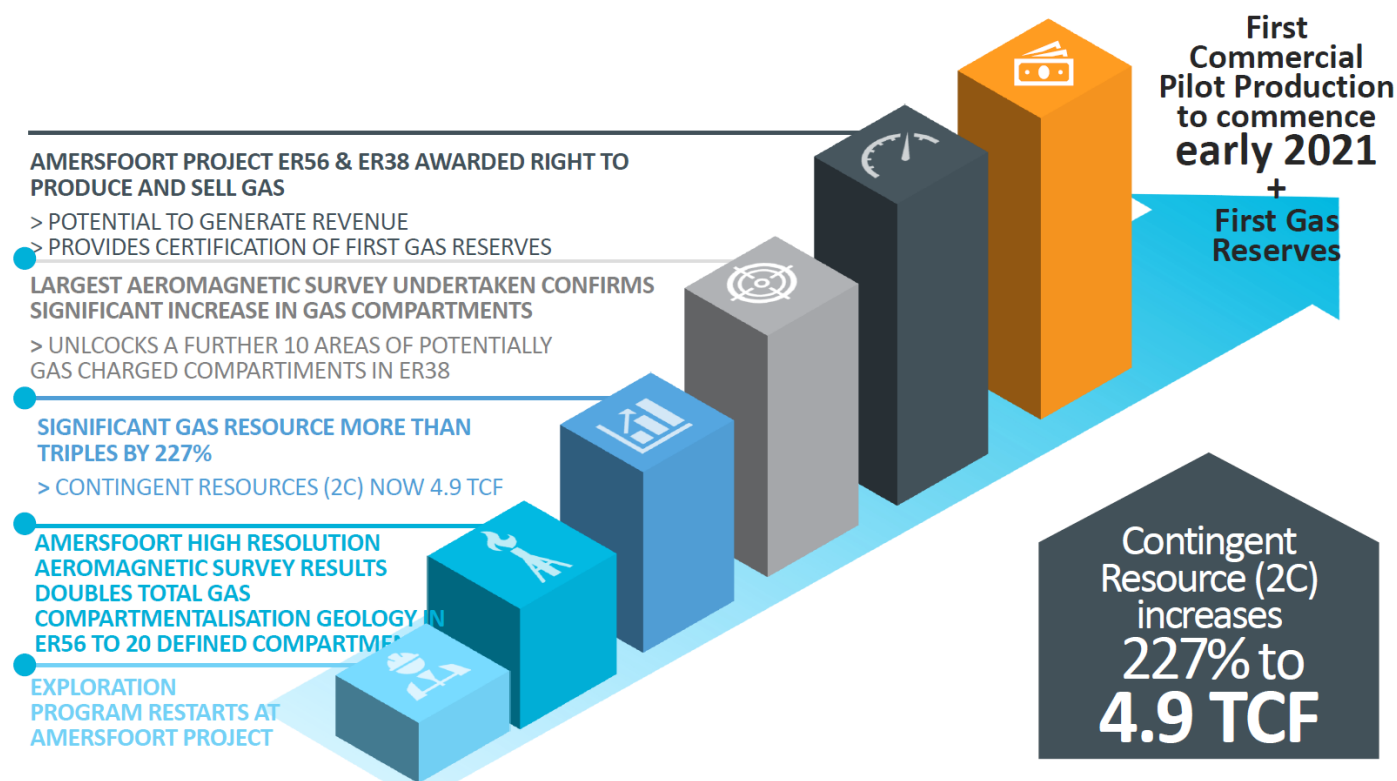
**Figure 1. Afro Energy Exploration Rights & Application**

## STRONG SHAREHOLDER SUPPORT TO PROVIDE SHORT-TERM FUNDING

Following the commencement of a fund-raising process during the December 2020 quarter, a majority of the Company's unlisted \$0.03 options have been exercised well before their expiry date of 31 December 2021. A total of \$1.26 million has been raised following the conversion of options representing ~81% of all options exercised in that class.

Funds raised will be used toward accelerating planned exploration and project development in 2021 at the Company's Amersfoort Project.

## SIGNIFICANT ACHIEVEMENTS THROUGHOUT 2020



## PILOT GAS-TO-CNG PRODUCTION

Following the granting of bulk gas production and removal permit by the Minister of Mineral Resources and Energy of up to 500 million standard cubic feet (MMscf) of gas per annum for a two-year period from its exploration rights ER56 and ER38 (ASX Announcement 21 October 2020).

Afro Energy contracted Endress & Hauser AG and Franklin Electric Co to repair and upgrade its existing downhole and surface equipment to ensure safe and continuous production during a gas delivery period. Endress Hauser further allowed the use of its equipment used during a previous equipment test to optimise the surface separation of water and gas (ASX Announcement 12 September 2018). The workover of well KA-03PT has been completed and commissioning of the worked over well is scheduled for finalisation by the end of March 2021. Following completion of the well workover flow rate testing will proceed with the expectation that pilot gas production can commence in the second quarter of 2021 (Figure 3).

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





**Figure 3 - Pilot production well KA-03PT flaring gas at Amersfoort Project**

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

Following on the previously successful exploration program on ER56, the pilot gas production and commercialisation under the current approval will place Afro Energy in a favourable position to apply for a production rights over ER56, ER38 and ER 271 as soon as possible after the commencement of the pilot gas production.

## **HIGH RESOLUTION AEROMAGNETIC SURVEYS**

Completed interpretation of the survey data from the Amersfoort Project ER 38 ER 56 and ER 271 identified 30 areas of potential gas charged geological compartmentalisation. The compartments identified included the largest ever surveyed being up to 22km<sup>2</sup> in size.

Afro Energy contracted Xcalibur Airborne Geophysics (Pty) Ltd to conduct the high resolution aeromagnetic and radiometric surveys over pre-defined areas of high priority within the three exploration rights. The aircraft successfully flew the surveys despite CV-19 limitations and completed the data acquisition and processing providing unprecedented geological detail to guide future drilling programs.

This contiguous nature of the geological assessments provided by the aeromagnetic and radiometric surveys completed over ER38, ER56 and ER 271 has increased the Company's confidence that similar geological feature will extend over the entirety of the 7,000km<sup>2</sup> of explorations rights granted or applied for (Figure 4).

The aeromagnetic and radiometric surveys completed to date and number of compartments identified in the Amersfoort project represents only 15% of the Company's total exploration potential.

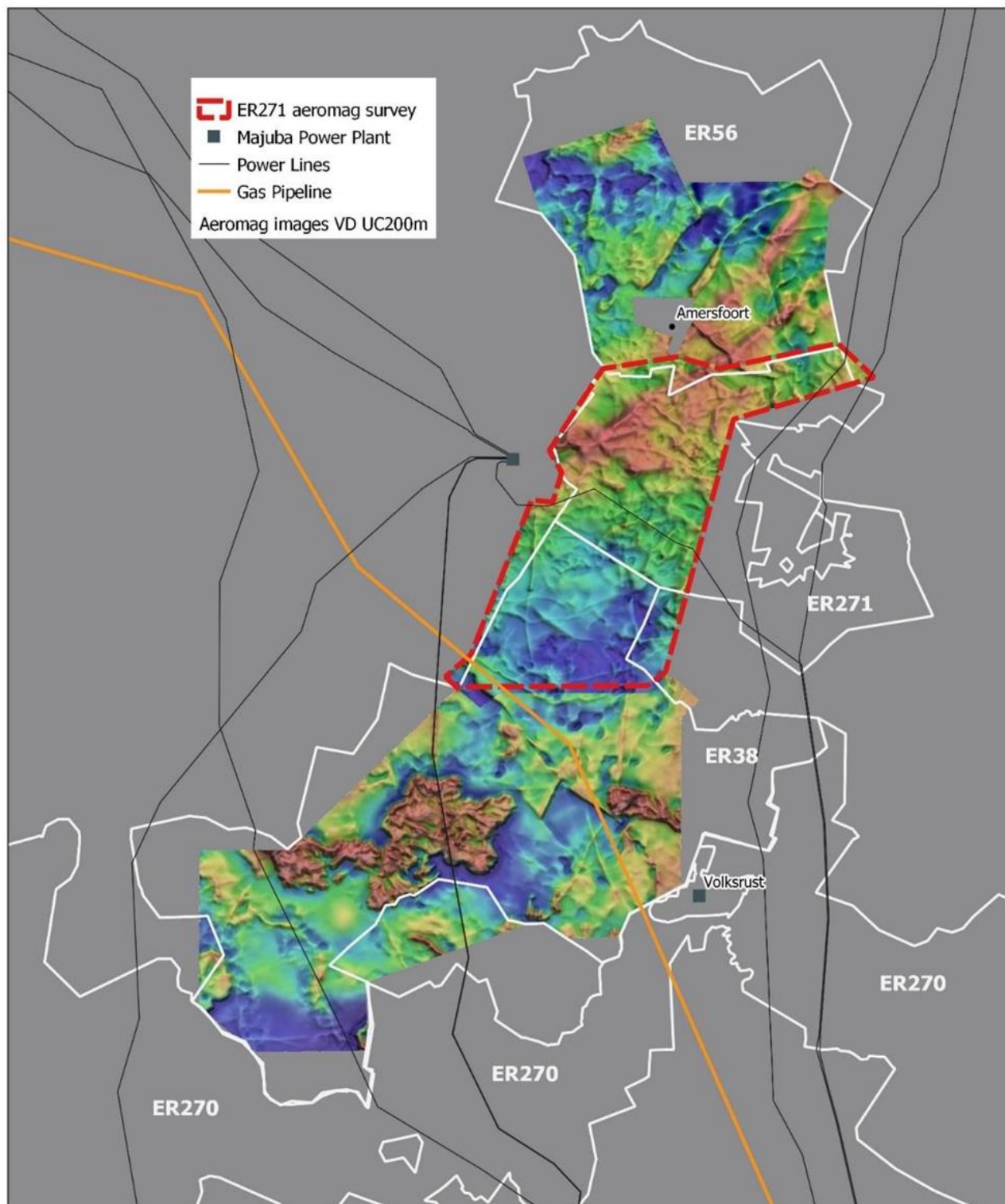


Figure 4 - Amersfoort Project exploration licences and 2020 aeromagnetic survey areas.

## AMERSFOORT PROJECT DEVELOPMENT FUNDING

Kinetiko has continued to promote the potential of the Amersfoort project to be developed at scale as a stand-alone onshore gas producer close to markets in South Africa that continue to be subject to constrained and affordable energy.

These 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 next stage of the Amersfoort Project development and in particular the potential development of a 20 well 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 are indicated below.

## TENURE STATUS

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

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

### 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.

For more information visit: [www.kinetiko.com.au](http://www.kinetiko.com.au) or contact,

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## About Kinetiko Energy and Afro Energy

Kinetiko Energy is an Australian gas explorer focused on advanced shallow conventional gas and coal bed methane (CBM) opportunities in rapidly developing markets in Southern Africa. South Africa has extensive gassy coal basins, extensive energy infrastructure and a growing gas demand, making it an attractive area for investment. The Company has a large potential exploration area, of which approximately 7000km<sup>2</sup> is granted and being explored.

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

ASX: KKO | [kinetikoenergy.com.au](http://kinetikoenergy.com.au)

