



KINETIKO
ENERGY LTD

Kinetiko Energy Limited

GAS RESOURCE PLAYS IN SOUTHERN AFRICAN

Disclaimer

This document should be read in conjunction with any other available information on Kinetiko Energy Ltd.

This document is a summary only and does not include all information about the Company's assets and liabilities, financial position and performance, profits and losses, prospects and the rights and liabilities attaching to the Company's securities.

Any securities that may be issued by the company should be considered speculative and there is no guarantee implied or explicit that there will be a return on the capital invested or that any dividend will be paid or that there will be an increase in the price or value of the Company's shares in the future.

Some of the statements or implications in this presentation are forward looking which include but are not limited to, statements or implications about raising capital, issuing shares, listing on the Australian Stock Exchange, gas prices, operational costs, outcomes of regulatory processes and applications.

Although the Company believes that its expectations reflected in forward looking statements or implications are reasonable, such statements and implications involve risk and uncertainties, no assurance can be given that actual results will be consistent with the forward looking statements and implications.

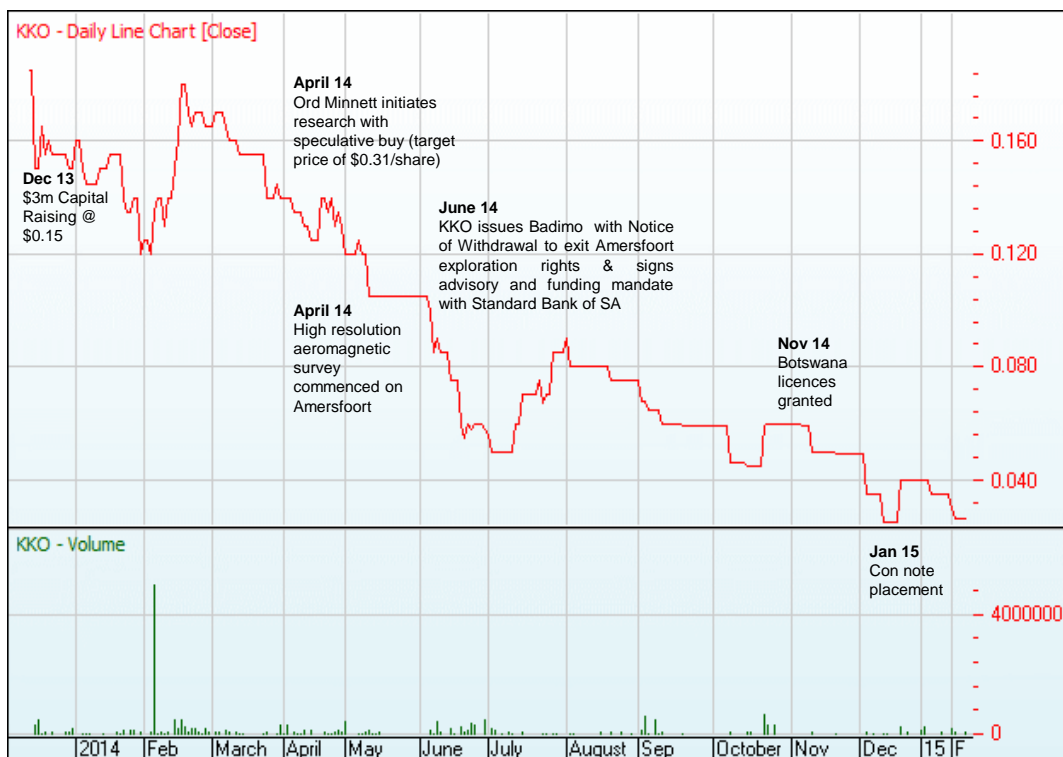
The Company does not purport to give financial or investment advice.

This presentation contains technical information derived from third party sources and not generated by the company, as such while the Company considers the information presented and any conclusions drawn correct it is unable to guarantee the veracity of the information or therefore the appropriateness of the conclusions reached.

Unless otherwise specified information in this report relating to exploration and related technical comments have been compiled by Dr James Searle, a Member of the Australian Institute of Mining and Metallurgy, and a non - executive Director of Kinetiko Energy Ltd with over 30 years experience in metallic and energy minerals exploration and development, including over 5 years experience in hydrocarbon exploration. Dr Searle consents to the inclusion of this information in form and context in which it appears.

Company Snapshot (ASX:KKO)

12 MONTH SHARE PRICE PERFORMANCE



EARLY EXPLORATION SUCCESS

- 23 Nov 12 - 1st well flowed gas spontaneously
- 21 March 13 - KA-03 stabilised flow rate of 332 mscf/d

CAPITAL STRUCTURE

As at February 2015	
Last Price	A\$0.026
12 Month Trading Range	A\$0.185 - A\$0.025
Shares	139m
Convertible notes	19.25m
Market Cap	A\$4.11m
Cash (31 Dec 2014)	A\$752k
Debt	Nil
EV	A\$3.36m

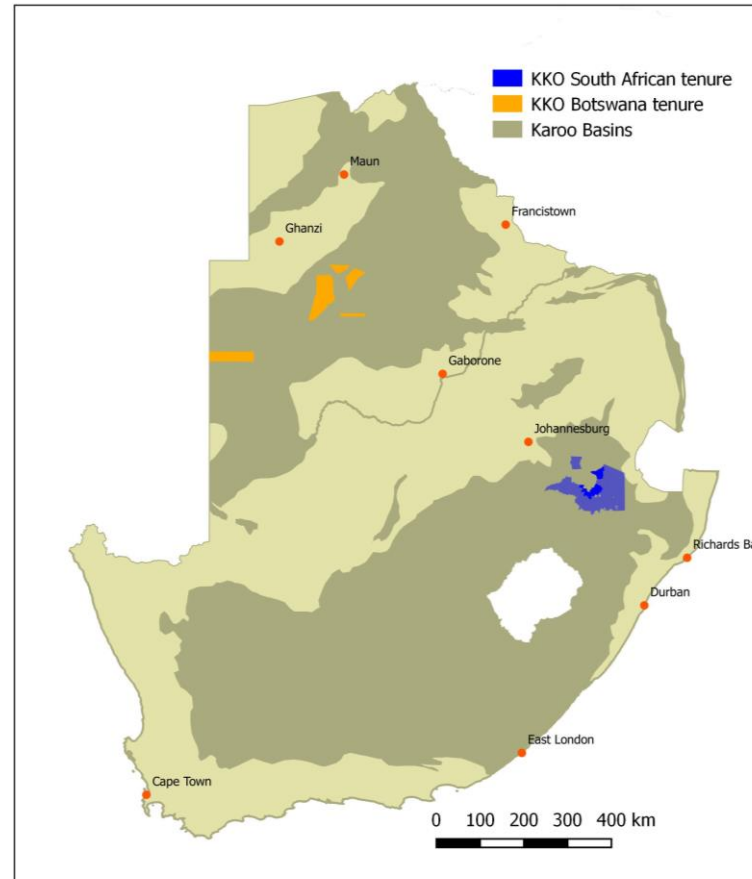
SHAREHOLDERS

Key Shareholders (30 Sept 2014)	
Christina Michael	15.40%
Earthsciences Pty Ltd <Searle S/F A/C>	7.55%
Blue Saint PL	4.40%
Top 20 Shareholders	48.33%

FUNDING HISTORY

- 19 July 2011 - IPO raised \$10m at 20 cents/share
- 17 December 2012 - Placement raised \$3m at 18 cents/share
- 20 December 2013 - Placement raised \$1.7m at 15 cents/share
- 6 January 2015 - \$550k convertible notes issued

Gas Resource Plays



Kinetiko Energy Ltd is exploring and developing unconventional gas resource plays onshore in Southern Africa.

The company has over 20,000km² of tenure and tenure applications in South Africa and Botswana.

Strategic South African Partner

Kinetiko holds a 49% interest in the Amersfoort project and is outright operator

- Its founding partner Badimo Gas (private South African company) holds a 51% interest in the Amersfoort project
- Kinetiko commenced a search for potential strategic partners that have the capacity to assist in the development and funding of the Amersfoort project, and expects to complete this process in Q1 2015
- Kinetiko has entered into advance JV discussions with a number of potential strategic South African partners



Potential Partners Include



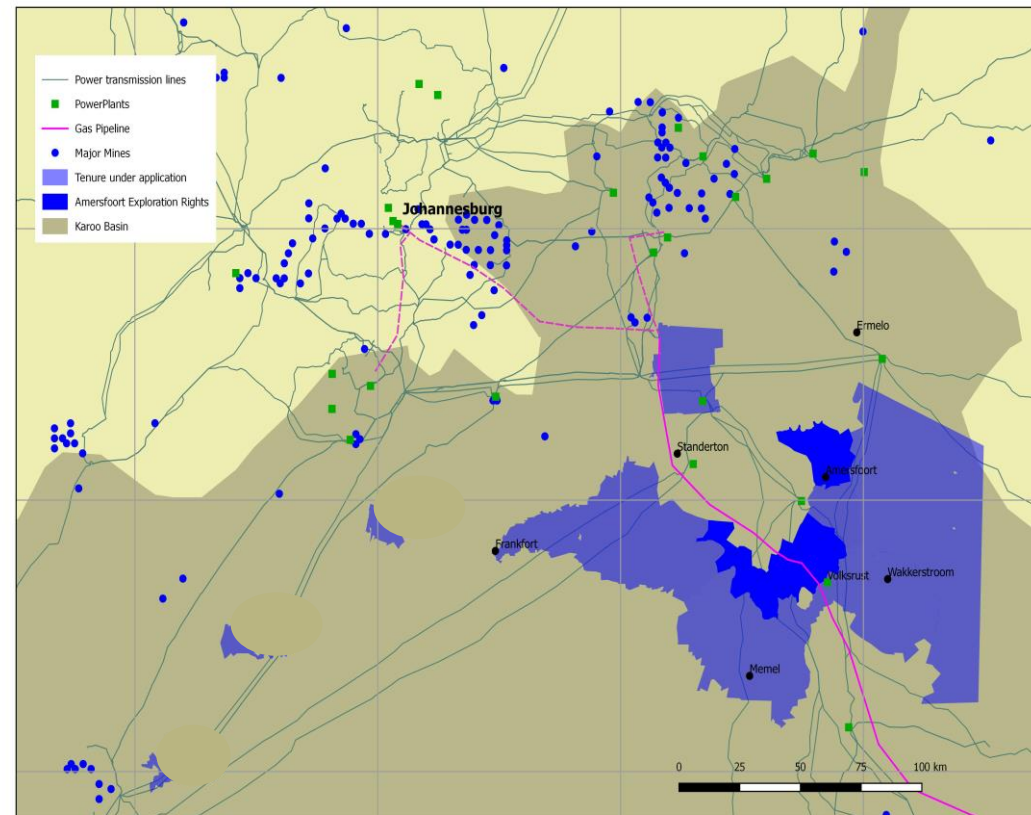
Strategic Partners Key To Unlock Scale

STRATEGIC STRENGTHS

- Early mover and large scale potential and is actively looking for strategic partners to fast track and fund development
- Advanced discussion with several major established and well funded South African BEE certified companies interested in participating in the commercialization of Amersfoort project
- Many of these parties have successfully completed technical due diligence and are now proceeding to commercial due diligence which is anticipated to conclude in Feb 2015
- Following successful technical due diligence a strategic arrangement could be finalized in Q1 2015
- Short term value potential with Project “Reserves” focus – converting resources to reserves mid 2015
- Large Amersfoort resource (1.5 Tcf 2C) * and can grow significantly

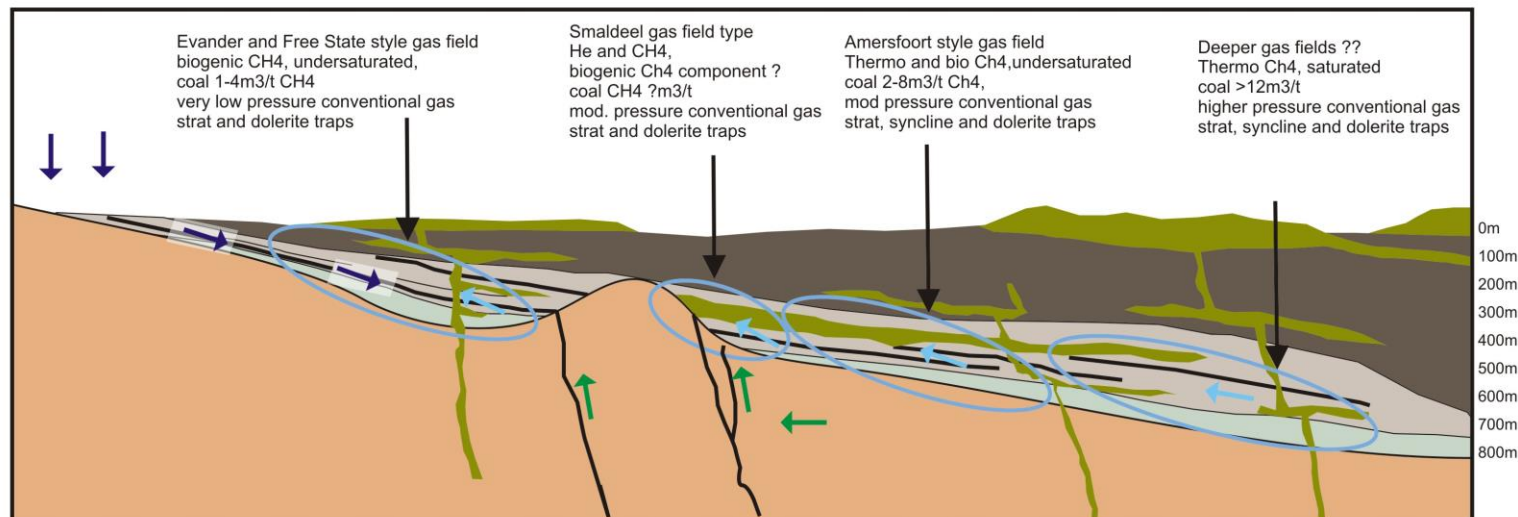
* KKO ASX announcement on 13th August 2012

PROJECT LOCATION



Northern Main Karoo Basin Gas Model

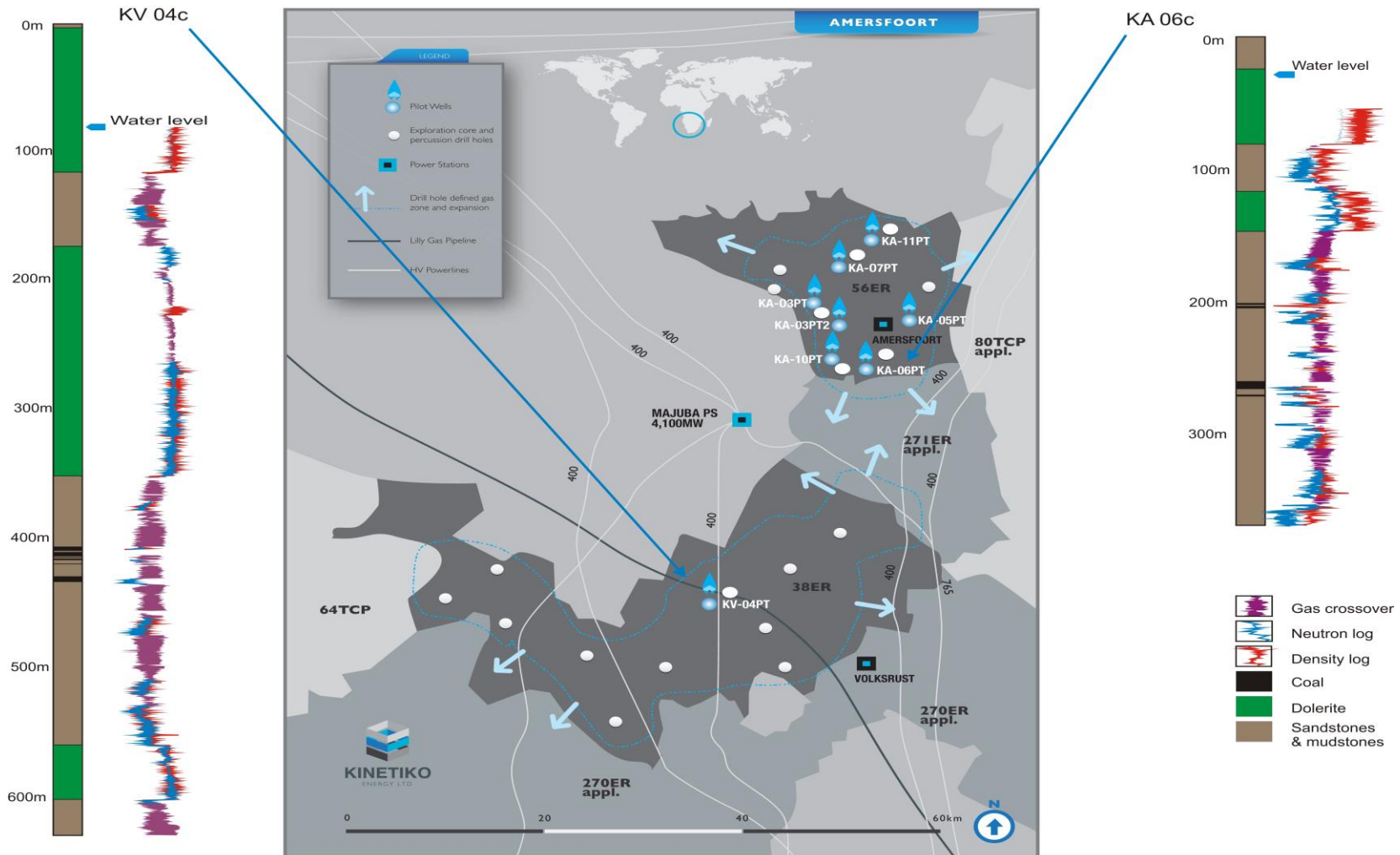
GAS EXPLORATION MODEL FOR THE NORTHERN MAIN KAROO BASIN SOUTH AFRICA



- | | | | |
|-------------------------------------------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------------------------------------------|-----------------------------|
|  | Dolerite dykes and sills - M-E Jurassic |  | Pre Karoo Fault |
|  | Beaufort Group, mudstone, shale, sandstone - E. Triassic |  | Methane migration |
|  | Ecca Group, mudstone, shale, sandstone, coal - L. to E. Permian |  | Helium migration |
|  | Dwaka Group, glacial sediments - E. Permian to L. Carboniferous |  | Meteoric water infiltration |
|  | Pre Karoo Basement including Witwatersrand Supergroup | | |



Proven Geological Prospectivity



Drilling Has Demonstrated Widespread Gas Distribution

OVERVIEW (Operator)

- Comprised of 2 exploration licences 56ER and 38ER
- 1,401km² with consistent geology
- 20 exploration core holes with average depth of 500m
- Gas identified in every hole drilled
- Maiden reserves expected mid 2015

56ER

- 7 test wells drilled on 56ER
- 6 of 7 wells have flowed spontaneously to surface
- PT – KA03 achieved initial stabilized flow of 332 mscf/day*
- Wells are shut in pending review and potential off takes

38ER

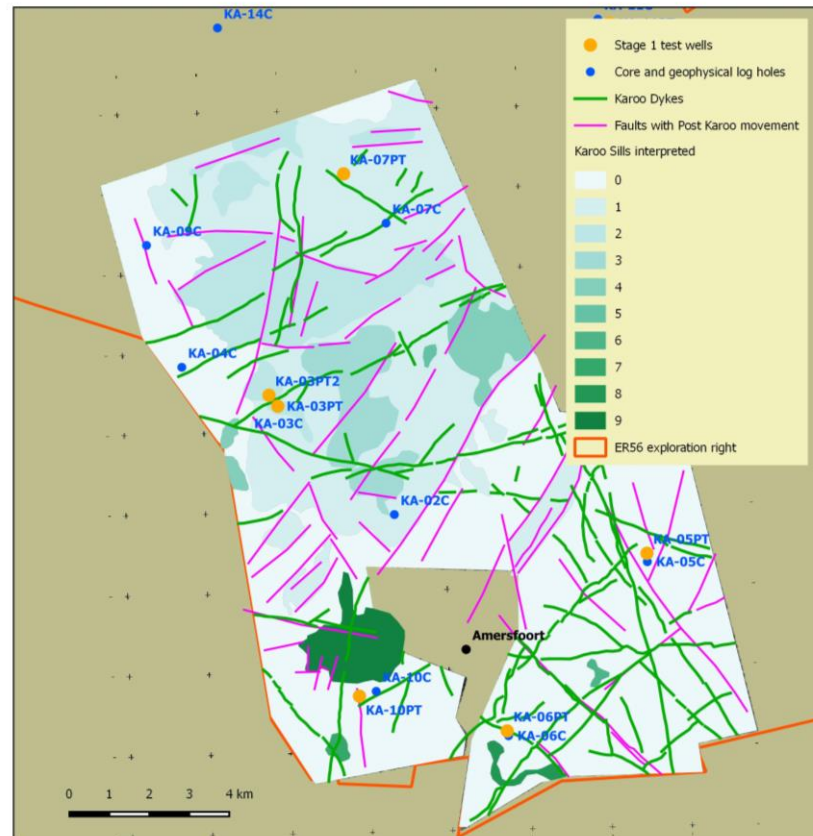
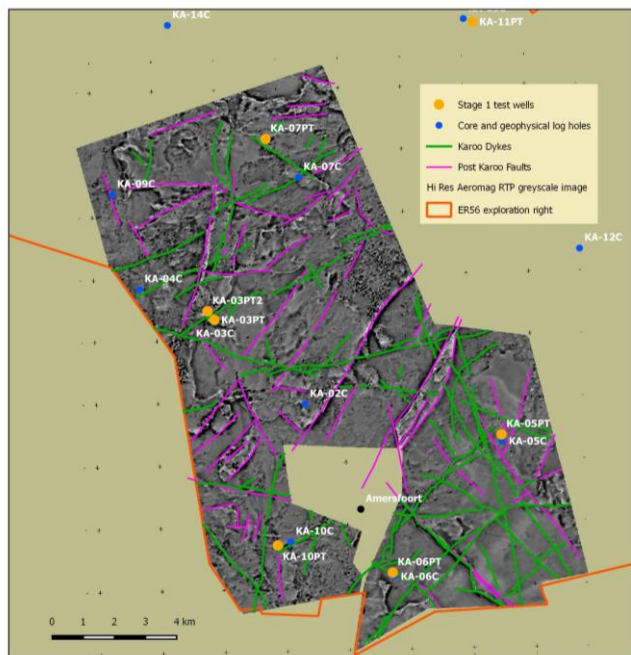
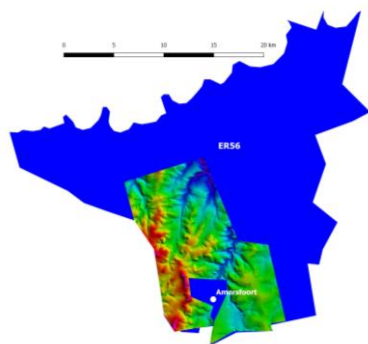
- Deeper licence with higher pressures than 56ER
- Excellent gas response in down holes logs and coal desorption

* Refer to KKO ASX announcement on 21st March 2013



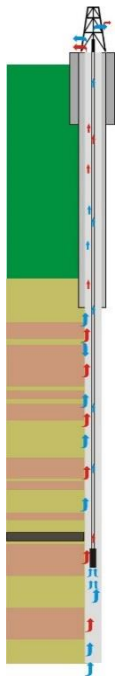
Detailed Geological Aeromagnetics Unlock Field potential

High resolution aeromagnetics undertaken have significantly aided in targeting exploration and field design



Interval well tests and pilot field development

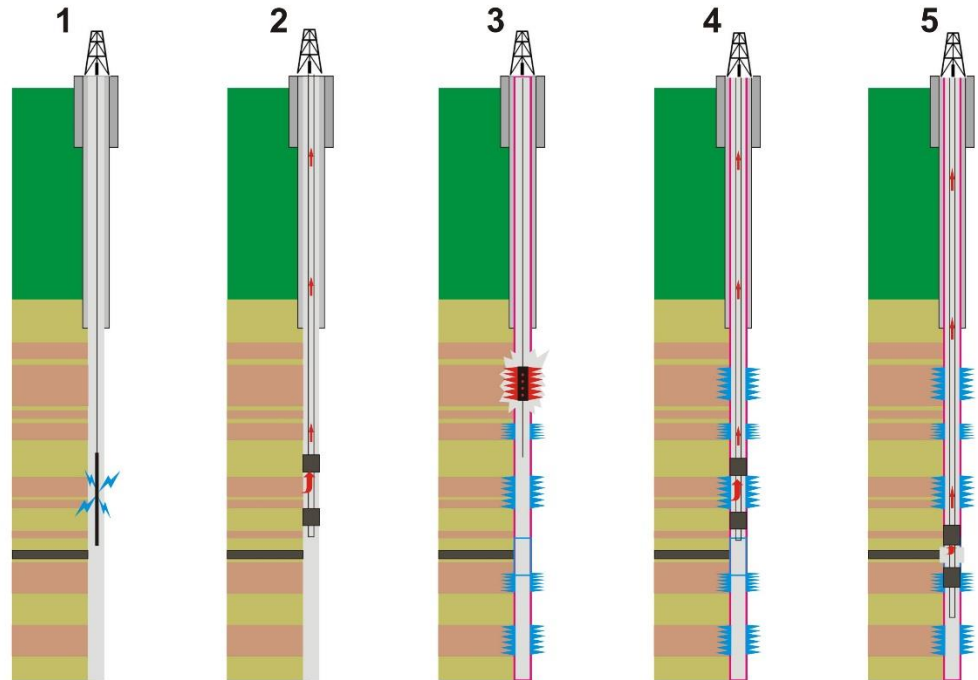
Exploration



Well development

1. Wireline / geophysical data collection
2. Interval packer tests
3. Production zones tests
4. Packer tests on production zones
5. Packer tests on the coal bed zones

Production



Exploration completion

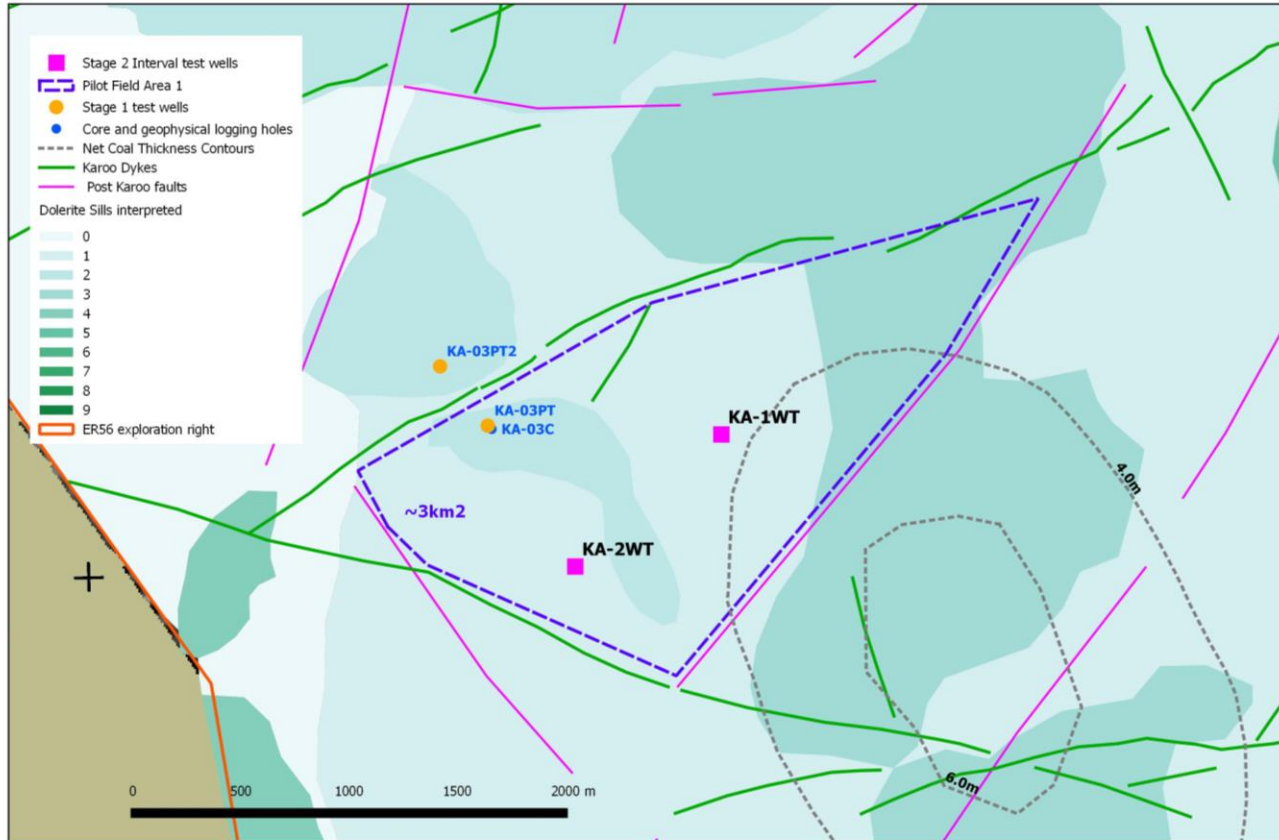
- Exploration specification, not for production
- Simple, effective and inexpensive
- Not optimal

Interval fully engineered wells

- Production specification - ability to test all zones down hole
- Engineered to give optimal outcome and long production life
- Establish basis of design for production wells

First Pilot Field - 6 Month Duration

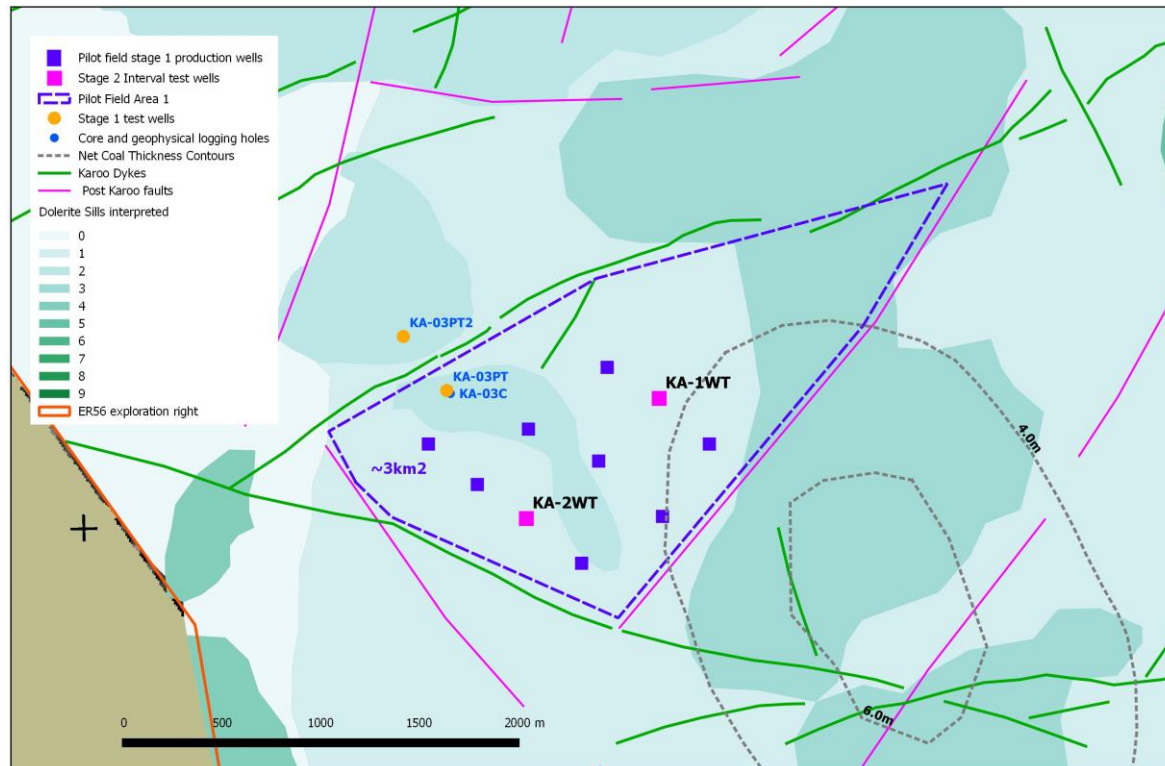
Aim to establish optimal production well design and first reserves



- Cost \$3.4m total
- Development time 6 months
- Potential trial production revenues possible.

Pilot Field Development Stage 1

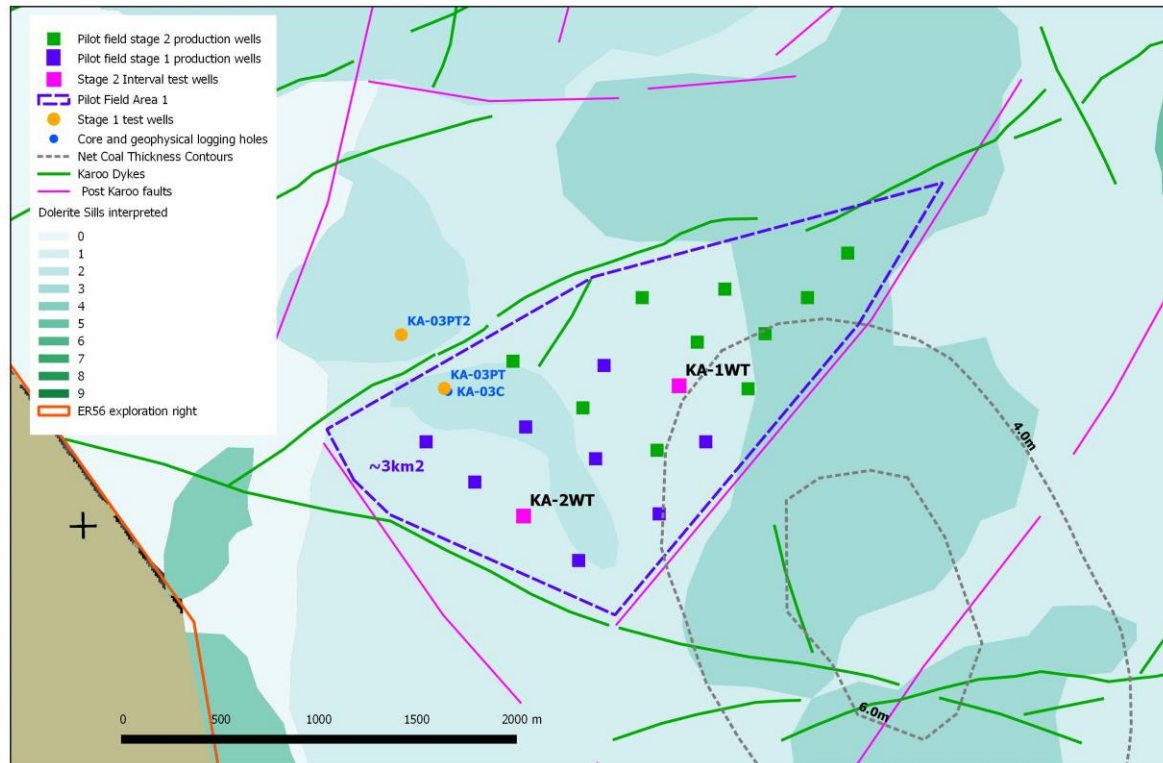
Aim to demonstrate commerciality and operational parameters



- Capital cost stage 1 - 8 further wells approx. - \$4.5m (inc collection and compression)
- Development time 6-8 months
- Anticipated cost repayment from gas sales in 6- 12 months possible.

Pilot Field Development Stage 2

Aim to demonstrate extended commerciality and operational parameters for sequential field development

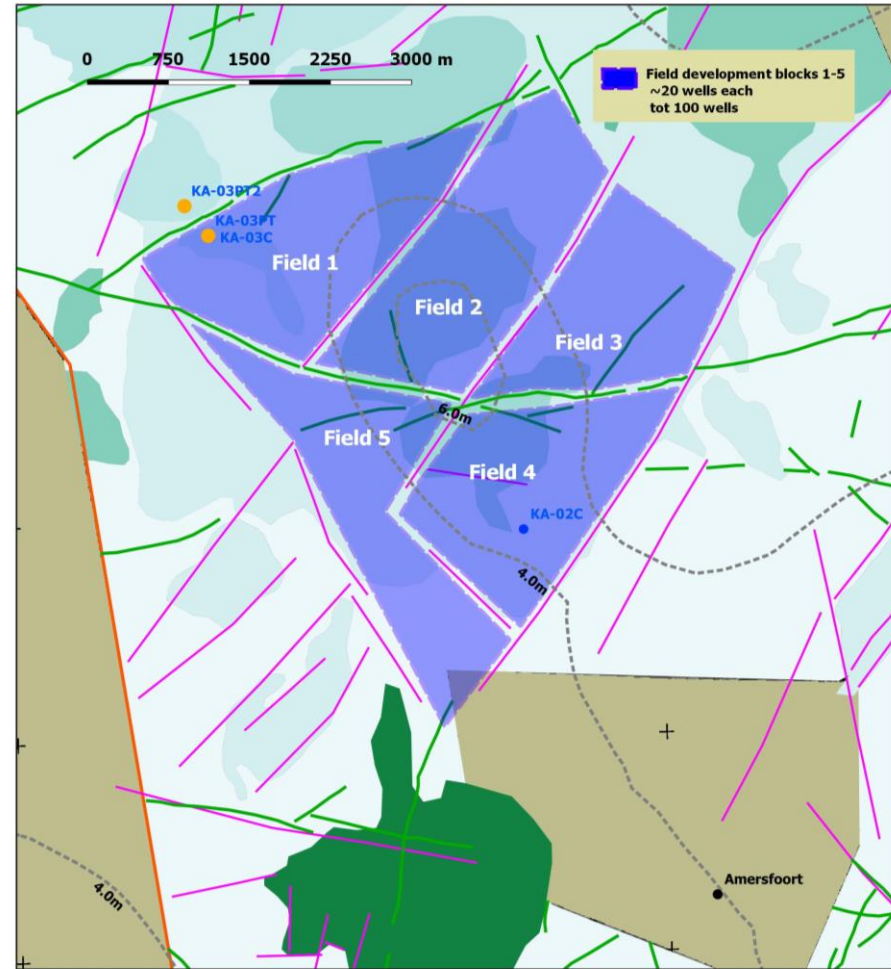


- Capital cost Stage 2 Pilot Field up to 10 further wells total \$4.0m
- Development time 8 months
- Notional average production rates year 1 = 5,000,000scf/d, ~5,000Gj/d *

**Notional production rates based on initial 12 month average per well of 250,000scf/d, Subject to confirmation by proposed isochronous testing*

Sequential Field Development Of Blocks 2-5

- Each Field development block containing ~20 wells
- Cost per block 2-5, including incremental collection and compression facilities approx. \$8.5m
- Each development block anticipated notional first 12 months full production 5,000,000scf/d, ~5,000Gj/d
- Development time to completion of block 2-5, 12 months (4 rigs plus 2 work over rigs, 100 wells)
- First year post completion anticipated notional production (allowing for decline of block 1) 22.5mmscf/d, ~22,500Gj/d, ~8Pj/yr*
- Block life 5yrs++ on declining production.

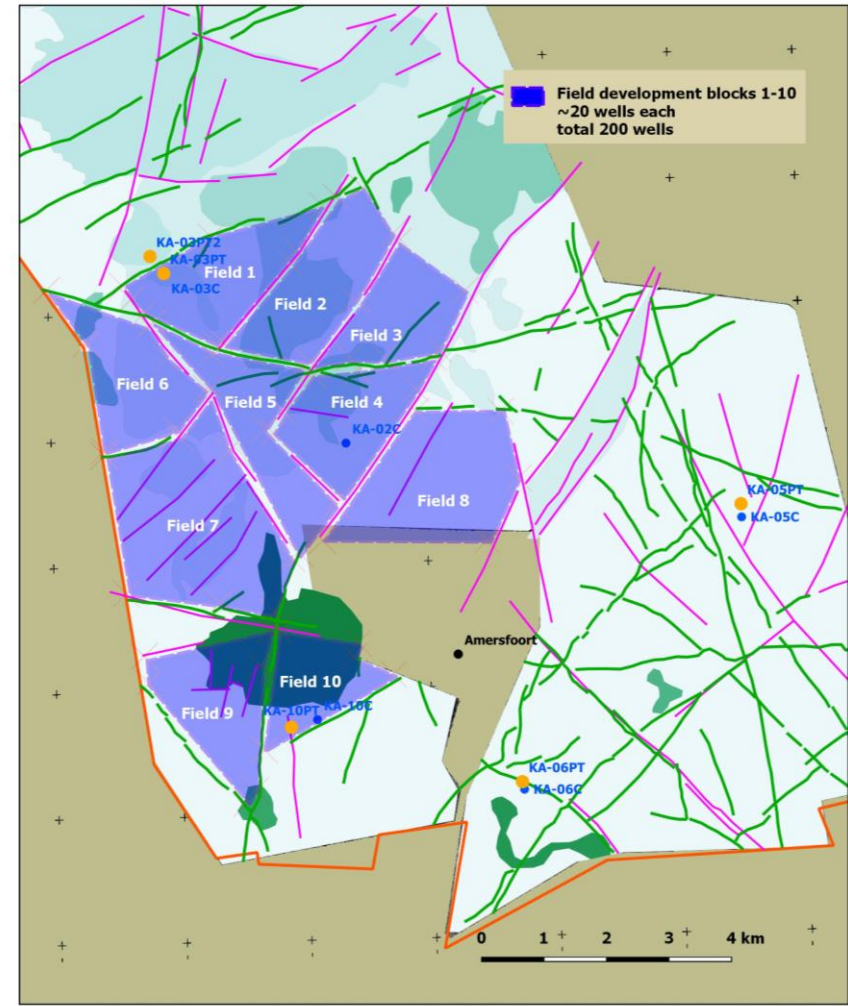


1,000scf~1Gj, 1MGj=1Pj, 1Gj~167kwhr @ 60% electrical generation efficiency,

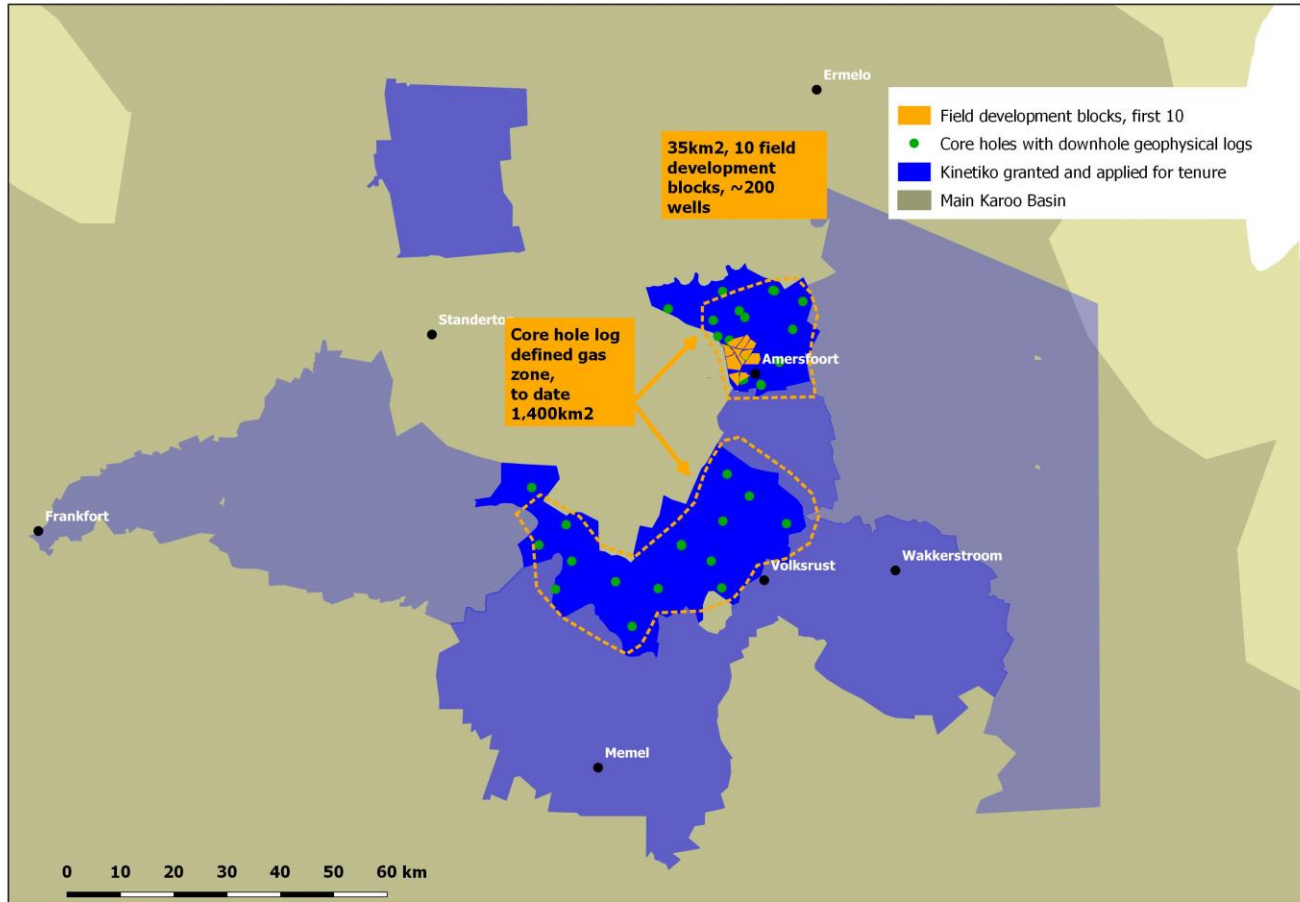
**Notional production rates based on initial 12 month average per well of 250,000scf/d, then half for next 12 months, subject to confirmation by proposed isochronous testing .*

Sequential Field Development Of Blocks 6-10

- Continued roll out of development blocks - 20 wells per block for 100 wells.
- Assuming equivalent metrics to blocks 1-5, cost \$8.5m
- Development time 12 months (4 rigs plus 2 workover rigs)
- Anticipated notional production in first year post completion as before at 22.5scf/d, ~22,500Gj, 8Pj/yr
- Assuming Blocks 1-5 now in their second year have declined by 50%.
- First year post completion of 10 blocks with 200 wells notional production blocks 1-5 4Pj/yr, blocks 5-10 8Pj/yr, total for all blocks 12Pj/yr



Project Context Of 10 Block 200 Well Development







10 block - 200 well development, covering 35km² of a demonstrated 1,400km² shallow gas resource play

- Scale potential to develop multiple fields totalling thousands of wells

Amersfoort Resource Statement

INDEPENDENT RESOURCE

-  P50 Contingent Resource of 1.5 Tcf*
-  Gas in Place (GIP) 2.4 Tcf*
-  Significant resource potential within conventional sandstone reservoirs adjacent to the coals
-  Maiden Reserves expected mid 2015

AS AT AUGUST 2012¹

Contingent Resource (100% Gross)	1C (Bcf)	2C (Bcf)	3C (Bcf)
CBM	627.5	1,110.2	1,726.7
Gas in Sandstone	150.7	372.5	791.0
Total	778.1	1,482.7	2,517.7

Gas in Place (100% Gross)	1C (Bcf)	2C (Bcf)	3C (Bcf)
CBM	967.1	1,689.4	2,616.7
Gas in Sandstone	292.6	706.3	1,450.6
Total	1,259.7	2,395.8	4,067.3

¹ Completed by Gustavson Associates of Boulder, Colorado USA

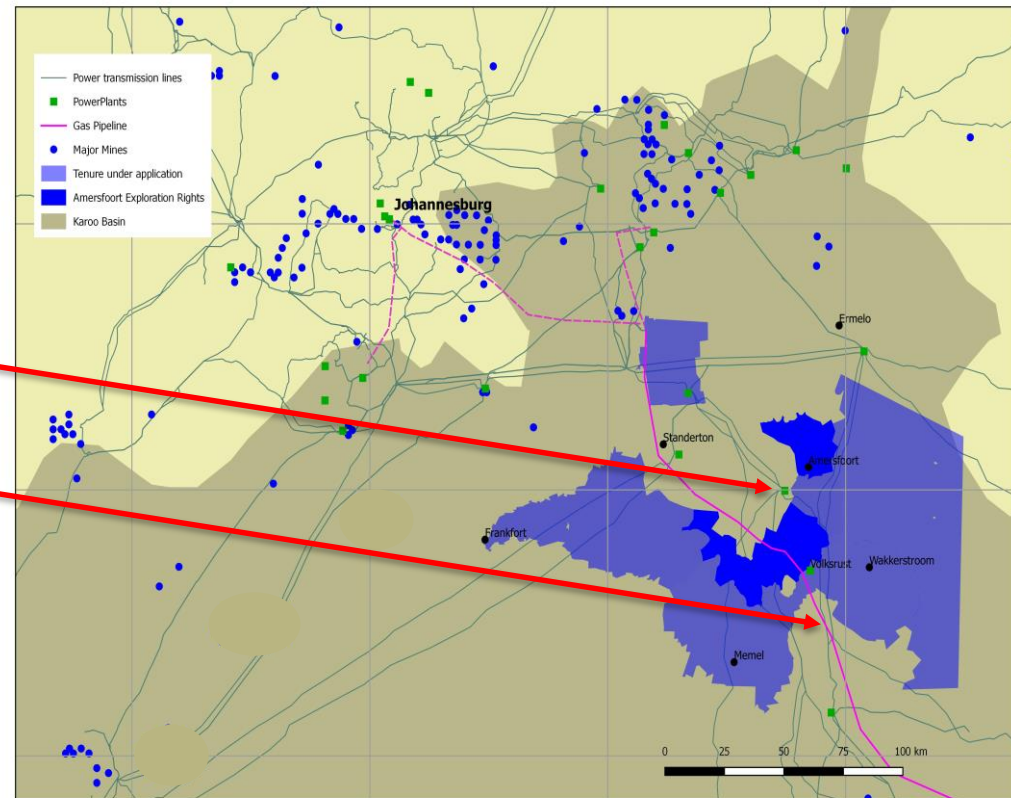
* KKO ASX announcement on 13th August 2012

Superior Location *Existing infrastructure, markets and off take options*

ACCESS TO EXISTING INFRASTRUCTURE

- Located at the centre of South Africa's power generation, mining and transport infrastructure
- Close to major population centres of Johannesburg and Tshwane (Pretoria)
- Over 10 power stations are located within a 300km radius of Amersfoort
- The Majuba Power Station, located within sight, requires 50,000T coal per day
- Major gas transmission pipeline from Sasol's Secunda gas to liquid plant runs through the permit area to Richards Bay
- Pilot field development production to small IPP or CNG
- Once greater scale is achieved production into the existing electricity grid or main pipeline is a focus

PROXIMITY TO MARKET



Lowest Quartile Cost Environment

SHALLOW DEPTH = LOW COST = STRONG ECONOMICS

- Drilling and completions are predominantly shallow and inexpensive
- Production Well cost ~\$200,000-400,000
- High quality gas with greater than 95% methane with minimal treatment required for end users
- High prevailing South African gas prices of \$8-\$10/GJ at the well head
- Attractive fiscal terms
- Excellent location translates to low transport or transmission costs

- Pilot test well KA-03PT has flared over 22 million scf in 6 months . Sustained rate of 332mscf/d for first 6 weeks.
- Water production stabilised at 4,000 litres per day
- If the gas had been sold under prevailing RSA gas prices of \$8-\$10/GJ, payback would have easily been achieved in 6-7 months given well costs of ~\$200,000
- At \$10/GJ breakeven is achieved from peak flow of 48 mscf/day and ultimate recovery of 0.08Bcf per well



South African Gas Market

GROWING DEMAND AND INSUFFICIENT SUPPLY


- 📦 Current source from Mozambique pipeline ~400 mmscf/day
- 📦 Pipeline nearing capacity - high demand with limited supply
- 📦 Gas price top global quartile \$10-12/GJ upwards
- 📦 Coal accounts for 85% of energy mix – under pressure and unsustainable
- 📦 Strategic plan 2030 supports gas as an alternative – especially domestic
- 📦 Rapidly rising electricity costs – of 17% per annum over 5 years
- 📦 Immediate potential customers approached
- 📦 Off take gas for commercial, transport and electricity
- 📦 Both RSA NERSA and IDC supportive of domestic gas industry development
- 📦 KKO currently in discussion with off take and development partners in RSA



Advancing our exploration strategy

CBM Peer Comparison

CBM Peer Comparison

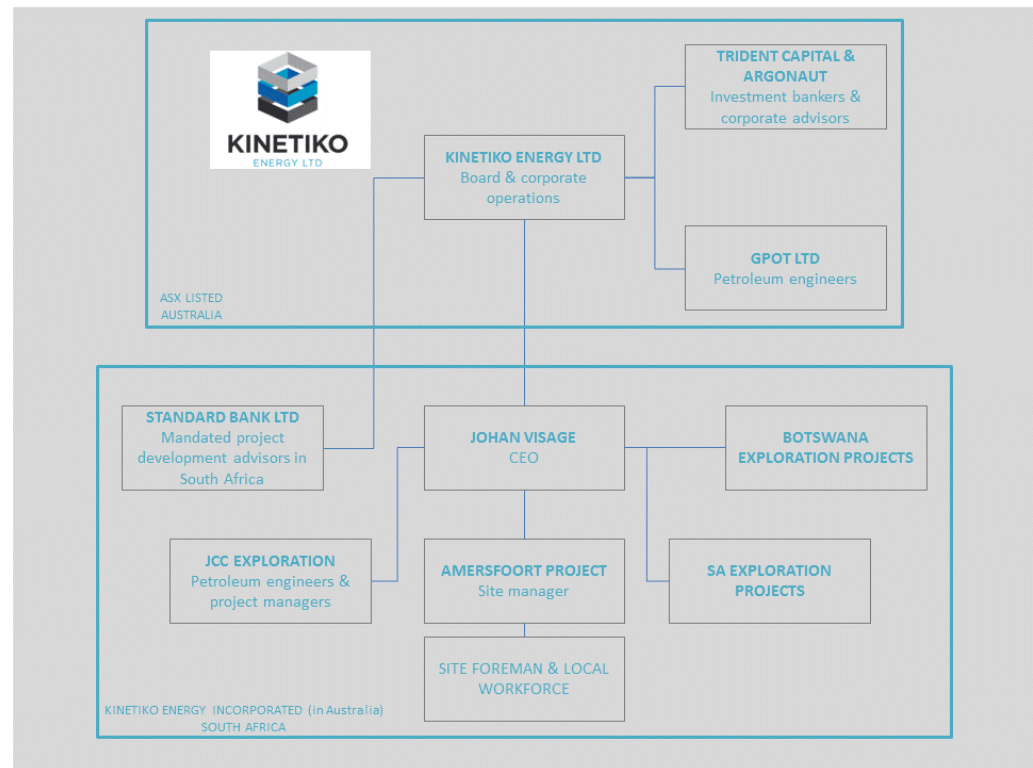
	Company		
Company (at 4 th March 2015)			
Market Cap (A\$m)	3.5	29	309
Gross Tenure (km²)	19,145	76,000	3,000
Location	South Africa & Botswana	Botswana	China
Gross Prospective GIP (Tcf)	6.8	7.7	13.3
Gross 2C Resource (Tcf)	1.5	0.2	2.5
Gross 2P Reserve (Tcf)	-	-	0.9

Source: Company and Bloomberg

KKO technical management and consultants

South African Expertise

- Appointment of South African based CEO Johan Visage, 30 years experience in the oil and gas industry as an engineer with senior roles in mid and downstream gas engineering, field development economics and gas sales and purchase agreements.
- Leading international CBM production and development engineers GPOT Ltd of Brisbane are providing well engineering and field development design.
- JJC Exploration Ltd, South Africa's most experienced oil and gas engineers, developers, managers and O&G economists are providing project management and development consulting.
- Leading South African financial institution Standard Bank Ltd has been mandated to assist Kinetiko Energy in its development and commercialisation of its African Projects.



Investment Highlights

- ✓ Encouraging wells results – gas flowing spontaneously from sandstone
- ✓ Large acreage position
- ✓ Amersfoort Project Prospective GIP 2.4Tcf - Reserves mid 2015
- ✓ High gas market demand and pricing
- ✓ Right location - close to existing infrastructure and market
- ✓ Experienced Management and technical team in country
- ✓ Government supportive of gas development
- ✓ Robust economics - low well and operating costs
- ✓ Many commercialisation options with near term cash flow

