

# **Kinetiko Energy Limited**

## **(ACN 141 647 529)**

# **Prospectus**

### **Entitlement Offer**

For a non-renounceable, pro rata offer of approximately 71,239,542 New Shares on the basis of 1 New Share for every 4 Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.02 each to raise approximately \$1,424,791 before costs (**Offer**).

### **Cleansing**

In addition to the Offer, this Prospectus has been prepared for the purposes of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of certain Shares issued on or prior to the Closing Date.

**THE OFFER CLOSSES AT 5.00PM WST ON 22 NOVEMBER 2018**

**VALID ACCEPTANCES MUST BE RECEIVED BEFORE THAT TIME.**

**Please read the instructions in this Prospectus and on the accompanying Acceptance Form regarding the acceptance of your entitlement.**

### **IMPORTANT NOTICE**

This Prospectus is a transaction specific prospectus issued in accordance with section 713 of the Corporations Act. This is an important document that should be read in its entirety. Please read the instructions in this Prospectus and on the accompanying Acceptance Forms regarding acceptance of the Offer. If you do not understand this document you should consult your stockbroker, lawyer, accountant or other professional adviser without delay. The New Shares offered under this Prospectus should be considered highly speculative.

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## IMPORTANT INFORMATION

### General

The Prospectus is dated 5 November 2018 and a copy of this Prospectus was lodged with ASIC on that date. Neither ASIC or ASX take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act.

Within 7 days of the date of this Prospectus, the Company will make an application to ASX for the New Shares offered pursuant to this Prospectus to be admitted for quotation on ASX. No securities will be issued pursuant to this Prospectus later than 13 months after the date of this Prospectus.

### Electronic Prospectus

In addition to issuing the Prospectus in printed form, a read-only version of the Prospectus is also available on the Company's website at [www.kinetiko.com.au](http://www.kinetiko.com.au). Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia. The Corporations Act prohibits any person passing onto another person an Acceptance Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered electronic version of this Prospectus.

### Applications for New Shares

Please read the instructions in **Section 3** and on the accompanying Acceptance Forms regarding acceptance of the Offer.

By returning a completed Acceptance Form, making a payment for New Shares by BPAY®, or otherwise applying for New Shares in accordance with the instructions on the Acceptance Form, the applicant acknowledges that it has received and read this Prospectus,

has acted in accordance with the terms of the Offer, agrees to all of the terms and conditions set out in this Prospectus and makes the statements set out in the Acceptance Form.

### Risk factors

Before deciding to invest in the Company, Eligible Shareholders should read the entire Prospectus. In considering the prospects for the Company, Eligible Shareholders should consider the assumptions underlying the prospective financial information and the risk factors set out in **Section 5** that could affect the performance of the Company. Eligible Shareholders should carefully consider these factors in light of personal circumstances (including financial and taxation issues) and seek professional advice from a stockbroker, accountant or other independent financial adviser before deciding to invest.

### Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including ASX's website at [www.asx.com.au](http://www.asx.com.au)). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Prospectus and do not constitute part of the Offer. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Eligible Shareholders should therefore have regard to the other publicly available information in relation to the Company before making a decision on whether or not to invest in the Company.

### Offer restrictions

The offers of New Shares made pursuant to this Prospectus are not made to persons to which, or in places in which, it would not be lawful to make such an offer of New Shares. No action has been taken to register the Offer under this Prospectus or otherwise permit the Offer to be made in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law in those jurisdictions and therefore persons who come into possession of this

Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws.

## **Representations**

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by the Company or the Directors in relation to the Offer.

## **Forward-looking statements**

This Prospectus contains forward-looking statements which incorporate an element of uncertainty or risk, such as 'intends', 'may', 'could', 'believes', 'estimates', 'targets' or 'expects'. These statements are based on an evaluation of current economic and operating conditions, as well as assumptions regarding future events. These events, as at the date of this Prospectus, are expected to take place, but there is no guarantee that such will occur

as anticipated or at all given that many of the events are outside the Company's control.

Accordingly, the Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur. Further, the Company may not update or revise any forward-looking statement if events subsequently occur or information subsequently becomes available that affects the original forward-looking statement.

## **Interpretation**

A number of terms and abbreviations used in this Prospectus have defined meanings which are set out in **Section 8**.

All references in this Prospectus to **\$, AUD** or **dollars** are references to Australian currency, unless otherwise stated.

All references to time in this Prospectus relate to the time in Perth, Western Australia.

# **CORPORATE DIRECTORY**

## **Directors**

Adam Sierakowski (Non-Executive Chairman)  
Dr James Searle (Joint Managing Director)  
Geoff Michael (Joint Managing Director)

## **Company Secretary**

Stephen Hewitt-Dutton

## **Registered Office**

Suite 12, Level 1  
100 Railway Road  
SUBIACO WA 6008

Tel: +61 8 6315 3500

Fax: +61 8 9481 1947

## **Share Registry**

Automic Registry Services Pty Ltd  
Level 5, 126 Phillip Street  
SYDNEY NSW 2000

Tel: +61 1300 288 664

Fax: +61 2 9698 5414

## **Legal Adviser**

Price Sierakowski Corporate  
Level 24, 44 St Georges Terrace  
Perth WA 6000

Tel: +61 8 6211 5000

Fax: +61 8 6211 5055

## **ASX Code**

KKO

## **Website**

[www.kinetiko.com.au](http://www.kinetiko.com.au)

## 1. TIMETABLE

The timetable for the Offer is as follows:

Event	Date
Appendix 3B lodged with ASX and Prospectus lodged with ASX and ASIC	5 November 2018
Notice sent to Shareholders	6 November 2018
'Ex' date (i.e. date from which Shares trade without entitlements to participate in the Offer)	7 November 2018
Record Date (5.00pm (WST))	8 November 2018
Prospectus and Acceptance Form dispatched to Eligible Shareholders and announcement of issue of Prospectus	9 November 2018
Opening Date of the Offer	12 November 2018
Closing Date (5.00pm WST)	22 November 2108
Deferred settlement trading commences	23 November 2018
ASX notified of under-subscriptions	27 November 2018
Issue of New Shares and deferred settlement trading ends	27 November 2018

### Notes:

1. All dates (other than the date of lodgment of the Prospectus with ASX and ASIC) are indicative only. The Company reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable laws, to vary the dates of the Offer, including extending the Closing Date or accepting late acceptances, either generally or in particular cases, without notice.

## 2. DETAILS OF THE OFFERS

### 2.1. Overview of the Offer

Under the Offer, approximately 71,239,542 New Shares are being offered at an issue price of \$0.02 each to raise up to approximately \$1,424,791 (before costs). Each Eligible Shareholder has the opportunity to subscribe for one New Share for every four Shares held on the Record Date. Eligible Shareholders may also apply for New Shares in excess of their entitlement (see **Section 2.3** for details).

Entitlements under the Offer will be rounded down to the nearest whole number.

Eligible Shareholders are being sent this Prospectus together with a personalised Acceptance Form and are invited to apply for New Shares. The Offer opens on 12 November 2018 and closes at 5.00pm (WST) on 22 November 2018.

### 2.2. Purpose of the Offer

The purpose of the Offer is to raise approximately \$1,424,791 (before costs) to enable the Company to:

- continue exploration at Amersfoort beyond the minimum required to maintain good standing; and
- provide the Company with additional working capital.

Assuming that the Offer is fully subscribed, the funds raised under the Offer are planned to be used in accordance with the table set out below:

<b>Use of funds</b>	<b>Amount</b>
Expenses of the Offer (excluding GST)	\$70,000
Exploration of the Company's Amersfoort project	\$350,000
Payment of creditors	\$700,000
Working capital <sup>1</sup>	\$304,791
<b>Total</b>	<b>\$1,424,791</b>

#### Notes:

1. Working capital may include wages, payments to contractors, rent and outgoings, insurance, accounting, audit, legal and listing fees, payments to creditors, interest payments, other items of a general administrative nature and cash reserves which may be used in connection with the Company's activities, as determined by the Board at the relevant time.

The above table is a statement of the Board's current intention as at the date of this Prospectus. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

### 2.3. Additional New Shares

Eligible Shareholders may also apply for New Shares in excess of their entitlement under the Offer (**Additional New Shares**).

Any Additional New Shares will be limited to the extent that there are sufficient New Shares from Eligible Shareholders who do not take up their full entitlement (i.e. that form part of the Shortfall) or from New Shares that would have been offered to Ineligible Shareholders if they had been entitled to participate in the Offer.

Additional New Shares will only be allocated to Eligible Shareholders, if and to the extent that the Company so determines, in its absolute discretion, having regard to circumstances as at the time of the close of the Offer and subject to the Corporations Act and the ASX Listing Rules. The Company may apply any scale-back in its absolute discretion. The Company decision on the number of Additional New Shares allocated to Eligible Shareholders will be final.

To the extent that there remains any shortfall in the take-up of the Offer following allocations of Additional New Shares, the Directors reserve the right to issue the Shortfall at their discretion.

The Company reserves the right to pay a fee of up to 5% of the value of any Shortfall Shares placed to holders of an Australia Financial Services Licence in respect of Shortfall Shares placed to their clients.

### 2.4. Eligible Shareholders

Eligible Shareholders for the purposes of the Offer are those persons who:

- are registered as a holder of Shares as at 5.00pm (WST) on the Record Date; and
- have a registered address in Australia or New Zealand.

The Entitlements Offer made to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand)*.

### 2.5. Ineligible Shareholders

Shareholders who are not Eligible Shareholders are **Ineligible Shareholders**.

The Company has determined, in reliance on ASX Listing Rule 7.7.1, that it would be unreasonable to extend the Offer to Ineligible Shareholders, having regard to:

- the small number of Ineligible Shareholders;
- the small number and value of the New Shares which would be offered to Ineligible Shareholders if they were Eligible Shareholders; and
- the cost of complying with the legal and regulatory requirements in the respective overseas jurisdictions.

Accordingly, this Offer is not being extended to any Shareholders outside Australia and New Zealand. The Company will notify all Ineligible Shareholders of the Offer and advise that the Company is not extending the Offer to those Shareholders.



## 2.6. Foreign Shareholder restrictions

The Prospectus does not constitute an offer in any jurisdiction where, or to any person to whom, it would not be lawful to issue this Prospectus or make such an offer. No action has been taken to register or qualify the New Shares or the Entitlements Offer or otherwise to permit an offering of the New Shares in any jurisdiction outside of Australia and New Zealand.

Where the Prospectus has been dispatched to Shareholders domiciled outside Australia or New Zealand and where that country's securities code or legislation prohibits or restricts in any way the making of the Entitlements Offer contemplated by this Prospectus, then the Prospectus and accompanying Acceptance Form are provided for information purposes only. It is the responsibility of any applicant to ensure compliance with any laws of a country relevant to their application. The return of a duly completed Acceptance Form will be taken by the Company as a representation and warranty by the Applicant that there has been no breach of such laws and that the Applicant is an Eligible Shareholder.

## 2.7. No rights trading

Entitlements under the Offer are non-renounceable and accordingly cannot be traded on the ASX or any other stock exchange, or privately transferred.

## 2.8. Minimum subscription

There is no minimum level of subscription for the Offer.

## 2.9. Ranking of New Shares

New Shares to be issued pursuant to the Offer will be issued on a fully paid basis and will rank equally in all respect with existing Shares.

A summary of the rights and liabilities attaching to the Shares is set out in **Section 6.3**.

## 2.10. Underwriting

The Offer is not underwritten.

## 2.11. Issue of New Shares

The issue of New Shares under this Prospectus will occur in accordance with the timetable set out in **Section 1**. Upon New Shares being issued under the Offer, holding statements will be issued to applicants as required by ASX. It is the responsibility of applicants to determine their allocation prior to trading in the New Shares. Applicants who sell their New Shares before they receive their holding statement will do so at their own risk.

## 2.12. Application Monies

All Application Monies for New Shares to be issued pursuant to the Offer will be held in the Application Account on behalf of applicants until the New Shares are issued or, if the New Shares are not issued, until the Application Monies are returned to applicants. All interest (if any) earned on Application Monies (including those which do not result in the issue of New Shares) will be retained by the Company.

Amounts received by the Company in excess of an applicant's entitlement (**Excess Amount**) may be treated as application to apply for as many Additional New Shares as the Excess Amount will pay for in full. Alternatively, such Offer Applications may not be accepted.

Any Applications Monies received for more than an applicant's final allocation of New Shares and Additional New Shares (if any) will be refunded as soon as practicable after the Offer Closing Date.

If the New Shares are not issued to an applicant, a cheque will be drawn and the relevant Application Monies will be refunded as soon as practicable after the Offer Closing Date.

### **2.13. ASX quotation**

The Company will apply to ASX within 7 days after the date of this Prospectus for quotation of the New Shares offered under this Prospectus.

If approval for quotation of the New Shares to be issued under the Offer is not granted within 3 months after the date of this Prospectus, the Company will not issue any New Shares and will repay all Application Monies without interest as soon as practicable.

The Company notes, however, that its Shares have been suspended from quotation since 4 October 2017 and it is anticipated that its Shares will remain suspended until the Company can satisfy certain requirements of the ASX.

On 22 October 2018, the Company made a submission to ASX with respect to being reinstated to trading by addressing the issues previously raised by ASX. The Company notes, however, that as at the date of this Prospectus, the Company is yet to receive a response from ASX with respect to its reinstatement. The Company will, however, keep Shareholders informed of the status of its suspension and proposed reinstatement to trading in accordance with its corporate governance policies and continuous disclosure requirements.

The Company notes that the Offer is not conditional on the Company being reinstated to trading and the Company recommends Shareholders carefully consider the risk factors set out in Section 5 that could affect the performance of the Company, particularly with respect to the reinstatement to trading of its Shares on ASX.

### **2.14. CHES**

The Company participates in the Clearing House Electronic Subregister System (**CHES**). ASX Settlement Pty Ltd (**ASX Settlement**), a wholly-owned subsidiary of ASX, operates CHES in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules.

ASX Settlement will send a CHES statement to Shareholders who are broker sponsored following the completion of each Offer. Each CHES statement will set out the number of New Shares issued to the Shareholder under this Prospectus, and provide details of the Shareholder's holder identification number and the participant identification number of the sponsor. CHES allotment advices will be sent by the Share Registry.

The Share Registry will send a statement to Shareholders who are registered on the Issuer Sponsored sub-register following the completion of each Offer. Each statement will contain the number of New Shares issued to the Shareholder under this Prospectus and the Shareholder's security holder reference number.

A CHES statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes.

## 2.15. Privacy disclosure

Persons who apply for New Shares under this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications, to provide facilities and services to security holders and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, applications may not be processed. In accordance with privacy laws, information collected in relation to specific Shareholders can be obtained by that Shareholder through contacting the Company or the Share Registry.

## 2.16. Taxation

It is the responsibility of all Shareholders to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offer by consulting their own professional tax advisers. Neither the Company nor the Directors accept any liability or responsibility in respect of the taxation consequences for Shareholders as a result of the matters referred to in this Prospectus.

## 2.17. Additional Purpose

On 15 October 2018, the Company issued 16,863,436 Shares at an issue price of \$0.01 and 13,482,668 Shares at an issue price of \$0.02 on conversion of Convertible Notes held by sophisticated investors.

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to offer those securities for sale within 12 months of their issue. Accordingly, the additional purpose of this Prospectus is to remove any trading restrictions that may attach to Shares issued by the Company on conversion of the Convertible Notes.

Relevantly, section 708A(11)(b) provides that a sale offer does not need disclosure to investors if:

- the relevant securities are in a class of securities of the company that are already quoted on the ASX;
- a prospectus is lodged with ASIC either:
  - on or after the day on which the relevant securities were issued (Section 708A(11)(b)(i)); or
  - before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued (section 708A(b)(ii)); and
- the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

The issue of Shares on conversion of the Convertible Notes was not undertaken by the Company for the purpose of the recipients selling or transferring the Shares. However, the Directors consider that the persons who are issued Shares should be entitled, if they wish, to on-sell their securities prior to the expiry of 12 months after being issued.

### 3. HOW TO APPLY

This **Section 3** sets out the choices for an Eligible Shareholder with respect to applying for New Shares under the Offer.

Please refer to **Section 2.4** to determine who is an Eligible Shareholder.

#### 3.1. Choices available

Eligible Shareholders may do any of the following:

- take up all or part of their entitlement under the Offer (refer to **Section 3.2**); or
- do nothing (refer to **Section 3.3**).

Eligible Shareholders may also choose to apply for Additional New Shares as described in **Section 2.3**.

The Offer is a non-renounceable pro rata offer to Eligible Shareholders. The Offer is not underwritten. Eligible Shareholders who take up their entitlement in full will not have their percentage shareholding in the Company diluted by the Offer. The percentage shareholdings of Eligible Shareholders who do not take up all of their entitlement will be diluted. For further details on the effects of the Offer, please refer to **Section 4**.

#### 3.2. Take up all or part of entitlement

Eligible Shareholders who wish to take up all or part of their entitlement under the Offer should complete the Acceptance Form in respect of the number of New Shares (including any Additional New Shares) they wish to subscribe for and arrange for payment of the Application Monies in accordance with **Section 3.4**.

#### 3.3. Allow all or part of entitlement to lapse

If Eligible Shareholders decide not to accept all or part of their entitlement to New Shares, or fail to accept by the Offer Closing Date, the part of their entitlement not accepted will lapse. The New Shares not subscribed for will form part of the Shortfall.

Eligible Shareholders should note that if they do not take up their entitlement then although they will continue to own the same number of Shares, their percentage holding in the Company will be reduced.

#### 3.4. Making an application

Eligible Shareholders have two payment options in order to take up their entitlement under the Offer.

**Option 1: Submit a completed Acceptance Form together with a cheque, bank draft or money order.**

To follow option 1, applicants should:

- complete the personalised Acceptance Form accompanying this Prospectus in accordance with the instructions set out on that form, and indicate the number of New Shares (including any Additional New Shares) they wish to subscribe for; and
- return the form to the Share Registry (address details below) together with a cheque, bank draft or money order which must be:

- in respect of the full Application Monies (being \$0.02 multiplied by the number of New Shares (including any Additional New Shares) they wish to subscribe for); and
- in Australian currency drawn on an Australian branch of a financial institution; and
- made payable to 'Kinetiko Energy Limited – Application Account' and crossed 'Not Negotiable'.

Applicants should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies. If the amount of the cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay for the number of New Shares applied for in the Acceptance Form in full, the applicant will be taken to have applied for the lower number of whole New Shares as the cleared Application Monies will pay for (and to have specified that number of New Shares in the Acceptance Form). Alternatively, the application will be rejected.

Cash payments will not be accepted. Receipts for payment will not be issued.

Applicants need to ensure that their completed Acceptance Form and cheque, bank draft or money order reaches the Share Registry at the address below by no later than 5.00pm (WST) on 22 November 2018.

Completed Acceptance Forms should be returned to the Share Registry at the following address:

By mail:

**Kinetiko Energy Limited Offer  
C/- Automic Registry Services  
PO Box 2226  
Strawberry Hills NSW 2012  
Australia**

In person:

**Kinetiko Energy Limited Offer  
C/- Automic Registry Services  
Level 3, 50 Holt Street  
Surry Hills NSW 2010  
Australia**

Acceptance Forms (and payment of Application Monies) may not be accepted if received after 5.00pm (WST) on 22 November 2018.

#### **Option 2: Pay via BPAY® payment**

To follow option 2, applicants should pay the full Application Monies, being \$0.02 multiplied by the number of New Shares comprising their entitlement (plus any Additional New Shares), or, if subscribing for only part of their entitlement, the number of New Shares the applicant wishes to subscribe for, via BPAY® payment in accordance with the instructions set out on the personalised Acceptance Form (which includes the biller code and the applicant's unique customer reference number). Applicants can only make a payment via BPAY® if they are the holder of an account with an Australian financial institution.

Please note that if payment is made by BPAY®:

- the applicant does not need to submit the personalised Acceptance Form but is taken to make the statements on that form; and

- if the applicant subscribes for less than its entitlement or does not pay for its full entitlement, the applicant is taken to have taken up its entitlement in respect of such whole number of New Shares which is covered in full by the Application Monies.

Applicants need to ensure that their BPAY® payment is received by the Share Registry by no later than 3.00pm (EST) on 22 November 2018. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds are submitted through BPAY® by the date and time mentioned above.

### 3.5. Effect of making an application

Returning a completed Acceptance Form or making a BPAY® payment will be taken to constitute a representation by the applicant that it:

- has received a printed or electronic copy of this Prospectus accompanying the form and has read it in full;
- agrees to be bound by the terms of this Prospectus and the Constitution;
- makes the representations and warranties in **Section 3.5** of this Prospectus and confirms its eligibility in respect of an offer of New Shares under the Offer;
- declares that all details and statements in the Acceptance Form are complete and accurate;
- declares that it is over 18 years of age and has full legal capacity and power to perform all of its rights and obligations under the Acceptance Form;
- acknowledges that once the Acceptance Form is returned or a BPAY® payment is made its acceptance may not be withdrawn;
- agrees to being issued the number of New Shares it applies for at the offer price (or a lower number issued in a way described in this Prospectus) and, subject to **Section 2.3**, to being issued up to the number of Additional New Shares it applies for at the offer price;
- authorises the Company to register it as the holder(s) of the New Shares issued to it;
- acknowledges that the information contained in this Prospectus is not investment advice or a recommendation that the New Shares are suitable for it, given its investment objectives, financial situation or particular needs; and
- authorises the Company and its officers or agents to do anything on its behalf necessary for New Shares to be issued to it, including correcting any errors in its Acceptance Form or other form provided by it and acting on instructions received by the Share Registry using the contact details in the Acceptance Form.

### 3.6. Enquiries

This document is important and should be read in its entirety. Shareholders who are in any doubt as to the course to follow should consult their stockbroker, lawyer, accountant or other professional adviser without delay.

Shareholders who:

- have questions relating to the calculation of their entitlement;
- have questions on how to complete an Acceptance Form or take up their entitlements;  
or
- have lost an Acceptance Form and would like a replacement form,

should call Kinetiko Energy Limited Offer Information Line on +61 1300 288 664 between 9.00am to 5.00pm (AEST) Monday to Friday during the Offer period.

## 4. EFFECT OF THE OFFERS

### 4.1. Principal Effect

Assuming full subscription under the Offer, the potential effect of the Offer will be that:

- cash reserves will increase by approximately \$1,354,791 (after costs); and
- the number of fully paid ordinary shares on issue will increase from 284,958,168 to approximately 356,197,710 (406,541,309 if Shareholders approve the issue of Shares to Directors pursuant to Resolution 4 of the Company's 2018 Notice of Annual General Meeting).

Shareholders should note that due to rounding of entitlements under the Offer on the Record Date, among other things, the exact number of New Shares to be issued will not be known until completion of the Offer.

### 4.2. Capital structure

The table below provides a summary of the capital structure of the Company at the date of this Prospectus and upon completion of the Offer.

Capital structure	Existing	Full Subscription
Existing Shares	284,958,168	284,958,168
Shares under the Offer	-	71,239,542
<b>Total Shares</b>	<b>254,612,064</b>	<b>356,197,710</b>
Existing exercisable at \$0.03 each on or before 4 November 2018	53,085,280	53,085,280
Conversion of Director loan <sup>1</sup>	-	13,114,898
Conversion of Directors' Creditor Amounts <sup>1</sup>	-	37,228,701
<b>Fully diluted share capital</b>	<b>307,697,344</b>	<b>406,541,309</b>

**Notes:**

1. Subject to approval by Shareholders at the Annual General Meeting on 23 November 2018.

### 4.3. Effect of the Offer on control

The Offer is a pro rata offer so that if all Eligible Shareholders take up their entitlements, the voting power of all Eligible Shareholders will remain the same. In that event, there will be no actual or potential effect or consequences arising from the Offer on control of the Company other than the dilution of any Ineligible Shareholders who are unable to participate in the Offer.

The proportional shareholdings of Eligible Shareholders who do not take up their entitlements in full will be diluted.



The proportional shareholdings of Ineligible Shareholders will be diluted as those Shareholders are not entitled to participate in the Offer

No Shares will be issued pursuant to the Offer in contravention of section 606 of the Corporations Act.

#### **4.4. Pro forma statement of financial position**

Set out on the following page is the audit reviewed statement of financial position for the Company at 30 June 2018, and pro forma statement of financial position at 30 June 2018. The unaudited pro forma statement of financial position has been prepared on the basis and assumption that there have been no material movements in the assets and liabilities of the Company between 30 June 2018 and completion of the Offer other than:

- (a) the issue of up to approximately 71,239,542 New Shares at an issue price of \$0.02 each through the Offer to raise up to approximately \$1,424,791 before costs;
- (b) the issue of 30,346,104 Shares on 15 October 2018 in repayment of unrelated loans described in Section 2.17;
- (c) the issue (subject to approval at the Company's Annual General Meeting on 23 November 2018) of up to 50,343,599 Shares in repayment of Director Loans and payment of Director Creditor amounts; and
- (d) the estimated expenses of the Offer is approximately \$70,000, which amounts are shown as a deduction against issued capital.

The significant accounting policies upon which the statement of financial position and the pro forma statement of financial position are based are contained in the audited Annual Report for the year ended 30 June 2018.

## STATEMENT OF FINANCIAL POSITION

	Notes	Audited Actual 30 June 2018 \$	Pro-forma 30 June 2018 \$
<b>Current Assets</b>			
Cash assets	1	7,303	1,362,094
Trade and other receivables		208,423	208,423
Other assets		5,582	5,582
Total current assets		221,308	1,576,099
<b>Net Current Assets</b>			
Property, plant & equipment		3,680	3,680
Total non-current assets		3,680	3,680
Total assets		224,988	1,579,779
<b>Current Liabilities</b>			
Trade and other payables <sup>1</sup>		1,433,391	700,587
Borrowings		285	285
Loans <sup>1</sup>		498,658	-
Total Current liabilities		1,932,334	700,872
Total liabilities		1,932,334	700,872
<b>Net Assets</b>		<b>(1,707,346)</b>	<b>878,907</b>
<b>Equity</b>			
Contributed equity	2	17,387,378	19,973,631
Reserves		759,500	759,500
Accumulated losses		(19,854,224)	(19,854,224)
<b>Total Equity</b>		<b>(1,707,346)</b>	<b>878,907</b>

1. Assumes that the loan and creditor amounts owing to Directors are paid through the issue of Shares. The issue of the Shares is subject to approval by Shareholders at the Annual General Meeting on 23 November 2018.

### **Actual and Proposed Transactions to Arrive at the Pro-Forma Financial Information**

The pro-forma financial information has been included for illustrative purposes to reflect the position of Kinetiko Energy Limited on the assumption that the following transactions had occurred as at 30 June 2018:

- (a) The issue of 71,239,542 ordinary shares at \$0.02 each pursuant to the Offer to raise \$1,424,791 before costs; and
- (b) The payment of expenses of the Offer totalling an estimated \$70,000 excluding GST.

**Note 1: Cash assets**

	\$
Balance at 30 June 2018	7,303
Funds raised from offer	1,424,791
Expenses of the offer	<u>(70,000)</u>
Closing balance	<u>1,362,094</u>

**Note 2: Issued capital**

	\$
Balance at 30 June 2018	17,387,378
Loan repayment shares (issued 15 October 2018)	438,288
Funds raised from offer	1,424,791
Expenses of the offer	(70,000)
Director loan Shares (to be issued following AGM)	212,840
Director Creditor Shares (to be issued following AGM)	<u>732,804</u>
Closing balance	<u>20,126,101</u>

**Note 3: Creditors**

	\$
Balance at 30 June 2018	1,433,391
Director Creditor Shares issued	<u>(732,804)</u>
Closing balance	<u>700,857</u>

**Note 4: Loans**

	\$
Balance at 30 June 2018	498,658
Additional loan funds and interest	152,469
Loan repayment in shares (issued 15 October 2018)	(438,287)
Director loan Shares (to be issued following AGM)	<u>(212,840)</u>
Closing balance	<u>-</u>

## 5. RISK FACTORS

As with any share investment, there are risks associated with an investment in the Company. The numerous risk factors are both of a specific and a general nature. Some can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated.

This **Section 5** identifies the major areas of risk associated with an investment in the Company, but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed. Potential investors should read the entire Prospectus and consult their stockbroker, lawyer, accountant or other professional adviser before deciding whether to apply for New Shares.

### 5.1. Specific risks

#### (a) Quotation Risk

The Company's securities have been suspended since 4 October 2017 and it is anticipated that the Company's securities will remain suspended until the Company can satisfy certain audit requirements of the ASX with respect to its audited financial accounts for the financial year ended 30 June 2017 and subsequent periods.

Please refer to Section 2.13 for further information regarding the Company's reinstatement to the Official List.

The Offer is not conditional on the requotation of the Company's securities. The Company will be accepting all validly completed Acceptance Forms and issuing the New Shares regardless of whether its securities remain suspended on the Closing Date.

#### (b) Resource Estimates

Resource estimates are expressions of judgment based on drilling results, past experience with gas projects, knowledge, experience, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available. Gas estimation is an interpretive process based on available data and interpretations and thus estimations may prove to be inaccurate.

In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter gas accumulations or formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and production plans altered in a way which could impact adversely on the operations of the Company.

The actual quality and characteristics of gas deposits cannot be known until production takes place, and will almost always differ from the assumptions used to develop resources. Further, values of gas deposits are based on future costs and future prices and consequently, the actual gas resources may differ from those estimated, which may result in either a positive or negative effect on operations.

#### (c) Additional Requirements for Funding

In general, the Company's funding requirements depend on numerous factors including the Company's ability to generate income from its Amersfoort project, future exploration and work programs, meeting its future obligations and the acquisition of new projects. It may require further funding in addition to current cash reserves to fund exploration and development activities.

The Directors reserve the right to place the Shortfall at their discretion within 3 months after the close of the Entitlements Offer, subject to the Listing Rules and any other applicable law. However, there is no guarantee that investors will be able to be identified.

The Company's ability to raise further capital, either equity or debt, within an acceptable time, of sufficient quantum and on terms acceptable to the Company will vary according to a number of factors, including:

- prospectivity of projects (existing and/or future);
- the results of exploration, development and production;
- stock market and industry conditions; and
- the price of relevant commodities and exchange rates.

Additional equity financing, if available, may be dilutive to Shareholders and at lower prices than the current market price. Debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

**(d) Contract and Joint Venture Risks**

The Company is a party to a number of agreements with third parties. If the Company is unable to satisfy the terms and obligations or otherwise defaults in its obligations under those agreements, the Company's interest in the Amersfoort Project matter may be jeopardised.

**(e) Exploration Risk**

Exploration for conventional gas and coal bed methane is a speculative and high risk activity that may be hampered by circumstances beyond the control of the Company. There is no guarantee that exploration on the Amersfoort Project in which the Company has an interest will lead to a commercially viable discovery.

Adverse weather conditions over a prolonged period can adversely effect exploration and gas production operations and the timing of revenues.

Any of these events may cause the Company to incur substantial losses and potential liabilities to government departments and third parties. Such liabilities would reduce the funds available to the Company for further exploration and evaluation of the exploration rights in which the Company has acquired an interest.

The Company has had an independent review of the Amersfoort Project to determine the potential prospectivity of the Company assets at this stage.

**(f) Operational and Technical Risks**

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- geological conditions;
- limitations on activities due to seasonal weather patterns;
- alterations to Joint Venture programs and budgets;
- the availability of drilling rigs and other machinery in South Africa necessary for the Company to undertake its activities;
- unanticipated operational and technical difficulties encountered in survey, drilling and production activities;

- mechanical failure of operating plant and equipment, adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;
- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment; and
- prevention or restriction of access by reason of political unrest, outbreak of hostilities, and inability to obtain consents or approvals.

**(g) Commercialisation Risks**

Even if the Company discovers commercial quantities of natural gas, there is a risk the Company will not achieve a commercial return. The Company may not be able to transport the natural gas at a reasonable cost, or may not be able to sell the natural gas to customers at a rate which would cover its operating and capital costs. The Company has to receive regulatory and environmental approval to convert its exploration permits into production concessions. There is a risk that these approvals may not be obtained.

**(h) Commodity Price and Exchange Rate Risk**

As the Company's potential earnings will be largely derived from the sale of natural gas, the Company's future revenues and cash flows will be impacted by changes in the prices of this commodity. Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include current and expected future supply and demand, domestic market conditions, production cost levels as well as macroeconomic conditions such as inflation and interest rates.

**(i) Title Risk**

All exploration rights which the Company may acquire either by application, sale and purchase or farm-in are regulated by applicable legislation. There is no guarantee that applications will be granted or renewed as applied for. Various conditions may also be imposed as a condition of grant. In addition, government departments may need to consent to any transfer of licences to the Company.

**(j) Foreign Exchange Rate Risk**

The price of gas in South Africa is denominated in South African Rand while the Company cost base will be in Australian dollars and South African Rand. Consequently changes in the Australian dollar foreign exchange rate will impact on the earnings of the Company. The foreign exchange rate is affected by numerous factors beyond the control of the Company, including interest rates, inflation and the general economic outlook.

This is largely beyond the company's control. There may be strategies implemented to hedge currency but this will be a decision taken by directors after consultation with experts after the issue of the Prospectus.

**(k) Management Risks**

The responsibility of overseeing the Company's day-to-day operations and its strategic management depends substantially on its directors and key personnel. There is no guarantee that if one or more of the Company's directors or key personnel cease their association with the Company, there will not be a detrimental effect on the Company.

**(l) Compliance Risk**

The Company has acquired an interest in various exploration rights. Title to these exploration rights is subject to the interest holders complying with the terms and conditions of each exploration right, including the minimum annual expenditure commitments.

There is a risk that if the interest holders do not comply with the terms and conditions of each exploration right, the Company may lose its interest in the relevant exploration right.

The Company has implemented appropriate policies and practices to mitigate the risk of noncompliance with the terms and conditions attaching to each of the exploration rights in which the Company has acquired an interest.

**(m) Environmental Risks**

The Company's projects are subject to the laws and regulations of South Africa regarding environmental matters in that country. Many of the activities and operations of the Company cannot be carried out without prior approval from and compliance with all relevant authorities. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the Company could be subject to liability due to risks inherent to its activities, such as accidental spills, leakages or other unforeseen circumstances.

**(n) Unforeseen Expenses**

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

This is an ongoing management function and it is intended to ensure that the company has systems and skilled administrative people in place to minimise the risks of unforeseen expenses as well as early warning systems should budget over runs be incurred. A system of quotation for major expenditure and requirement for expenditure authority will be implemented.

**(o) Credit Risks**

The Company intends to derive its primary revenue from gas sales. The sale of gas may occur to various customers under different contractual terms. This could expose the Company to trade credit and contractual performance risks.

**(p) No Profit to Date**

The Company has incurred losses since its inception and it is therefore not possible to evaluate its prospects based on past performance. Since the Company intends to continue investing in its exploration and development program the Directors anticipate making further losses in the foreseeable future.

While the Directors have confidence in the future revenue-earning potential of the Company, there can be no certainty that the Company will achieve or sustain profitability or achieve or sustain positive cash flow from its operating activities.

**5.2. General risks**

**(a) Reliance on key personnel**

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a

group. To manage its growth, the Company must attract and retain additional highly qualified management, technical, sales and marketing personnel and continue to implement and improve operational, financial and management information systems. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

**(b) Investment risks**

The New Shares to be issued pursuant to this Prospectus should be considered speculative due to the nature of the Company's business. There is no guarantee as to the payment of dividends, return of capital or the market value of the New Shares. The prices at which an investor may be able to trade the New Shares may be above or below the price paid by the investor for the New Shares.

**(c) Share market risks**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. The market price of the New Shares may be subject to fluctuation and may be affected by many factors including, but not limited to, the following:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

There is also no guarantee that an active market in the New Shares will develop or that the price of the New Shares will increase. There may be relatively few buyers or sellers of New Shares on the ASX at any particular time:

**(d) Competition risks**

The industry in which the Company will be involved is subject to domestic and global competition. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, and such activities or actions may, positively or negatively, affect the operating and financial performance of the Company's business.

**(e) Economy risks**

The future viability of the Company is also dependent on a number of factors which may affect the performance of all industries and not just the education industries including, but not limited to, the following:

- general economic conditions;
- changes in Government policies, taxation and other laws;
- the strength of the equity and share markets in Australia and throughout the world and, in particular, investment sentiment towards the education sector;
- movement in, or outlook on, exchange rates, interest rates and inflation rates; and
- natural disasters, social upheaval or war.



## 6. ADDITIONAL INFORMATION

### 6.1. Continuous disclosure

The Company is a “listed disclosing entity” for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations which require it to disclose to the ASX any information of which it is, or becomes, aware concerning the Company and which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

By virtue of section 713 of the Corporations Act, the Company is entitled to issue a “transaction-specific” prospectus in respect of the Offer.

In general terms, a “transaction-specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position and performance, profits and losses or prospects of the issuing company.

As a disclosing entity under the Corporations Act, the Company states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the Opening Date and the Offer Closing Date:
  - (i) the financial report of the Company for the year ended 30 June 2018;
  - (ii) any half-year financial report of the Company lodged with ASIC after the lodgement of the annual financial report referred to in **Section 6.1(c)(i)** but before the lodgement of this Prospectus with ASIC; and
  - (iii) all continuous disclosure notices given by the Company after the lodgement of the annual financial report referred to in **Section 6.1(c)(i)** but before the lodgement of this Prospectus with ASIC (see below).

There is no information which has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules that investors or their professional advisers:

- (a) would reasonably require for the purpose of making an informed assessment of:
  - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
  - (ii) the rights and liabilities attaching to the securities the subject of this Prospectus; and
- (b) would reasonably expect to find in this Prospectus.

This Prospectus contains information specific to the Offer. If investors require further information in relation to the Company, they are recommended to take advantage of the opportunity to inspect or obtain copies of the documents referred to above.

The following announcements have been lodged with ASX in respect of the Company since the lodgement of the financial report for the year ended 30 June 2018.

<b>Date</b>	<b>Title</b>
24/09/2018	Appendix 4G
15/10/2018	Appendix 3B
16/10/2018	Appendix 3B - Correction
19/10/2018	Change in substantial holding
24/10/2018	Notice of Annual General Meeting/Proxy Form
31/10/2018	Quarterly Cashflow Report
31/10/2018	Quarterly Activities Report

## **6.2. Market price of Shares on ASX**

The Company's shares have been suspended from trading on the ASX since 4 October 2017. Accordingly there has been no trading in the Company's shares since that date and there is no highest and lowest sale price of Shares on ASX during the 3 months preceding the date of this Prospectus. The last sale price before the Company was suspended from trading and lodgment of this Prospectus was lodged with ASIC was \$0.02 per Share.

## **6.3. Rights and liabilities attaching to New Shares**

The New Shares will rank equally in all respects with existing fully paid ordinary shares in the capital of the Company on issue. The following is a general description of the more significant rights and liabilities attaching to the New Shares. This summary is not exhaustive. Full details of provisions relating to rights attaching to the New Shares are contained in the Corporations Act, ASX Listing Rules and the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

### **(a) General meetings**

Security holders are entitled to be present in person, or by proxy, attorney or representative, to attend and vote at general meetings of the Company.

Security holders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

### **(b) Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of securities, at general meetings of security holders or classes of security holders:

- (i) each security holder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a security holder or a proxy,

attorney or representative of a security holder has one vote, and

- (iii) on a poll, every person present who is a security holder or a proxy, attorney or representative of a security holder shall, in respect of each fully paid security held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the security, but in respect of partly paid securities shall have such number of votes as bears the same proportion to the total of such securities registered in the security holder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

**(c) Dividend rights**

Subject to the rights of persons (if any) entitled to securities with special rights to dividend, the Directors may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the shareholders of such a dividend. The Directors may authorise the payment or crediting by the Company to the security holders of such interim dividends as appear to the Directors to be justified by the profits of the Company. Subject to the rights of persons (if any) entitled to securities with special rights as to dividend, all dividends are to be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid. The Company may not pay interest in respect of any dividend, whether final or interim.

**(d) Winding up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the security holders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the security holders or different classes of security holders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any securities or other securities in respect of which there is any liability. Where an order is made for the winding-up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, any securities classified as restricted securities at the time of the commencement of the winding up shall rank in priority after all other securities.

**(e) Transfer of securities**

Generally, securities in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act.

**(f) Variation of rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of security holders, vary or abrogate the rights attaching to securities.

If at any time the share capital is divided into different classes of securities, the rights attached to any class (unless otherwise provided by the terms of issue of the securities

of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued securities of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the securities of that class.

#### 6.4. Consents

Each of the parties referred to as consenting parties who are named below:

- (a) does not make the Offer;
- (b) has not authorised, and has not caused, the issue of this Prospectus;
- (c) has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based;
- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus; and
- (e) has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named.

Role	Consenting party
Legal adviser	Price Sierakowski Corporate
Share Registry	Automatic Registry Services

#### 6.5. Interests of Directors, experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director;
- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter to the issue of the New Shares or financial services licensee named in this Prospectus as being involved in the issue of the New Shares,

holds at the date of this Prospectus or held at any time during the last two years, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer; or
- the Offer.

Other than as set out below or elsewhere in this Prospectus, no amount has been paid or agreed to be paid, and no benefit has been given or agreed to be given, to any Director or proposed Director either to induce them to become, or to qualify as, a Director of the Company,

or otherwise for services rendered by them in connection with the formation or promotion of the Company or the Offer.

**(a) Directors' Relevant interests in securities**

As at the date of this Prospectus, the Directors had the following relevant interests in Shares:

Director	Number of Shares Held <sup>1</sup>	Entitlement to subscribe for New Shares <sup>2</sup>
Adam Sierakowski	22,380,620	5,595,155
Dr James Searle	13,908,334	3,477,083
Geoff Michael	25,572,727	6,393,181

**Notes:**

1. Held directly or indirectly by the Director or a related party of the Director.
2. Entitlement to subscribe for Shares that will be held directly or indirectly.

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

**(b) Directors' remuneration**

The Constitution provides that the Directors may be paid for their services as directors a maximum total amount (excluding salaries) determined by the Company in general meeting (currently set at \$250,000). Executive Directors are entitled to be remunerated by salary or other employment related benefits in accordance with their employment agreements. The table below sets out the remuneration paid or payable to the Directors for the two financial years prior to the date of this Prospectus and for the current financial year until the date of this Prospectus:

Director	Remuneration 2017 financial year	Remuneration 2018 financial year	Remuneration 2019 financial year
Adam Sierakowski	77,291	76,387	24,000
Dr James Searle	65,291	64,387	20,000
Geoff Michael	65,291	64,386	20,000

**(c) Experts and advisers**

Price Sierakowski Corporate has acted as legal adviser to the Company. Price Sierakowski Corporate's fees for work in relation to the Offer (which includes services in connection with the Offer) up to the date of lodgment of this Prospectus will be approximately \$10,000 (plus GST and disbursements). Price Sierakowski Corporate may receive further fees for additional work done determined on the basis of hours spent at its ordinary hourly rates.

Trident Capital Pty Ltd, which is associated with Adam Sierakowski, is the holder of an Australia Financial Services Licence and may receive a portion of the 5% fee payable on placement of the Shortfall as referred to in **Section 2.3**.

## 6.6. Expenses of the Offer

The estimated expenses of the Offer (exclusive of GST) are as follows:

Expense	Amount
Legal fees	\$10,000
ASIC fees	\$3,200
ASX fees	\$10,000
Placement fee <sup>1</sup>	\$36,000
Printing and other costs	\$10,800
<b>Total</b>	<b>\$70,000</b>

### Notes:

1 Based on 50% of Eligible Shareholders accepting their Entitlement and subscribing for Shares.

## 6.7. Litigation

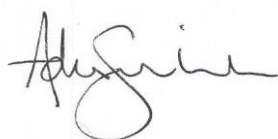
As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

## 7. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed for and on behalf of the Company on 5 November 2018.



Adam Sierakowski  
Chairman

**Kinetiko Energy Limited**

## 8. DEFINITIONS

Definitions used in this Prospectus are as follows:

**Acceptance Form** means an acceptance form in the form accompanying this Prospectus pursuant to which Eligible Shareholders may apply for New Shares under the Offer

**Additional New Shares** means the additional New Shares offered to Eligible Shareholders under the Offer above their entitlement as set out in **Section 2.3**.

**Annual General Meeting** means the Company's 2018 annual general meeting to be held at 10.00am (WST) on 23 November 2018.

**Application Account** means the Company's bank account titled 'Kinetiko Energy Limited – Application Account' which has been established for the purpose of holding the Application Monies.

**Application Monies** means the monies received from persons applying for New Shares under the Offer.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

**Listing Rules** means the official Listing Rules of the ASX.

**ASX Settlement** means ASX Settlement Pty Limited (ACN 008 504 532).

**Board** means the board of Directors.

**Business Day** means a day on which banks are open for business in Perth, Western Australia excluding a Saturday, Sunday or public holiday.

**CHESS** means the Clearing House Electronic Subregister System operated by ASX Settlement.

**Company** means Kinetiko Energy Limited (ACN 141 647 529).

**Constitution** means the constitution of the Company from time to time.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Eligible Shareholder** has the meaning given in **Section 2.4**.

**Record Date** means the date for determining the entitlement of Shareholders under the Offer, being 5.00pm (WST) on 8 November 2018.

**Ineligible Shareholder** means a Shareholder who is not an Eligible Shareholder.

**Lodgement Date** means 5 November 2018.

**New Share** means a Share offered for subscription on the basis of, and under the terms of, the Offer.

**Offer** means the non-renounceable, pro rata Offer of New Shares at an issue price of \$0.02 each on the basis of 1 New Share for every 4 Shares held at the Record Date to raise approximately \$1,424,791 before costs, made pursuant to this Prospectus.

**Offer Closing Date** means the date that the Offer closes which is 5.00pm (WST) on 22 November 2018 or such other time and date as the Company determines.

**Official List** means the official list of ASX.

**Opening Date** means the first date for receipt of acceptances under the Offer which is 9:00am (WST) on 12 November 2018 or such other time and date as the Company determines.

**Prospectus** means this prospectus dated 5 November 2018.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means the registered holder of one or more Shares.

**Share Registry** means Automic Registry Services.

**Shortfall** means those New Shares not validly applied for by Eligible Shareholders pursuant to their entitlement under the Offer.

**Trading Day** has the meaning given in the ASX Listing Rules.

**WST** means Western Standard Time, being the time in Perth, Western Australia.





# INSTRUCTIONS FOR COMPLETION OF THIS FORM

The Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia and New Zealand. In particular, this Offer is not being made to any person in the U.S. or to a U.S. person. The Prospectus and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

## ACCEPTANCE OF OFFER

By returning the Entitlement and Acceptance Form with payment to the Registry:

- you represent and warrant that you have read and understood the Prospectus and that you acknowledge the matters, and make the warranties and representations;
- you provide authorisation to be registered as the holder of shares acquired by you and agree to be bound by the Constitution of the Company.

## HOW TO APPLY FOR SHARES

### 1 Acceptance of Shares

Enter into section 1 the number of Shares you wish to apply for. The number of Shares must be equal to or less than your Entitlement, which is set out overleaf.

### 2 Payment Amount

Enter into section 2 the total amount payable for the number of Shares for which you are applying. If the dollar amount divided by the issue price is a fraction of a Share, the Shares allotted will be rounded down.

### 3 Application for Shortfall Shares via the Shortfall Offer

You can only apply for Shortfall Shares if you have applied for your full entitlement in section 1. The Company reserves the right to accept or reject applications for Shortfall Shares via the Shortfall Offer and no interest will be paid on funds returned to the applicant. Enter into section 3 the number of Shortfall Shares you wish to apply for.

### 4 Payment Amount

Enter into section 4 the total amount payable for the number of Shortfall Shares for which you are applying. If the dollar amount divided by the issue price is a fraction of a Share, the Shares allotted will be rounded down.

### 5 BPAY®

You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. To BPAY® this payment via internet or telephone banking use your reference number quoted on the front of this form. Multiple acceptances must be paid separately. Applicants should be aware of their financial institution's cut-off time (the payment must be made to be processed overnight). It is your responsibility to ensure funds are submitted correctly by the Closing Date.

**You do not need to return this form if you have made payment via BPAY®. Your BPAY® reference number will process your payment to your Entitlement electronically and you will be deemed to have applied for such securities for which you have paid.**

### 6 Cheque Details

Enter your cheque details in section 6. Cheques must be drawn on an Australian branch of a financial institution in Australian currency, made payable to **Kinetiko Energy Ltd** and crossed "Not Negotiable". Please ensure sufficient funds are held in your account. If you provide a cheque for an incorrect amount the Company may treat you as applying for as many Shares as your cheque will pay for.

### 7 Contact Details

Please enter a contact number we may reach you on between the hours of 9:00am and 5:00pm WST. We may use this email\* or number to contact you regarding your acceptance of the Shares, if necessary.

**\*By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible)**

## LODGING YOUR ENTITLEMENT AND ACCEPTANCE FORM

This form must be received at an address given below by 5:00pm (WST) on Thursday, 22 November 2018. (If you are making cheque payment)

### BY MAIL

Kinetiko Energy Ltd  
C/- Automic  
GPO Box 5193  
Sydney NSW 2001

### BY HAND DELIVERY (Between Sydney office hours 9:00am – 5:00pm AEDT)

Automic  
Level 5  
126 Phillip Street  
Sydney NSW 2000

If you require further information about the Offer, please contact Automic on 1300 288 664 between 9:00am and 5:00pm (WST).