



KINETIKO

ENERGY LTD

ACN 141 647 529

NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT

**General Meeting to be held at Suite 10, Level 1, The Spectrum Building,
100 Railway Road, Subiaco, Western Australia
on 24 August 2015 commencing at 10.00am (WST).**

This Notice of General Meeting and Explanatory Statement should be read in its entirety.
If Shareholders are in doubt as to how to vote, they should seek advice from their accountant,
solicitor or other professional adviser without delay.

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders of Kinetiko Energy Limited (ACN 141 647 529) ("**Company**") will be held at Suite 10, Level 1, The Spectrum Building, 100 Railway Road, Subiaco, Western Australia on 24 August 2015 commencing at 10.00am (WST).

BUSINESS

1. Resolutions 1(a), 1(b) and 1(c): Issue of Shares to Directors on conversion of Convertible Notes

To consider and, if thought fit, to pass, with or without amendment, the following resolutions as an **ordinary resolutions**:

- (a) *"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval be and is hereby given to issue 1,931,775 Shares to Christina Michael as trustee for The M&A Trust (and/or her nominee) pursuant to the conversion of Convertible Notes, on the terms and conditions as outlined in the Explanatory Statement."*
- (b) *"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval be and is hereby given to issue 482,795 Shares to IML Holdings Pty Ltd (and/or its nominee) pursuant to the conversion of Convertible Notes, on the terms and conditions as outlined in the Explanatory Statement."*
- (c) *"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval be and is hereby given to issue 965,590 Shares to Adam Sierakowski and David Sierakowski as trustees for the Warsaw Superannuation Fund (and/or their nominees) pursuant to the conversion of Convertible Notes, on the terms and conditions as outlined in the Explanatory Statement."*

Voting Exclusion Statement

Geoff Michael: The Company will disregard any votes cast on Resolution 1(a) by Geoff Michael and any of his associates.

However, the Company will not disregard a vote if it is cast by Geoff Michael or any of their associates as proxy for a person who is entitled to vote in accordance with the directions on the proxy form or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Adam Sierakowski: The Company will disregard any votes cast on Resolutions 1(b) and 1(c) by Adam Sierakowski and any of his associates.

However, the Company will not disregard a vote if it is cast by Adam Sierakowski or any of their associates as proxy for a person who is entitled to vote in accordance with the directions on the proxy form or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. Resolution 2: Ratification of issue of Shares on conversion of Convertible Notes

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purpose of Listing Rule 7.4 and for all other purposes, approval is given to ratify the prior issue of 23,174,650 Shares to Exempt Investors pursuant to the conversion of Convertible Notes, on the terms and conditions as outlined in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 2 by a person who participated in the issue, and any of their associates.

However, the Company will not disregard a vote if it is cast by a person who is entitled to vote in accordance with the directions on the proxy form or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice of General Meeting and should be read in conjunction with it.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used in this Notice of General Meeting and the Explanatory Statement.

Proxies

Please note that:

- (a) a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company;
- (c) a Shareholder may appoint a body corporate or an individual as its proxy;
- (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- (e) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the General Meeting or handed in at the General Meeting when registering as a corporate representative.

Voting Entitlements

In accordance with Regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of Shareholders as at 5:00pm (WST) on 22 August 2015. Accordingly, transactions registered after that time will be disregarded in determining Shareholder's entitlement to attend and vote at the General Meeting.

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read 'S Hewitt-Dutton', with a stylized flourish at the end.

Stephen Hewitt-Dutton
Company Secretary
Kinetiko Energy Limited

17 July 2015

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the resolution in the accompanying Notice of General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

1. Resolutions 1(a), 1(b) and 1(c) – Issue of Shares to Directors on Conversion of Convertible Notes

1.1 Background

Resolutions 1(a), 1(b) and 1(c) seeks Shareholder approval pursuant Listing Rule 10.11 for the issue of 3,380,159 Shares ("**Director Shares**") to entities controlled by Adam Sierakowski and Geoff Michael ("**Participating Directors**") pursuant to the conversion of Convertible Notes.

The Director Shares are to be issued in accordance with convertible note agreements pursuant to which the Participating Directors have advanced a total of \$70,000 to the Company. The amounts advanced by, and the number of securities to be issued to, each Participating Director is set out below.

Director	Amount Advanced	Interest Accrued	Shares
Adam Sierakowski (IML Holdings Pty Ltd)	\$10,000	\$503.15	482,795
Adam Sierakowski (Warsaw Superannuation Fund)	\$20,000	\$1,006.31	965,590
Geoff Michael (M&A Trust)	\$40,000	\$2,025.56	1,931,775
Total	\$70,000	\$3,535.02	3,380,159

Key terms of the Convertible Notes are as follows:

- i. Maturity date – 24 May 2015
- ii. Interest payable – 12% per annum.
- iii. Conversion:
 - a. If converted at the holders election prior to the maturity date, principal and interest convert at \$0.03 per share
 - b. If converted at the maturity date, principal and interest will convert at the 10 day VWAP or the last price of shares issued, whichever is the lower.

- iv. Repayment can be made in cash if the Company successfully raises at least \$3.5 million in cash, or the required shareholder approvals are not obtained.

Conversion of the Convertible Note is at a price per Share of \$0.2175, being the 10 day VWAP for the 10 days prior to the maturity date.

Adam Sierakowski and Geoff Michael are related parties of the Company as they are Directors of the Company. Accordingly the Company is seeking the approval of Shareholders for the purposes of Listing Rule 10.11.

1.2 ASX Listing Rule 10.11

Listing Rule 10.11 provides that a company must not issue equity securities to a “related party” without the approval of holders of ordinary securities, or to a person whose relationship with the company or a related party of the company is, in ASX’s opinion, such that approval should be obtained. Further, Listing Rule 7.2 (Exception 14) states that approval pursuant to Listing Rule 7.1 is not required if shareholder approval is obtained under Listing Rule 10.11.

Adam Sierakowski and Geoff Michael are related parties by virtue of being Directors of the Company. The Directors have determined to seek Shareholder approval under Listing Rule 10.11 to permit the issue of the Director Shares as related parties of the Company on the terms in Resolutions 1(a), 1(b) and 1(c).

The issue of the Director Shares under Resolutions 1(a), 1(b) and 1(c) will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1, as those Director Shares and Director Options (once issued) will be excluded from the calculations under Listing Rule 7.1.

1.3 ASX Listing Rule 10.13

Listing Rule 10.13 requires the following information to be provided to the Shareholders in relation to Resolutions 1(a), 1(b) and 1(c) to satisfy Listing Rule 10.11:

(a) Name of the allottee of the securities

Director	Shares
IML Holdings Pty Ltd (Adam Sierakowski)	482,795
Warsaw Superannuation Fund (Adam Sierakowski)	965,590
M&A Trust (Geoff Michael)	1,931,775

(b) The maximum number of securities to be allotted

3,380,159 Shares.

(c) The date of allotment and issue of the securities

The Director Shares under Resolutions 1(a), 1(b) and 1(c) will be issued as soon as possible after the General Meeting and in any event, no later than

1 month after the General Meeting (or such later date to the extent permitted by any ASX waiver of the Listing Rules).

(d) **Issue price of the securities**

The Convertible Notes (including interest) are convertible into Shares at a conversion price of \$0.02175.

(e) **The terms of the securities**

The Director Shares issued under Resolutions 1(a), 1(b) and 1(c) are fully paid ordinary shares which rank equally with the Company's existing Shares on issue.

(f) **The use (or intended use) of the funds raised**

Funds raised from the issue of the Convertible Notes have and will be used to maintain the Company's tenements in good standing and to provide working capital.

1.4 Section 208 of the Corporations Act

The Board has determined that Shareholder approval under section 208 of the Corporations Act is not required for the issue of securities to the Participating Directors under Resolutions 1(a), 1(b) and 1(c) due to the "arm's length" exception in section 210. In forming this view, the Board considers that the terms of the Convertible Notes:

- were negotiated on an arm's length basis;
- are the same for non-related holders of Convertible Notes; and
- are reasonable in the circumstances if the Company were dealing at arm's length.

In addition, the Board believes that there are benefits to the Company in the Participating Directors holding securities in the Company as this will help to incentivise the performance of those Directors and, in doing so, further align the interests of the Participating Directors with those of Shareholders.

2. Resolution 2 – Ratification of issue of Shares on conversion of Convertible Notes

2.1 Background

Resolution 2 seeks Shareholder approval pursuant Listing Rule 7.4 for the issue of 23,174,650 Shares ("**Conversion Shares**") to Exempt Investors pursuant to the conversion of Convertible Notes.

The Conversion Shares were issued in accordance with convertible note agreements pursuant to which the Exempt Investors advanced a total of \$480,000 to the Company. The key terms of the Convertible Notes are set out above in Section 1.1.

2.2 ASX Listing Rules 7.1 and 7.1A

Listing Rule 7.1 provides that (subject to certain exceptions, none of which are relevant here) prior approval of shareholders is required for an issue of securities by a company if the securities will, when aggregated with the securities issued by the company during the previous 12 months, exceed 15% of the number of the ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.1A provides that eligible entities may, subject to shareholder approval by special resolution, issue equity securities up to 10% of its issued capital over a period of 12 months after the annual general meeting. Shareholder approval was obtained pursuant to Listing Rule 7.1A on 27 November 2014. The 23,174,650 Conversion Shares were issued within the Company's Listing Rules 7.1 and 7.1A placement capacity.

Listing Rule 7.4 sets out the procedure and effect of shareholder approval of a prior issue of securities and provides that where shareholders in general meeting ratify a previous issue of securities made without approval under Listing Rule 7.1, provided that the previous issue of securities did not breach ASX Listing Rule 7.1, those securities shall be deemed to have been made with shareholder approval for the purposes of Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval. In addition, approval of Resolution 2 will refresh the additional 10% placement capacity provided under Listing Rule 7.1A which was utilised in issuing the Conversion Shares.

2.3 ASX Listing Rule 7.5

Listing Rule 7.5 requires that the following information is provided to Shareholders in relation to obtaining approval of Resolution 2 for the purposes of Listing Rule 7.4:

(a) Number of Securities Issued

A total of 23,174,650 Shares were issued.

(b) The price at which the Securities were issued

The Convertible Notes (including interest) are convertible into Shares at a conversion price of \$0.02175.

(c) The terms of the Securities

The Conversion Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue.

(d) **Names of the persons to whom the entity issued the securities or the basis on which those persons were determined**

The Conversion Shares were issued to Exempt Investors under section 708A(5) of the Corporations Act, none of whom were related parties of the Company

(e) **The use (or intended use) of the funds raised**

Funds raised from the issue of the Convertible Notes have and will be used to maintain the Company's tenements in good standing and to provide working capital.

Glossary

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

ASX	ASX Limited (ACN 008 624 691) trading as the Australian Securities Exchange.
Board	the board of Directors.
Chairman	Mr Adam Sierakowski.
Company	Kinetiko Energy Limited (ACN 141 647 529).
Constitution	the constitution of the Company.
Conversion Shares	has the meaning specified in section 2.1 of the Explanatory Statement.
Convertible Notes	The convertible notes issued to Exempt Investors and the Participating Directors on the terms set out in section 1.1 of the Explanatory Statement
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Director	a director of the Company.
Director Shares	has the meaning specified in section 1.1 of the Explanatory Statement.
Explanatory Statement	the explanatory statement accompanying the Notice of General Meeting.
Glossary	this glossary of defined terms.
Listing Rules	the official listing rules of ASX.
Notice or Notice of General Meeting	the notice of general meeting accompanying the Explanatory Statement.
Participating Directors	Adam Sierakowski and Geoff Michael.
Share	a fully paid ordinary share in the capital of the Company.
Shareholder	a holder of one or more Shares.
WST	Western Standard Time, being the time in Perth, Western Australia.

Kinetiko Energy Limited
ACN 141 647 529

PROXY FORM

I/We

of

being a member of Kinetiko Energy Limited ACN 141 647 529 entitled to attend and vote at the General Meeting, hereby

Appoint

Name of Proxy

OR

the Chairman of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chairman of the General Meeting, or the Chairman's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the General Meeting to be held at Suite 10, Level 1, The Spectrum Building, 100 Railway Road, Subiaco, Western Australia on 24 August 2015 at 10.00am (WST), and at any adjournment thereof.

Important for Resolutions 1(a), 1(b) and 1(c) if the Chairman is your proxy or is appointed as your proxy by default

If the Chairman of the meeting is your proxy, or if appointed your proxy by default and you do not wish to direct him/her how to vote on any of these resolutions, you must mark the above box with an "X". By marking the box, you acknowledge that the Chairman of the meeting may exercise your proxy on those resolutions (for which you have not given a direction) even if he/she has an interest in the outcome of the resolution and that votes cast by him/her, other than as proxy holder, will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote on any of these resolutions, the Chairman of the meeting will not cast your votes on the resolutions (for which you have not given a direction) on a show of hands or on a poll.

The Chairman of the meeting intends to vote undirected proxies in favour of each resolution.

OR

Voting on Business of the General Meeting		For	Against	Abstain
Resolution 1(a)	Issue of Shares to Christina Michael as trustee for The M&A Trust (and/or her nominee) on Conversion of Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 1(b)	Issue of Shares to IML Holdings Pty Ltd (and/or its nominee) on Conversion of Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 1(c)	Issue of Shares to Adam Sierakowski and David Sierakowski as trustees for the Warsaw Superannuation Fund (and/or their nominees) on Conversion of Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of issue of Shares on conversion of Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%

Signature of Member(s):

Date: _____

Individual or Member 1

Sole Director/Company Secretary

Member 2

Director

Member 3

Director/Company Secretary

Contact Name: _____ **Contact Ph (daytime):** _____

How to complete this Proxy Form

1 Your Name and Address

Please print your name and address as it appears on your holding statement and the Company's share register. If Shares are jointly held, please ensure the name and address of each joint shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. **Please note you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company.

3 Votes on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given Resolution, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, please write the name of that person.

To appoint a second proxy you must state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If the Proxy Form does not specify a percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the shareholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission.

6 Lodgment of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting ie. no later than 10.00am (WST) on 22 August 2015. Any Proxy Form received after that time will not be valid for the scheduled meeting.

This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be sent or delivered to the Company's registered office at PO Box Z5183, Perth, Western Australia 6831 or sent by facsimile to the registered office on +61 8 9218 8875.