



**Kinetiko Energy Limited**  
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**ASX: KKO**

20 May 2016

Jeremy Newman  
Senior Adviser, ASX Listing Compliance  
ASX Compliance Pty Ltd  
Level 40 Central Park  
152-158 St Georges Tce  
PERTH WA 6000

Dear Jeremy,

**Kinetiko Energy Limited ("Company")**

We refer to your letter dated 17 May 2016 in relation to the Company's quarterly report in the form of Appendix 5B for the period ended 31 March 2016 and respond as follows.

1. **Question 1:** *Does the Entity expect that it will continue to have negative operating cash flows for the time being and, if not, why not?*

**Response 1:** Yes.

2. **Question 2:** *Has the Entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?*

**Response 2:** Yes. The Company is currently awaiting the finalisation of a funding proposal from the Industrial Development Corporation ("IDC") of South Africa. While this is taking longer than expected, we remain optimistic of a positive outcome. Following resolution of the IDC proposal, it is the Company's intention to undertake a capital raising. The Company believes that the capital raising should only be conducted following the resolution of the IDC proposal to ensure that the market is fully informed.

3. **Question 3:** *Does the Entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?*

**Response 3:** Yes. The Company continues to review its expenditure commitments and cash requirements. The Company believes that the activities detailed in item 2 above will enable it to meet its business objectives.

4. **Question 4:** *Can the Entity confirm that it is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market?*

**Response 4:** Yes, the Company confirms it is in compliance with the listing rules, and in particular listing rule 3.1.

5. **Comment 5:** *Please also provide any other information that the Entity considers may be relevant to ASX forming an opinion on whether the Entity is in compliance with Listing Rule 12.2*

**Response 5:** The Company believes it is in compliance with listing rule 12.2 owing to the matters above.

Yours Sincerely



Stephen Hewitt-Dutton  
Company Secretary  
Kinetiko Energy Ltd



17 May 2016

Stephen Hewitt-Dutton  
Company Secretary  
Kinetiko Energy Limited

*By email: [stephen@tridentcapital.com.au](mailto:stephen@tridentcapital.com.au)*

Dear Mr Hewitt-Dutton

**Kinetiko Energy Limited (the "Company"): Appendix 5B query**

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 31 March 2016, released to ASX Limited ("ASX") on 29 April 2016 (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales of \$0.
2. Net negative operating cash flows for the quarter of \$105,000.
3. Estimated cash outflows of \$200,000.
4. Cash at end of quarter of \$132,000

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?



5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rules 3.1 – 3.1B".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to [jeremy.newman@asx.com.au](mailto:jeremy.newman@asx.com.au). It should not be sent to ASX Market Announcements.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **2.00 pm WST on Friday, 20 May 2016**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries please let me know.

Yours sincerely,

*[sent electronically without signature]*

Jeremy Newman  
**Senior Adviser, ASX Listings Compliance**