

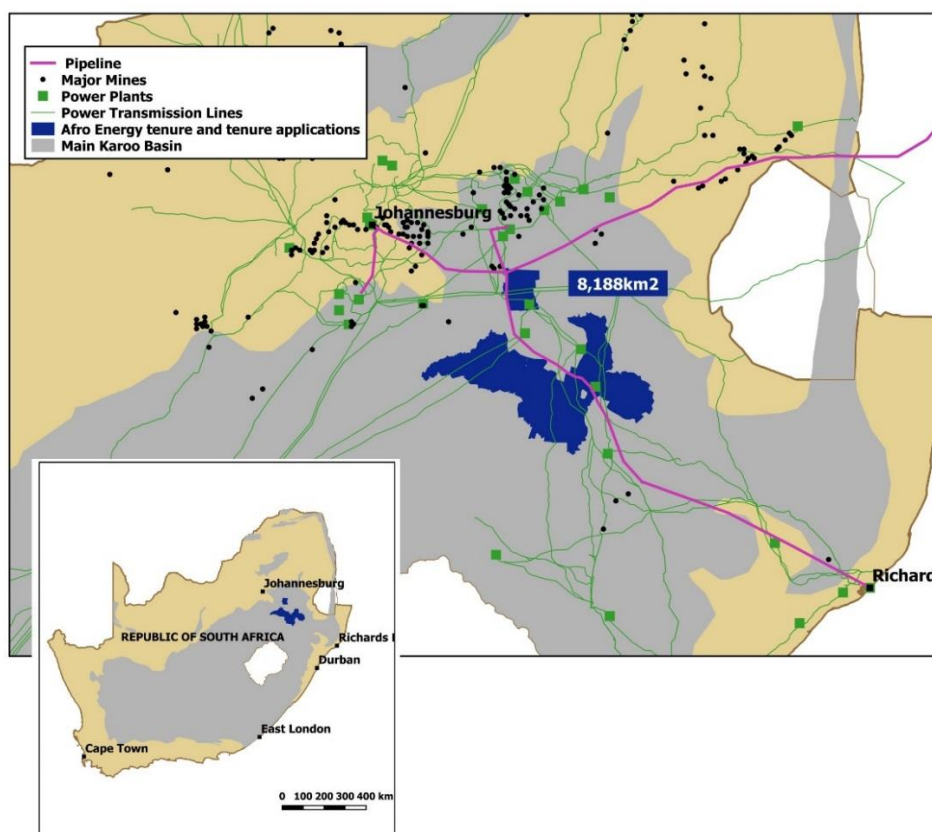
**31<sup>st</sup> July 2017**

## **JUNE 2017 QUARTERLY OPERATIONS REPORT**

### **CORPORATE**

Perth-based energy exploration company Kinetiko Limited (ASX: KKO) is pleased to report on corporate developments and its activities at the Amersfoort Project and adjacent tenements in South Africa, for the quarter ending June 2017. Activities at the Amersfoort Project are carried out through Afro Energy Ltd, owned by Kinetiko Energy Ltd (49%) and its South African shareholder Badimo Gas Ltd (51%).

### **Afro Energy Exploration Rights & Applications**



**Figure 1**

## **SUMMARY OF HIGHLIGHTS**

- The Petroleum Agency of South Africa (PASA) has approved Afro Energy's Environmental Scoping Report and informed Afro Energy that it could proceed to prepare the Environmental Impact Assessment as part of the exploration rights application for ER 12/3/320.
- SLR Consulting commenced the Environmental Impact Assessment and Environmental Management Program as part of Afro Energy's ER 12/3/320 exploration rights application. An application for extension of the date of submission of the EIA and EMPR has been granted by PASA to allow PASA, Department of Mineral Resources and the Department of Water and Sanitation to clarify exceptional circumstances of the application. The submission of same is now scheduled for 30 January 2018.
- Kinetiko Energy Ltd continued its engagement with the South African Industrial Development Corporation (IDC) to resolve issues, unrelated to the technical viability of the project. The IDC reconfirmed its support to funding the project once the mentioned issues are resolved.
- Kinetiko has submitted a proposed aeromagnetic survey work program for ER56 and ER38 to the Afro Energy board for consideration.

## **OPERATIONS (Amersfoort Project South Africa - KKO 49%)**

### **ER270, 271 & 272**

PASA received the outcome of the Regional Mining Environmental Committee meeting regarding the Exploration Rights applications of tenements ER270, ER271 & ER272 and is preparing a recommendation to the Department of Mineral Resources.

### **12/3//320ER**

PASA accepted 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.

An application for extension of the date of submission of the EIA and EMPR has been granted by PASA to allow PASA, Department of Mineral Resources and the Department of Water and Sanitation to clarify exceptional circumstances of the application with regards to placement of exploration wells. The submission of same is now scheduled for 30 January 2018.

### **12/3/38ER**

The Afro Energy board is currently reviewing the work program proposed by Kinetiko to be undertaken in 38ER in order to achieve a similar appraisal/production program of wells as that of 12/3/56ER. Kinetiko is promoting the acquisition of an aeromagnetic survey similar to that carried out previously on ER56 to enable optimal appraisal well location for two proposed well (Figure 3).

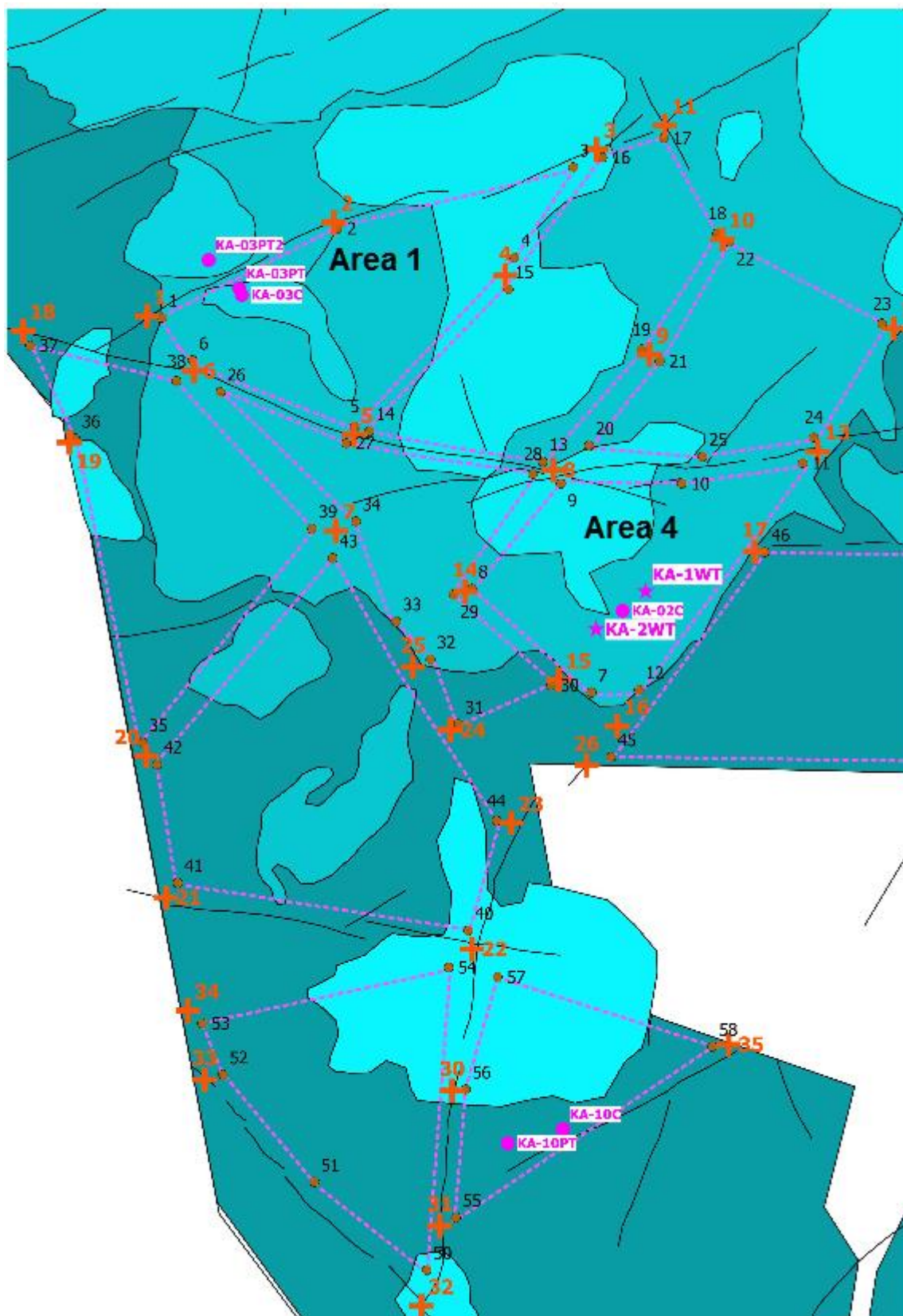
### **12/3/56ER**

The next phase of the project will include the acquisition of further aeromagnetic survey data to extend the area covered on ER56 to include other prospective areas east of the highly successful first survey (Figure 3). A single zone isolation (DST) well is planned, which will be predicated on the results of previously drilled wells and the interpretation of the aeromagnetic surveys. Seven additional appraisal/production wells are also planned for a subsequent drilling program.

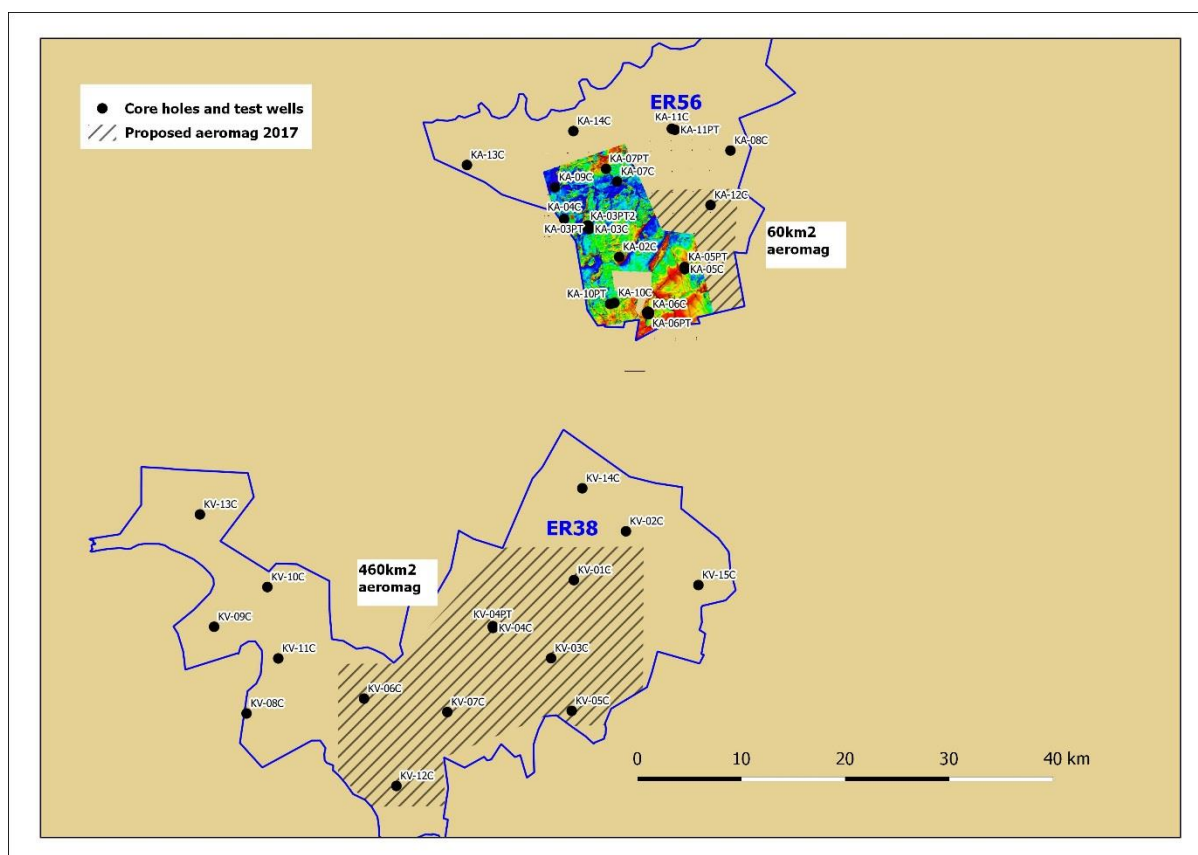
### **PROJECT FUNDING**

Afro Energy is progressing the fundraising campaign to underpin the above-mentioned programs and has to date achieved the following;

- Notwithstanding the decision by the IDC's Executive Policy Committee not to fund the development of the Project at this time due to an issue unrelated to KKO or the Project, the IDC management has confirmed its support for funding the project once the above-mentioned issue has been resolved.
- Since the commercial viability of the Project remains robust, both Kinetiko Energy and Badimo Gas are currently exploring alternative funding opportunities for the Amersfoort Project and associated activities.



**Figure 2 Proposed work program for Areas 1 and 4 - ER56.**



**Figure 3 Proposed aeromagnetic surveys 2017**

### TENURE

Clause	Area of Interest	Tenement reference	Nature of interest	Interest March 2017	Interest June 17
Interest	Amersfoort Project – South Africa				
		30/5/2/3/38ER	2 <sup>nd</sup> renewal period granted	49%	49%
		30/5/2/3/56ER	1 <sup>st</sup> renewal period granted	49%	49%
		ER320 (TCP 106)	Application for conversion from TCP to exploration right approved by regulator	49%	49%
		ER 270	Recommended by Petroleum Agency of South Africa to Department of Mineral Resources	49%	49%
		ER 271	Recommended by Petroleum Agency of South Africa to Department of Mineral Resources	49%	49%
		ER 272	Recommended by Petroleum Agency of South Africa to Department of Mineral Resources	49%	49%





### **About Kinetiko Energy**

*Kinetiko Energy is an Australian gas explorer focused on advanced gas and coal bed methane (CBM) opportunities in rapidly developing markets in Southern Africa. Its flagship Amersfoort project which is conducted through Afro Energy and its co shareholder Badimo Gas is being developed around the infrastructure rich and energy starved industrial region of South Africa. South Africa has extensive gassy coal basins, extensive energy infrastructure and a growing gas demand, making it an attractive area for investment.*

*For more information visit: [www.kinetikoenergy.com.au](http://www.kinetikoenergy.com.au)*

*Or contact Geoff Michael or James Searle, Joint Managing Directors, Kinetiko Energy Limited  
+618 6315 3500*

*\* On the 17/2/2016 Kinetiko reported in full to the ASX the Gustavson and Associates LLC the new resource for ER56 at the Amersfoort Project. This resource remain current.*

*Except where indicated, technical comments above have been compiled by James Searle BSc (hons), PhD, a Member of the Australian Institute of Mining and Metallurgy, and a Director of Kinetiko Energy Ltd with over 30 years' experience in metallic and energy minerals exploration and development, including over 5 years' experience in petroleum exploration. Dr Searle consents to the inclusion of this technical information in the format and context in which it appears.*