



KINETIKO
ENERGY LTD

Kinetiko Energy Limited

THE EARLY MOVER IN SOUTHERN AFRICAN ONSHORE GAS

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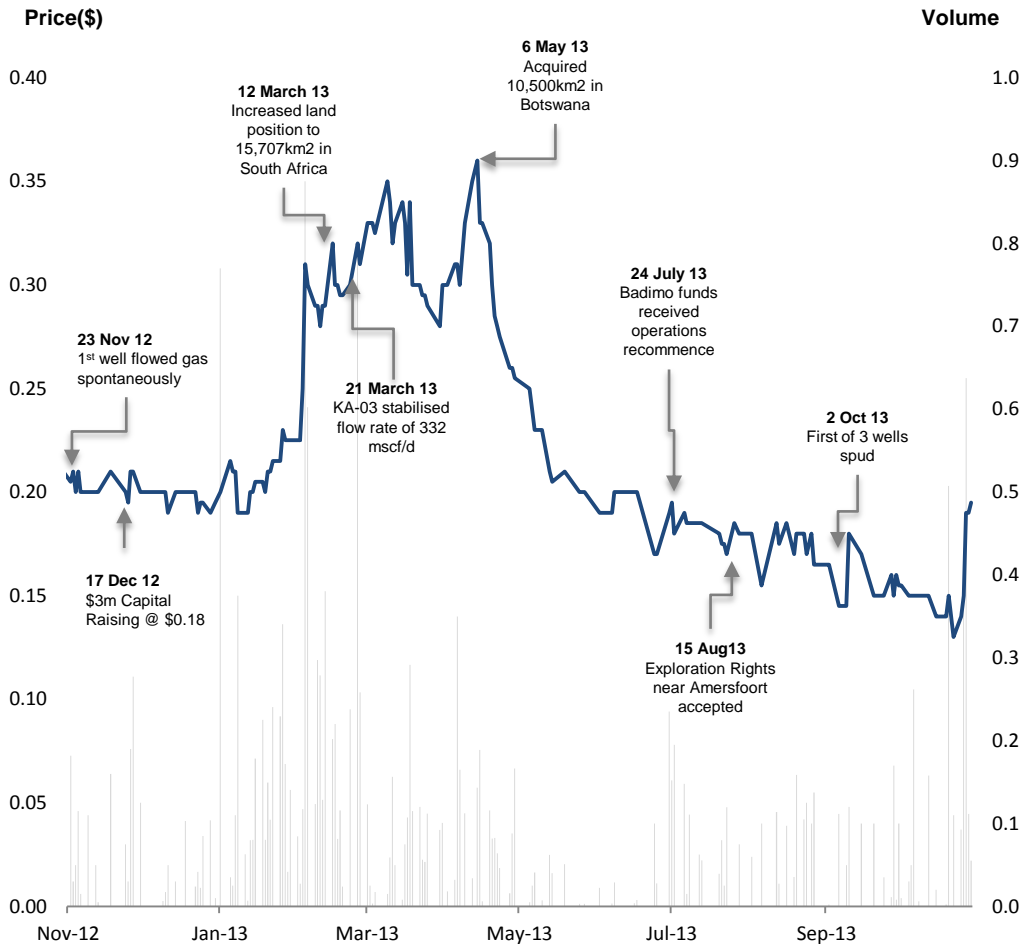
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Company Snapshot (ASX:KKO)

SHARE PRICE PERFORMANCE



CAPITAL STRUCTURE

As at 22 November 2013	
Last Price	A\$0.20
12 Month Trading Range	A\$0.36 - A\$0.155
Shares on issue	127.7m
Market Cap	A\$25.5m
Cash Balance (as at 31 October 2013)	A\$1.3m
Debt	-
Enterprise Value	A\$24.2m

SHAREHOLDERS

Key Shareholders	
Directors	~ 35.00%
Michael Marcus	16.76%
Wilson HTM Investment Group	7.33%
Blue Saint PL	5.88%

FUNDING HISTORY

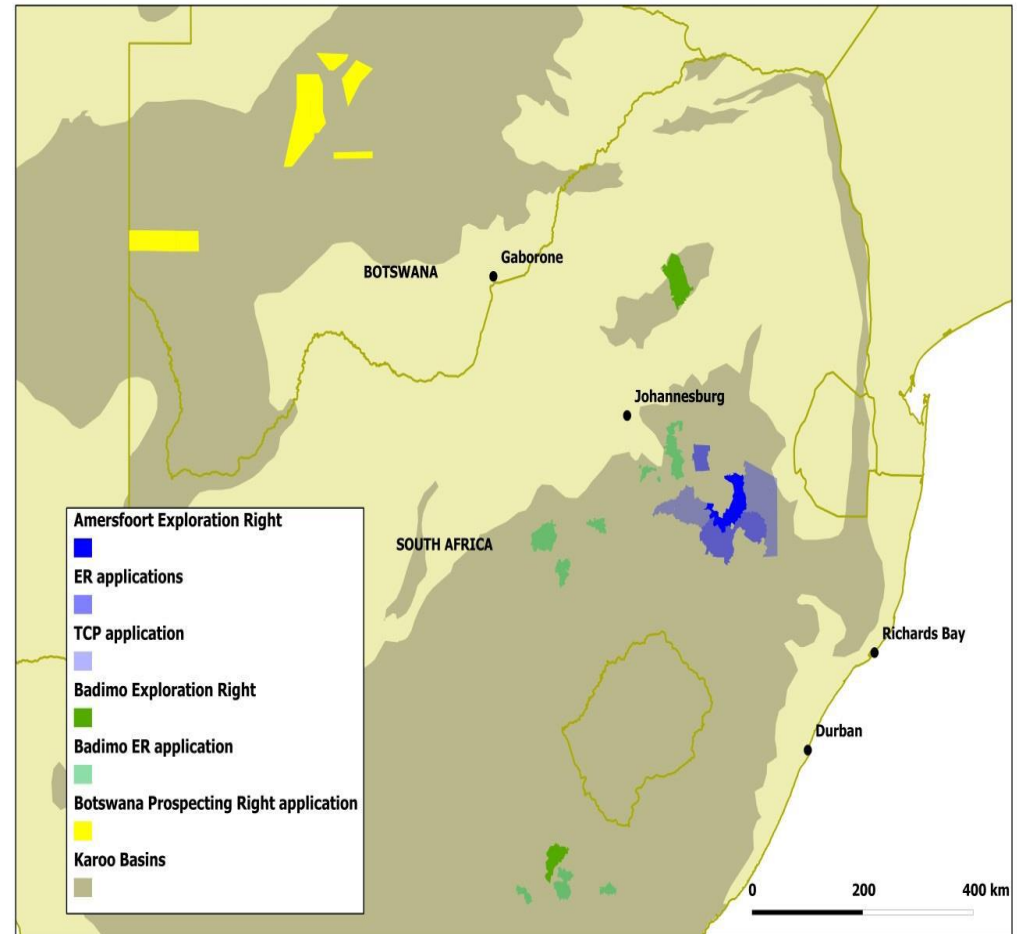
- 19 July 2011 - IPO raised \$10m at 20 cents/share
- 17 December 2012 - Placement raised \$3m at 18 cents/share

First Mover in Southern Africa's Onshore Gas

STRATEGIC STRENGTHS

- Early mover and large scale potential (>19,000km²)
- Coal bed methane and sandstone gas resource
- Strong energy market and gas outlook (\$8-\$10/GJ)
- Existing infrastructure and offtake customers
- Low costs (~\$200,000 per well)
- Strong South African Government and partner support
- Project "Reserves" focus – converting resources to reserves
- Large resource potential (1.5 Tcf 2C)
- Tight corporate structure/ short term EV leverage

PROJECT LOCATION



Amersfoort Project the Story So Far

Expanding Gas Footprint

OVERVIEW (KKO 49%, Operator)

- Comprised of 2 exploration licences 56ER and 38ER
- 1,601km² with consistent geology
- 20 exploration core holes with average depth of 500m
- Gas identified in every hole drilled
- Maiden reserves expected mid 2014

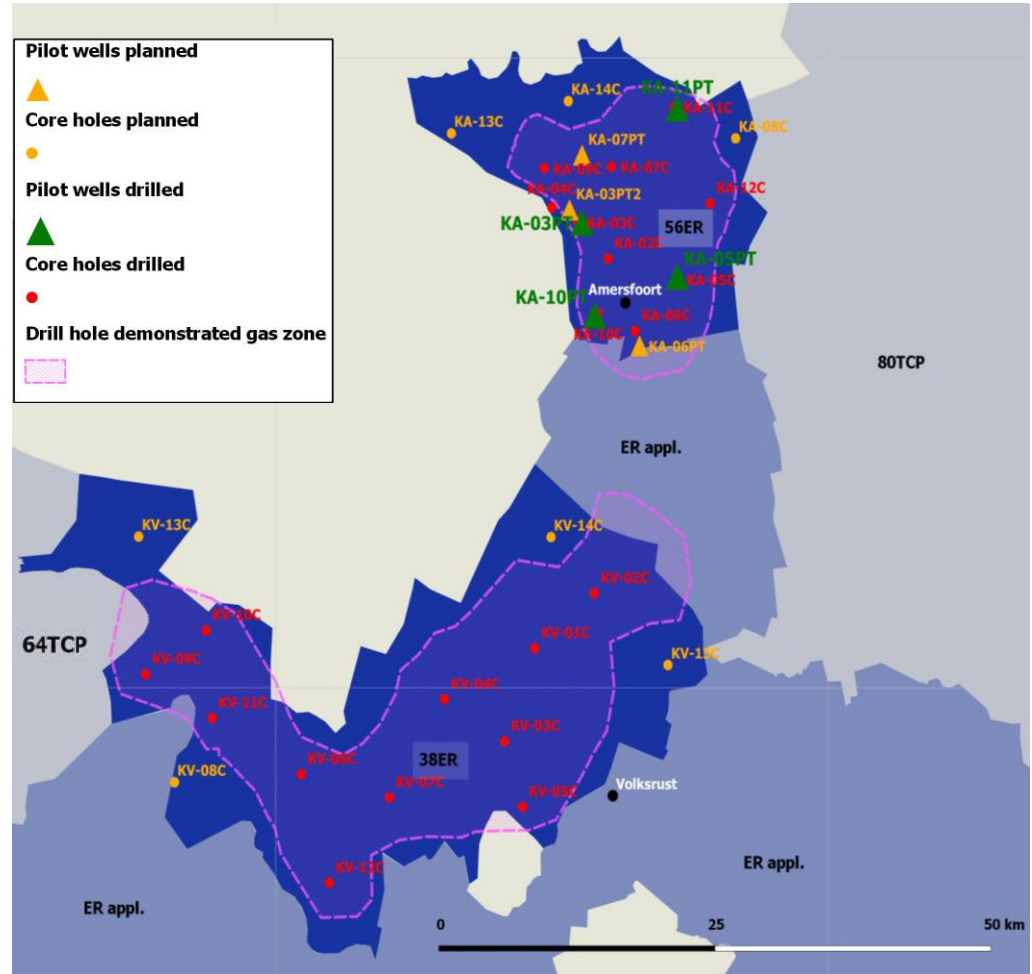
56ER

- 7 test wells drilled on 56ER
- 6 of 7 wells have flowed spontaneously to surface
- Best well achieved 420 mscf/day with stabilised flow of 332 mscf/day
- Wells are shut in pending review and potential offtakes

38ER

- Deeper licence with higher pressures than 56ER
- 1st test wells recently spud

DRILLING LOCATIONS

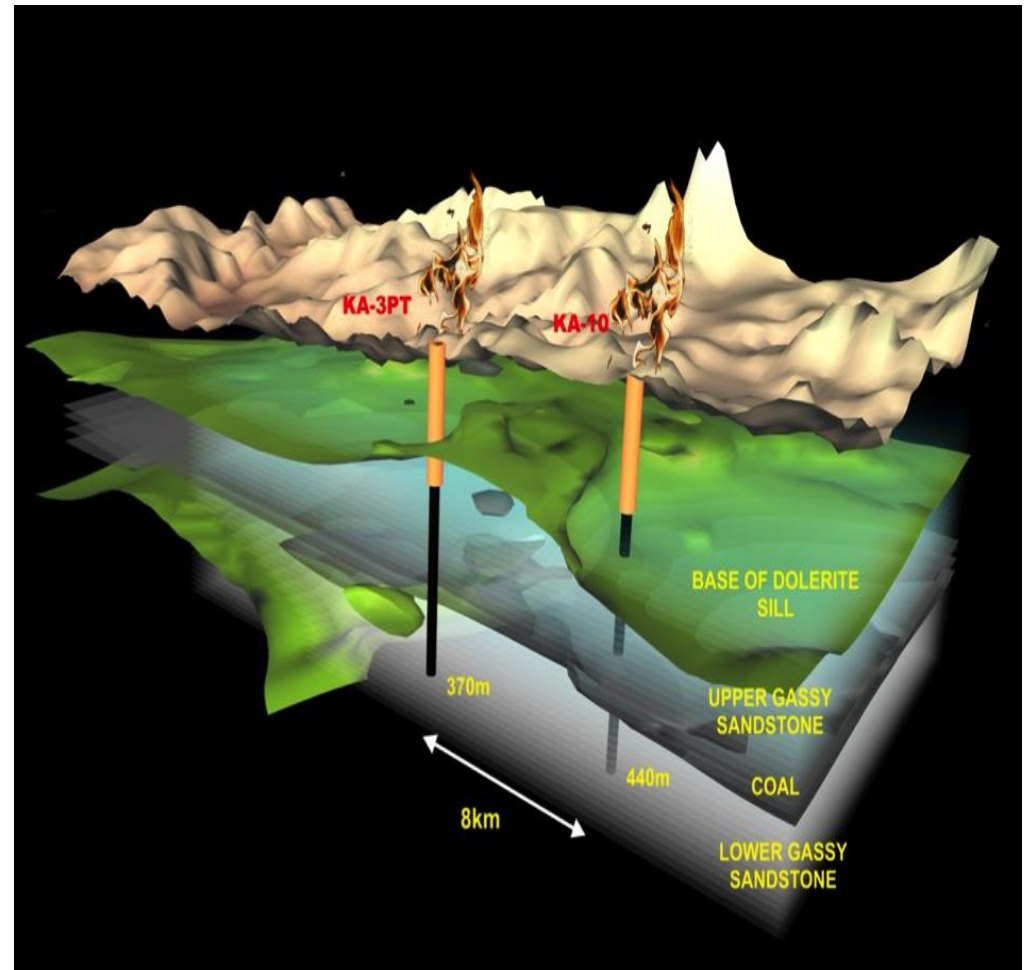


Proven Geological Prospectivity

CBM & ADJACENT SANDSTONE GAS

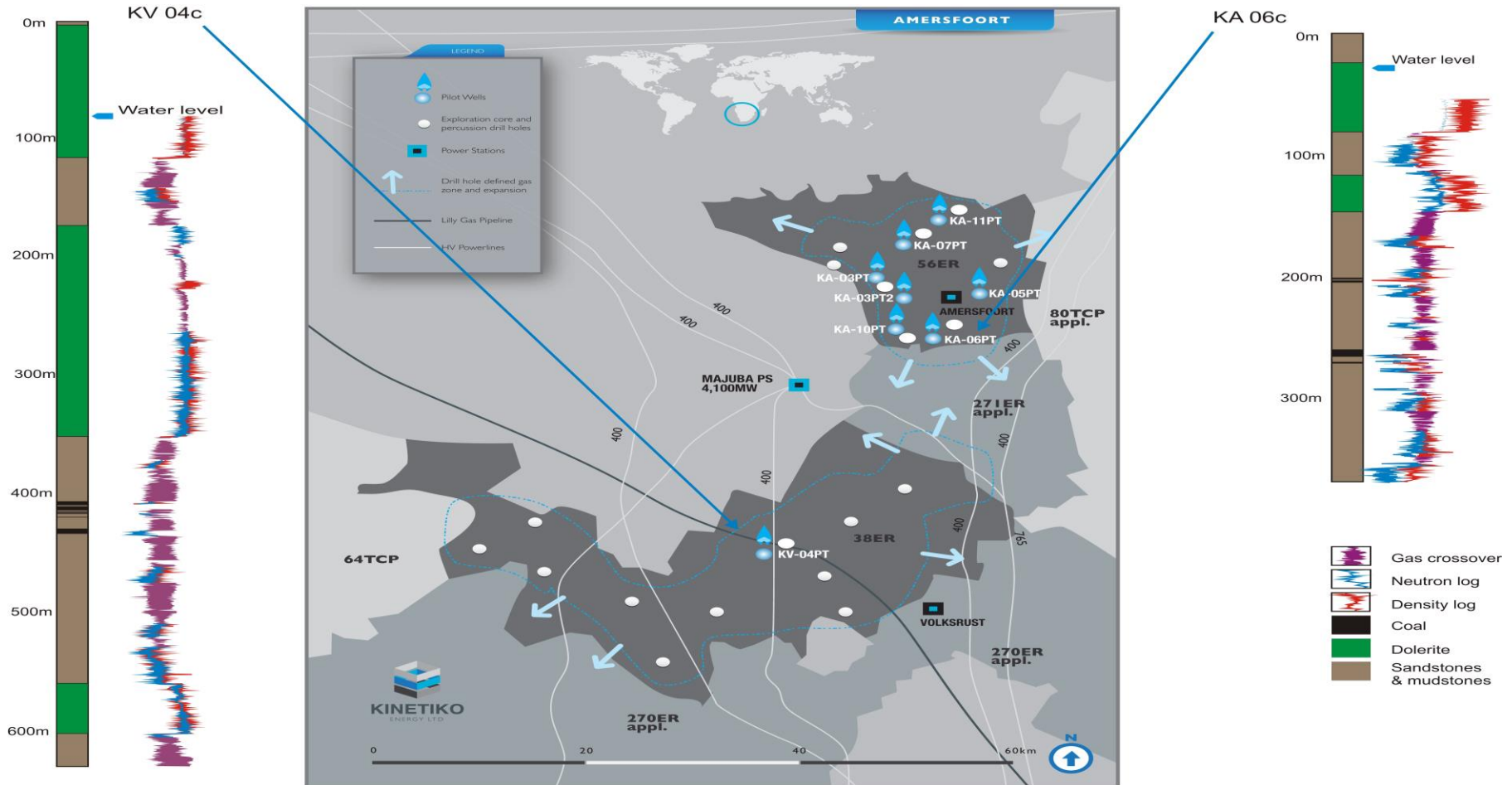
- World class coal field
- Coal seams between 1m to 4m thick
- Hydraulic stimulation is unlikely to be required
- Significant resource potential within conventional sandstone reservoirs adjacent to the coals trapped by volcanic layer
- Coal and sandstones are located at shallow depths between ~150m to ~500m
- Deeper basin to the south has shale gas/oil potential
- Low water volumes and indicated agriculture grade water

WELL SCHEMATIC WITH GEOLOGY








Proven Geophysical Prospectivity

WIRE LINE LOGS INDICATE LARGE SANDSTONE GAS INTERVALS IN EVERY HOLE DRILLED



Amersfoort - Independent Resource

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 2014
-  A further 4.4 Tcf of Prospective GIP has been estimated by the independent experts within the TCP applications areas

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

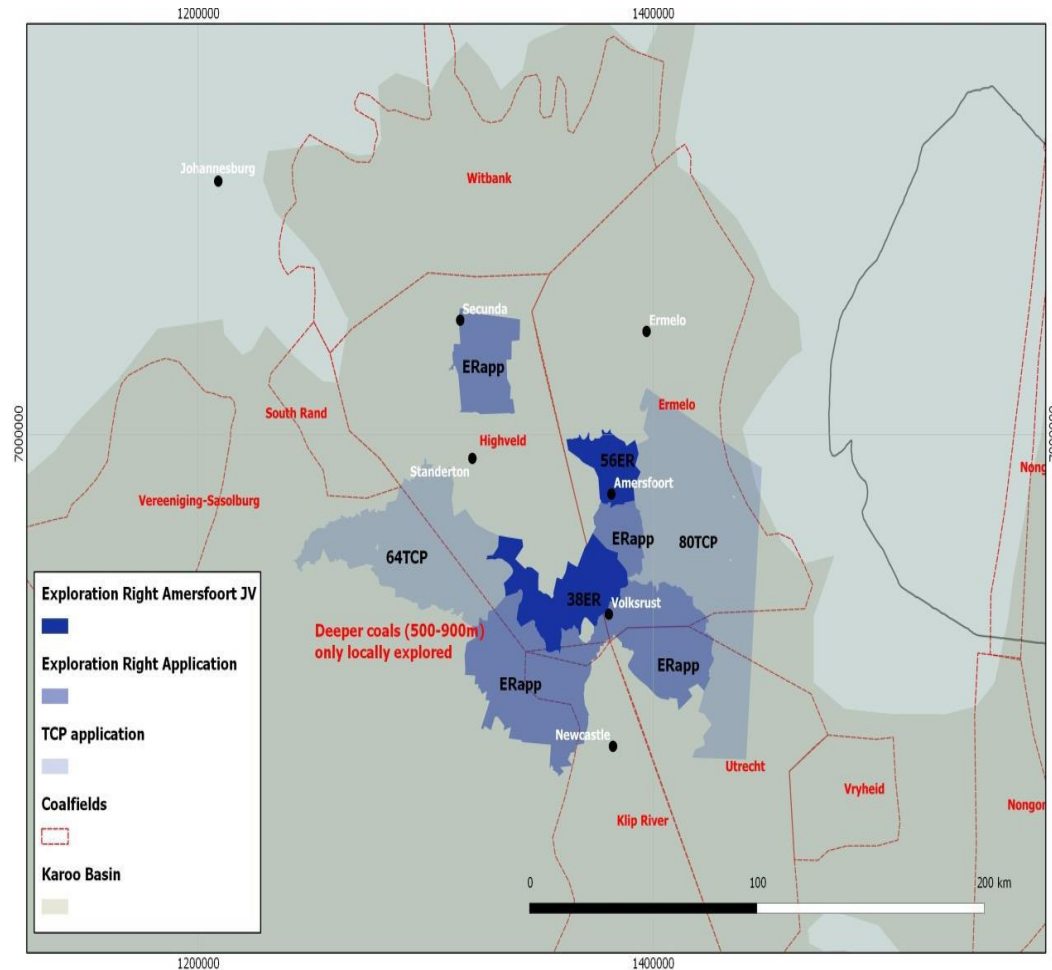
¹ Completed by Gustavson Associates of Boulder, Colorado USA

Beyond Amersfoort *Securing First Mover Momentum*

19,000 km² OF EXPOSURE IN SOUTH AFRICA

- Strategically secured Technical Commercial Permits (TCP) over a large area surrounding Amersfoort
- TCP allow holder to carry out desktop studies for 12 months prior right to convert to Exploration Rights
- Likely conversion of the TCP would result in up to 12,105 km² of additional exploration licences
- Independent certifier Gustavson Associates estimated the TCP land package to contain 4.4Tcf GIP
- Badimo Gas has additional exploration licences covering 7,086 km² for which Kinetiko has a MOU to acquire these rights
- In 2013 Kinetiko diversified its portfolio applying for acreage in Botswana - 10,500 km² of the Permian Kalahari Coal Basin
- On conversion of TCP to Exploration Rights, Kinetiko may consider introducing a strategic partner to advance certain prospects

LARGE EXPLORATION FOOTPRINT

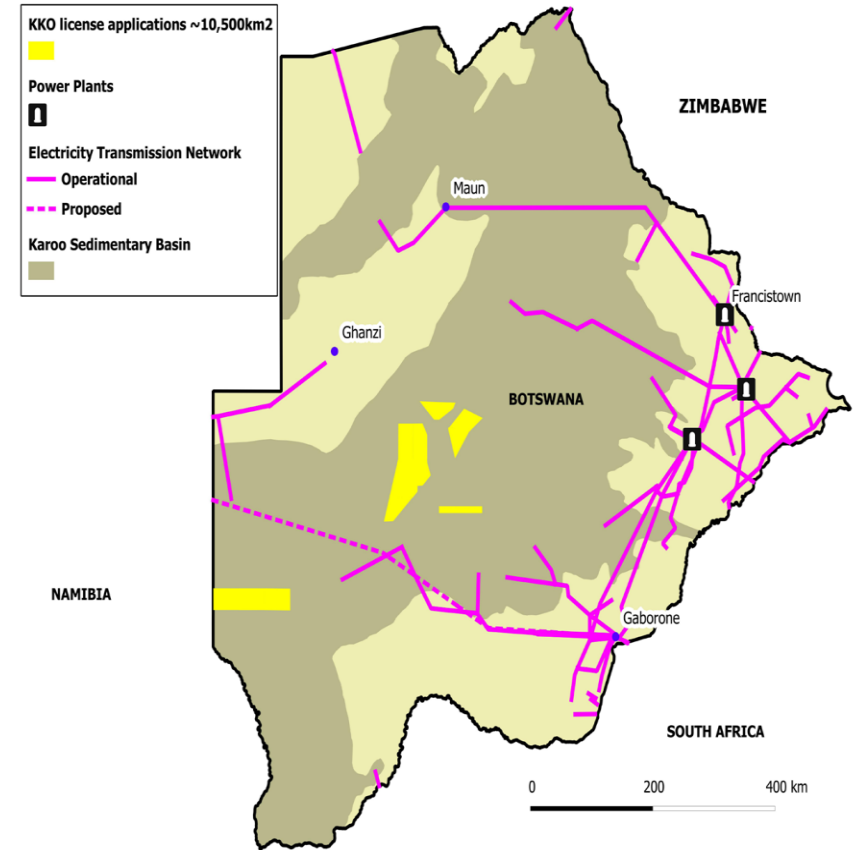


Summary of Operations

TOTAL EXPLORATION RIGHTS AND APPLICATIONS

Project/ Tenure	Area (km ²)
Amersfoort Project	1,601
ER Application TCP37 to ER12/3/266	3,168
ER Application TCP39 to ER12/3/267	757
ER Application TCP42 to ER12/3/268	363
App TCP64	2,394
App TCPAmEast	3,823
Total Amersfoort and Applications	12,105
Badimo Assets Estimate (MOU)	7,086
Total Granted and Applications – South Africa	19,191
Botswana ER Applications	10,500
Total Granted and Applications	29,691

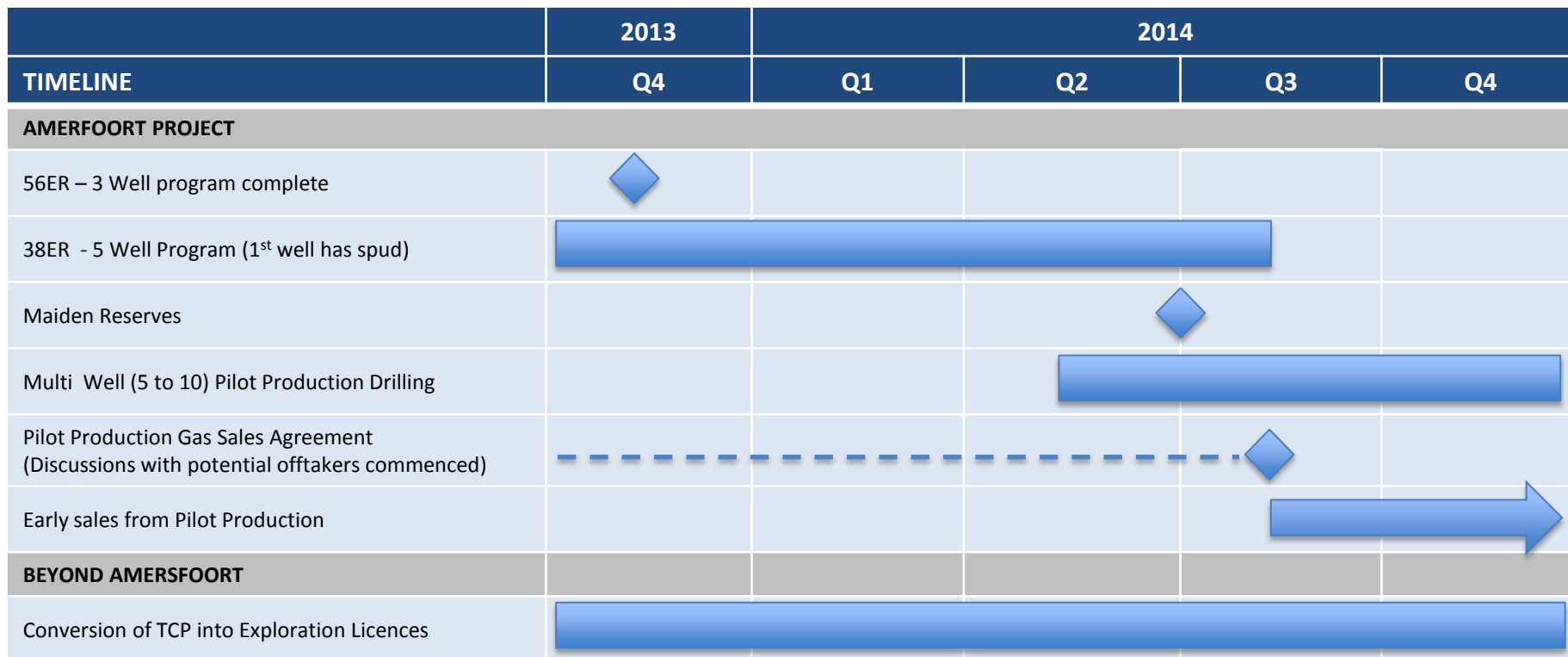
BOTSWANA PROJECTS



Work Program Update

PILOT PRODUCTION IN 2014

- Test wells have shown that gas is present in both the coals and sandstones at pressure that can sustain significant flow rates with no stimulation other than water pumps
- Technical review underway to optimise 2014 exploration
- Pilot program of at least 5 wells to commence on the southern license in 2014 to provide proof of concept



Lowest Quartile Cost Environment

SHALLOW DEPTH = LOW COST = STRONG ECONOMICS

- Drilling and completions are predominantly shallow and inexpensive
- Well cost ~\$200,000
- 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
- Abundance of regional know how
- Excellent location translates to low transport or transmission costs
- Gas flow currently limited by water extraction thresholds

INITIAL PILOT TEST WELL KA-03



Pilot test well KA-03PT has flared over 22 million scf in 6 months at a 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 \$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

CURRENT POWER EMERGENCY

Eskom on Tuesday 19th November declared a power emergency, the first time since 2008, and asked major industrial clients to reduce their energy consumption by 10% to prevent widespread blackouts

POTENTIAL PARTNERS



Sasolburg gas to liquids plant

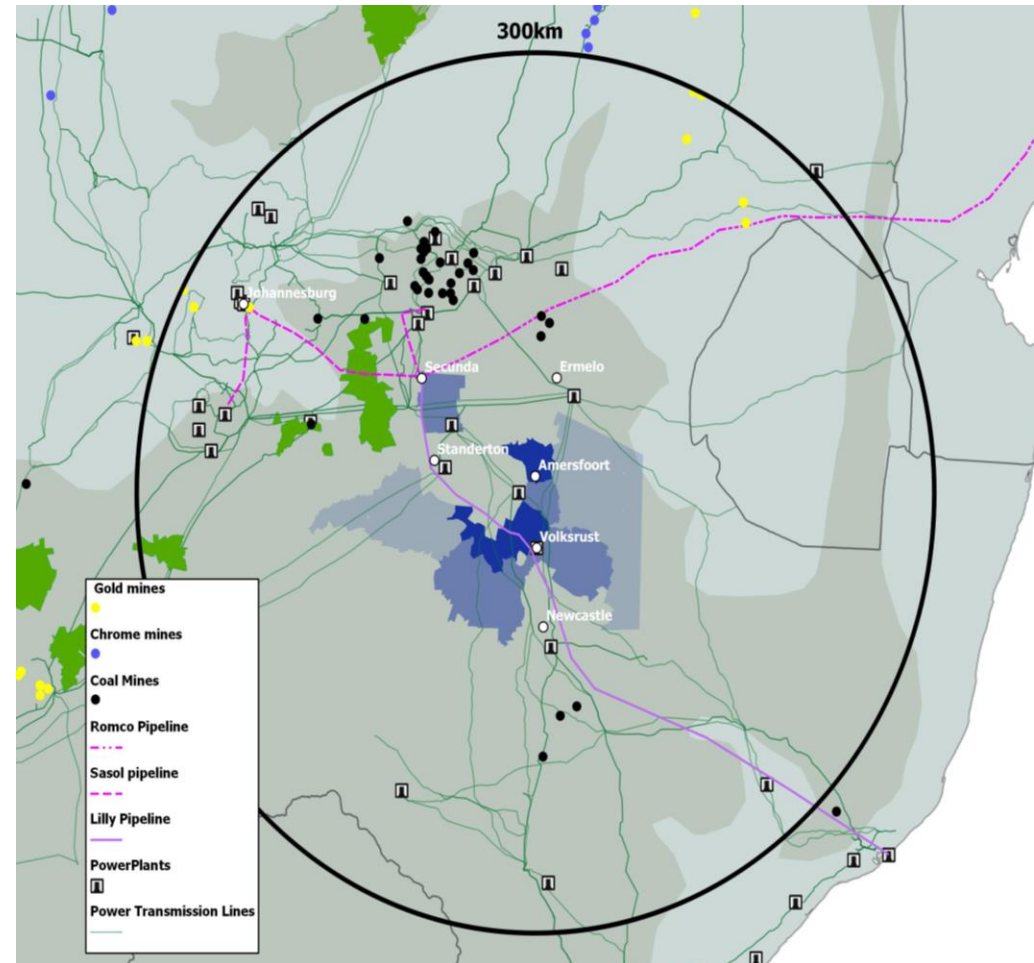


Superior Location *Existing infrastructure, markets and off take options*

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
- Initial path to market is likely to be via small scale power generation or compressed natural gas (CNG)
- Once greater scale is achieved production into the main pipeline is likely

PROXIMITY TO MARKET



KKO Board and Management



Adam Sierakowski – Non-Exec Chairman

- 🏢 Lawyer and founder of Price Sierakowski and Trident Capital
- 🏢 Extensive experience in capital raising and ASX transactions for major companies
- 🏢 Director of ASX listed Coziron Resources Ltd and Triangle (Global) Energy Ltd



Andrew Lambert – Managing Director BSc, MSc, MMgt, GAICD

- 🏢 Petroleum Geophysicist
- 🏢 O&G & Mining focused 16 year career
- 🏢 Proven experience in Exploration, Operations, Management Consulting
- 🏢 Develop and executes strategy



Donald James Searle – BSc(Hons), PhD, MAIMM, MAICD

- 🏢 Over 30 years experience in resources sector in Australia and overseas
- 🏢 Experience in metal project discovery, development, financing and management worldwide
- 🏢 Served on 6 ASX listed resource company boards
- 🏢 Exploration for hydrocarbons - North Sea, Central Australia & Sub-Saharan Africa



Geoffrey Michael – B.A. (UWA)

- 🏢 20 years experience in investment, project development & operations in Australia & overseas
- 🏢 Director of Cirrena Ltd
- 🏢 Former Director of Metaliko Resources Ltd and Unison Ltd (engineering, project developers)

Badimo Gas *Strong South African Partner*



OVERVIEW

- Badimo Gas is a black empowerment controlled entity
- Currently holds a 51% interest in the Amersfoort Project
- Application for 7,086 km² of Exploration Rights predominantly in northern South Africa

KEY PERSONNEL



Donald Ncube – Chairman & controlling shareholder of Badimo

- Non Executive Director of Goldfields International Ltd
- 22 years in senior management with Anglo Gold Ltd
- Community leader & pioneer of the BEE initiative
- Former Chair: South African Airways, South African Atomic Energy Commission, JSX listed Real Africa Holdings Ltd



Paul Tromp BSc, MSc – Technical Director, Petroleum Geologist

- Drilling & operations on >2000 CBM wells for 7 companies
- Founder of Africa & North America CBM since 1990
- University of Zimbabwe Lecturer 1987-92

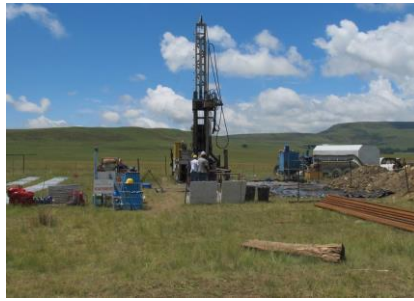
Investment Opportunity

- ✓ Government supportive of gas development
- ✓ High gas market demand and pricing
- ✓ Encouraging wells results – gas flowing spontaneously from sandstone
- ✓ Robust economics - low well and operating costs
- ✓ Right location - close to existing infrastructure and market
- ✓ Many commercialisation options with near term cash flow
- ✓ Large acreage position
- ✓ Strong JV Partner (Non-Operator) and proven funding
- ✓ Experienced Management and technical team in country
- ✓ Amersfoort Project Prospective GIP 2.4Tcf - Reserves mid 2014

Photos



Gas compressor for vehicles KA-03



Coring rig on Volksrust



Well head and separator KA-03



Gassy core on Volksrust



Initial Pilot Test well flare KA-10



Pilot Test cement job crew










Pilot Test drilling



Initial Pilot Test well flare KA-03

CBM Peer Comparison

CBM Peer Comparison

	Africa			International			
Company							
Market Cap (A\$m)	25	41	8	15	290	360	372 ¹
Gross Tenure (km ²)	19,000	76,000	36,500	5,200	3,000	877	>1,556
Location	South Africa & Botswana	Southern Africa	Botswana & Australia	Indonesia & Eastern Africa	China	India	UK
Gross Prospective GIP (Tcf)	6.8	7.7	15.2	4.2	13.3	3.38	102
Gross 2C Resource (Tcf)	1.5	0.2	1.3	2.1	2.5	0.13	1.9
Gross 2P Reserve (Tcf)	-	-	0.06	-	0.88	0.12	0.11

1: Acquisition of Caithness Oil Limited, not included.

Source: Company and Bloomberg