



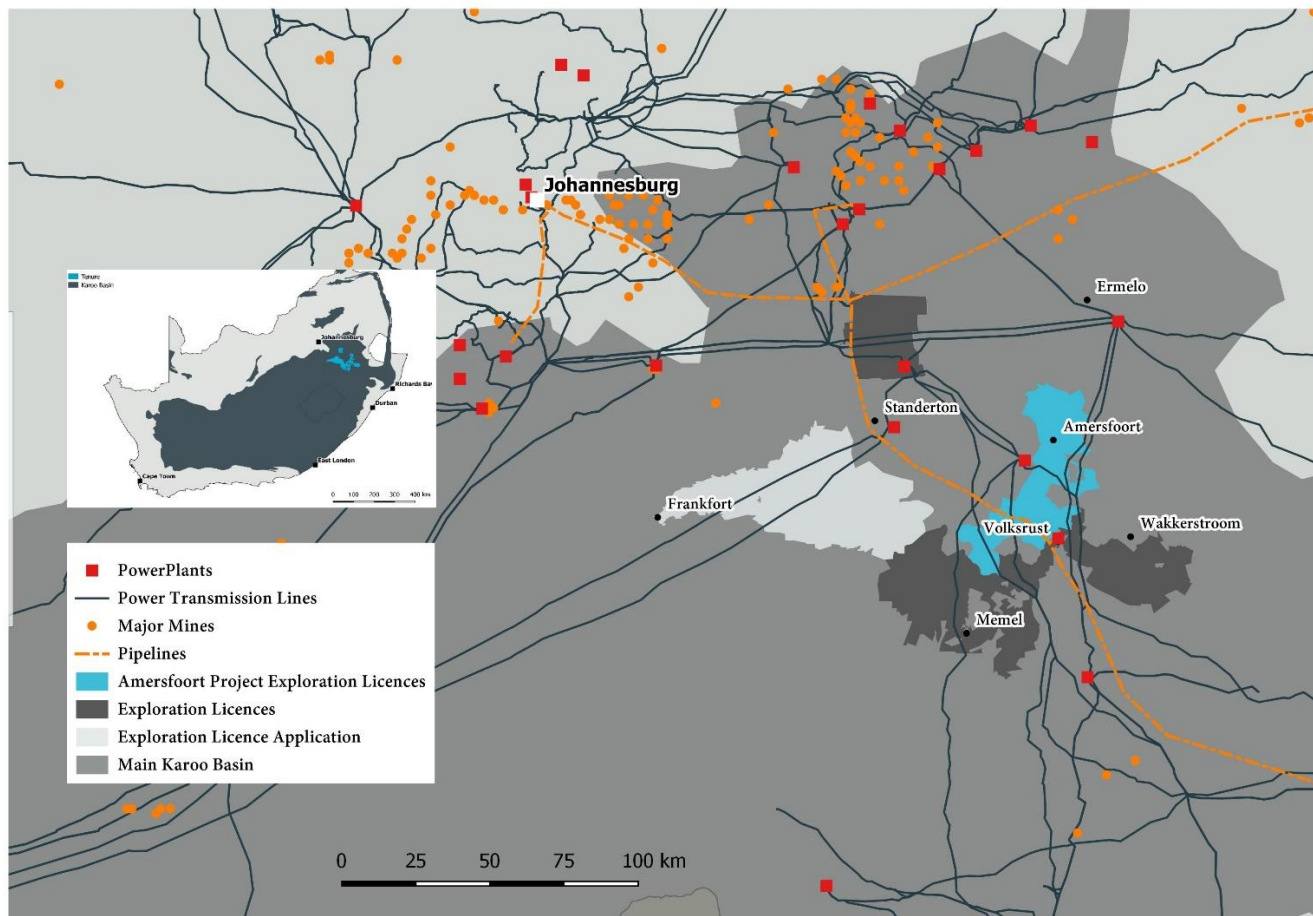
## ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2020

### QUARTER HIGHLIGHTS

- **Updated Independent Resource Certification** - Independent oil and gas appraisers and certifiers Gustavson and Associates LLP from Boulder, Colorado appointed to undertake an updated Resource Report on existing and newly granted exploration rights
  - **Significant Gas Resource Increase - a major milestone for the Company**
- **High Resolution Aeromagnetic Survey** - Afro Energy undertook preparatory work program for its planned high resolution aeromagnetic and radiometric survey over pre-defined areas within ER38 and ER56.
  - Xcalibur Airborne Geophysics were contracted to conduct the high resolution aeromagnetic and radiometric survey with results pending.
- **Covid 19** - South Africa was placed on a nationwide lockdown as a result of the Covid-19 pandemic with severe restrictions on travel and movement, from Thursday 26 March 2020 to end April 2020. The lockdown restriction has since been extended to 15 August 2020 but at a lower level.
  - The Company has continued exploration observing Covid-19 restrictions and anticipates to continue to do so.
- **Corporate** - Kinetiko continues to receive positive responses from funding institutions both inside South Africa and abroad to fund and participate in the Amersfoort project development.

### Details

Perth-based energy exploration company Kinetiko Energy Limited (ASX: "KKO" or "Kinetiko") is pleased to report on corporate developments and its activities at the Amersfoort Project and adjacent tenements in South Africa (Figure 1) during the June 2020 Quarter. Activities at the Amersfoort Project are carried out through Afro Energy (Pty) Ltd, owned by Kinetiko Energy Ltd (49%) and its South African shareholder Badimo Gas (Pty) Ltd ("Badimo") (51%).



**Figure 1 Afro Energy Exploration Rights & Applications**

## 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 quarter end and following the provision of new information from exploration activities undertaken in the last few years including granted exploration rights ER270, ER271 and ER272, 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. Note 1)

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 4,604kms<sup>2</sup> of exploration rights currently held and later assess a further 2,394Km<sup>2</sup> 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.

## **High Resolution Aeromagnetic Survey - Exploration Rights 38 & 56**

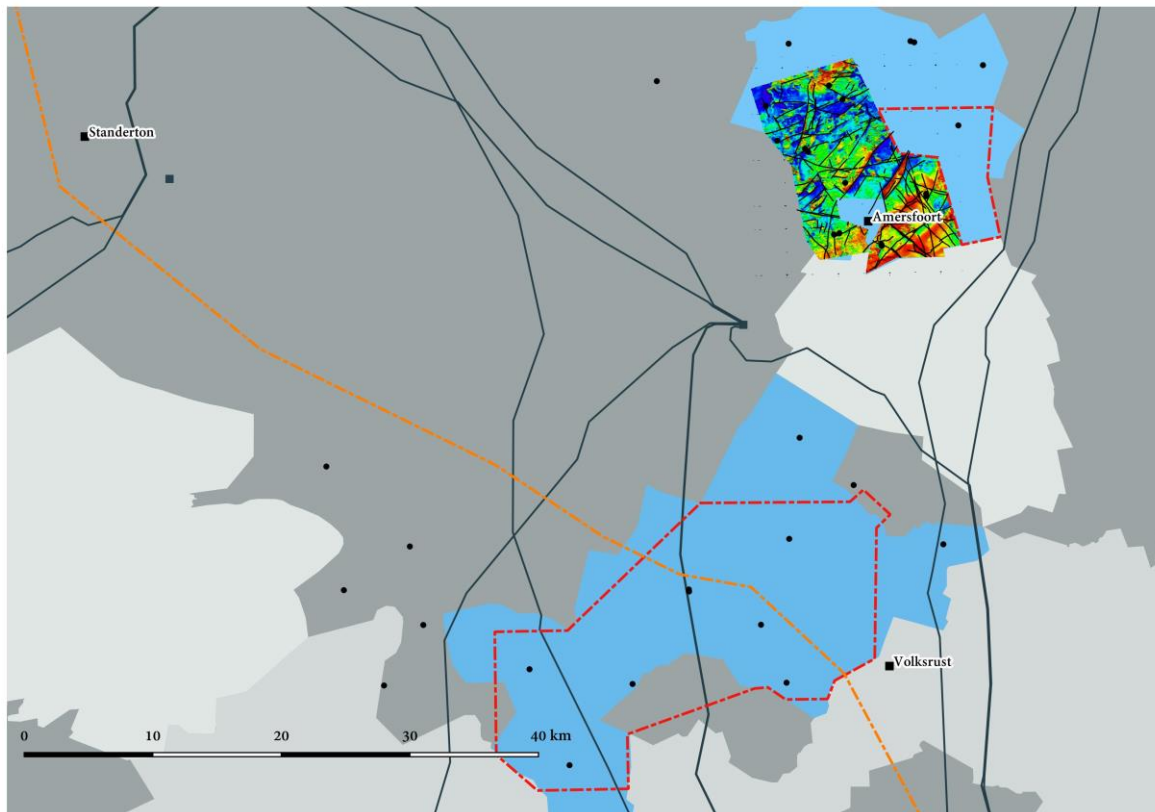
On 17 January 2020, Afro Energy (Pty) Limited received final confirmation of the award of the renewals of exploration rights for ER38 and ER56 by the Department of Mineral Resources (DMR) for a further two-year period in early January 2020.

During the quarter, Afro Energy prepared work programs consisting of a 1,334 line-kilometre high-resolution aeromagnetic survey on ER56 (60km<sup>2</sup>) and a 10,229 line-kilometre high-resolution aeromagnetic survey on ER38 (460km<sup>2</sup>) (Figure 2) over pre-defined areas within ER38 and ER56. The aeromagnetic survey in ER56 will supplement the 145 km<sup>2</sup> previously obtained in the area. In addition, and as an initial phase, drilling of one zone interval well under the existing approved EMP within ER56 and ER38 is scheduled. The positioning will be predicated on the results of the aeromagnetic survey and its interpretation. A further phase will then be scheduled for the drilling of 14 wells within ER38 and ER56, also under the currently approved EMP, positioning determined by the outcome of the aeromagnetic survey and the geological interpretation of the interval well drilling program.

Additionally, Afro Energy successfully obtained the necessary support from over 400 landowners and farmers unions, which is a pre-condition prior to any airborne survey.

Afro Energy contracted Xcalibur Airborne Geophysics (Pty) Ltd to conduct the high resolution aeromagnetic and radiometric survey over the pre-defined areas within ER38 and ER56.

The aircraft and ground crew were mobilised to the area on 1 July 2020 and commenced with the data acquisition on 6 July 2020. The survey has now been successfully completed and Kinetiko anticipates the results from the survey by the end of July or early August. If successful the interpreted data will identify areas for well tests and further pilot production fields.



**Figure 2. High-resolution aeromagnetic survey**

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

The Department of Mineral Resources and Energy has positively assessed the Exploration Rights applications to Afro Energy of tenements ER270, ER271 & ER272 on 21 August 2019.

Amendments to Regulation 54(A)(2) of the EIA regulations required all rights and permits issued in terms of the Mineral and Petroleum Resources Development Act and associated Environmental Management Programs to be subjected to auditing by a registered Environmental Practitioner. In this regard Afro Energy appointed SLR Consulting (South Africa) (Pty) Ltd (SLR) as the independent environmental consultant to conduct the environmental audit for Exploration Rights 12/3/270, 12/3/271 and 12/3/272. The reports were submitted to PASA on 17 January 2020. The Exploration Rights were formally granted on 17 January 2020.

## **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. AE 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.

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.

## **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 severe restrictions on travel and movement 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

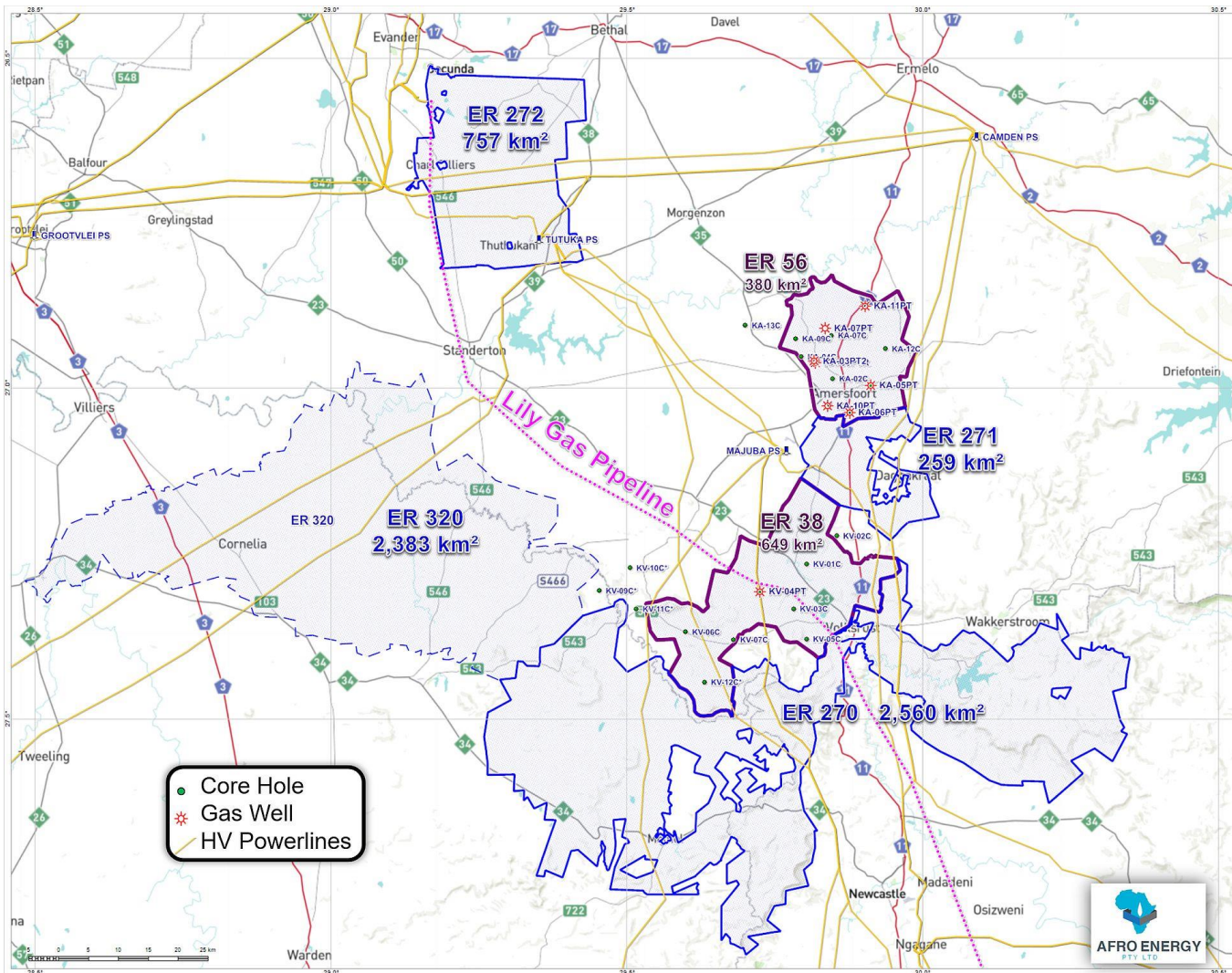
Cabinet subsequently determined that the alert level for the whole country should be lowered to Level 3 with effect from 1 June 2020. The implementation of alert level 3 involved the return to operation of most sectors of the economy, subject to observance of strict health protocols and social distancing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

During Alert Levels 4 and 5 in South Africa, Kinetiko Energy Ltd was in the planning phase for its upcoming exploration activities. Activities related to the exploration program commenced within Alert Level 3 during June 2020. The company during this period 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.

## **Corporate**

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.

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 Amersfoort 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 are pictured below. (Figure 3)



**Figure 3**

### Project Funding

Kinetiko is progressing the fundraising discussions with potential funding institutions both inside South Africa and abroad to fund and participate in the Amersfoort project development. KKO has remained focused on managing its expenses and remains grateful to the patience and resolve of its management and support of its major shareholders.

### Information Required By Listing Rule 5.4.1

During the Quarter ended June 2020, the Company had cash outflows for exploration and evaluation of \$204k. \$149k was in relation to the aeromagnetic survey and \$55k was in relation to other sundry exploration costs.

**TENURE STATUS**

Clause	Area of Interest	Tenement reference	Nature of interest	Interest June 2020
Interest	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%

### Competent Persons Statement

Unless otherwise specified information in this report relating to exploration and related technical comments have been compiled by Dr James Searle BSc (hons), PhD, 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 the form and context in which it appears.

**Note 1:** 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.

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

**-ENDS-**

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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.

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