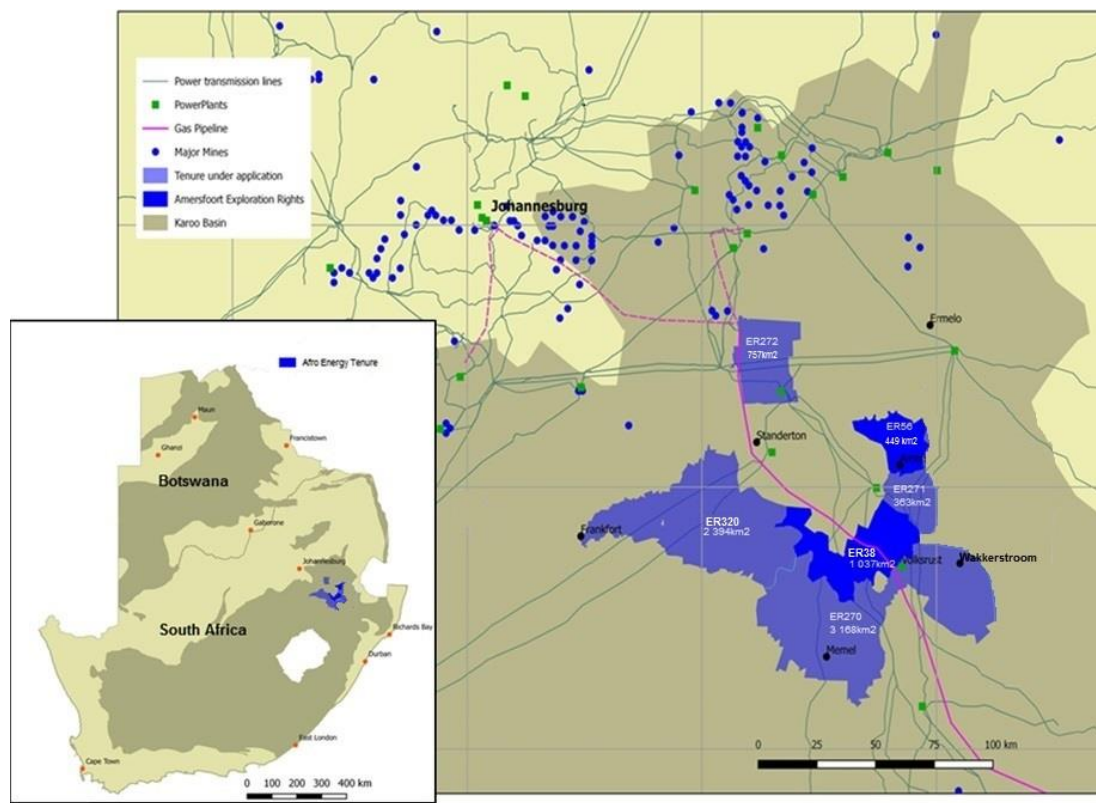


## QUARTERLY OPERATIONS REPORT ENDING 31 DECEMBER 2019

### INTRODUCTION

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) for the quarter ending December 2019. 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%).

### Afro Energy Exploration Rights & Applications



**Figure 1**

## **HIGHLIGHTS**

- **Afro Energy (Pty) Limited (“AE”), following cooperation from its partner Badimo Gas (Pty) Limited (“Badimo”), has been awarded the renewal of exploration rights ER38 and ER56 for a further two-year period with the renewal formalised following the end of the quarter.**
- **Afro Energy (Pty) Limited received final confirmation of being awarded the exploration rights for ER270, ER271 & ER272 for an initial two-year period and they were granted following the end of the quarter.**
- **Kinetiko continues to receive positive responses from funding institutions both inside South Africa and abroad to fund and participate in the Amersfoort project development following a corporate and site trip by directors and Australian brokers.**
- **Kinetiko and Badimo completed the outstanding audited financial accounts for AE enabling Kinetiko to restate the value of its investment in AE to \$7.4m in the 31 December 2019 Financial Report.**
- **Kinetiko is focused on achieving the re-quotation of its securities following the renewal and granting of the Exploration Rights and completion of the outstanding AE audits.**

## **COMMERCIAL ACTIVITIES UPDATE**

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 consistent and affordable energy. As a result of recent efforts to reach agreements in areas of impasse and improved cooperation, both Kinetiko and Badimo have agreed to enable continuation of the development of the Amersfoort project by the submission of renewal applications for the exploration rights ER38 and ER56. In addition, the work programs previously prepared by KKO have been approved by Badimo and the renewal applications for the exploration rights have received final approval by the relevant authorities.

Kinetiko and Badimo finalised the outstanding audited financial accounts for AE, which has assist Kinetiko in satisfying its financial reporting obligations. As a consequence of the various AE financial statements being completed the value of the Company's South African assets have been restated to \$7.4m as Investment in Associate to the Kinetiko financial statements as at 31 December 2019..

These achievements and the conclusion of the impasse 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. 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 2)



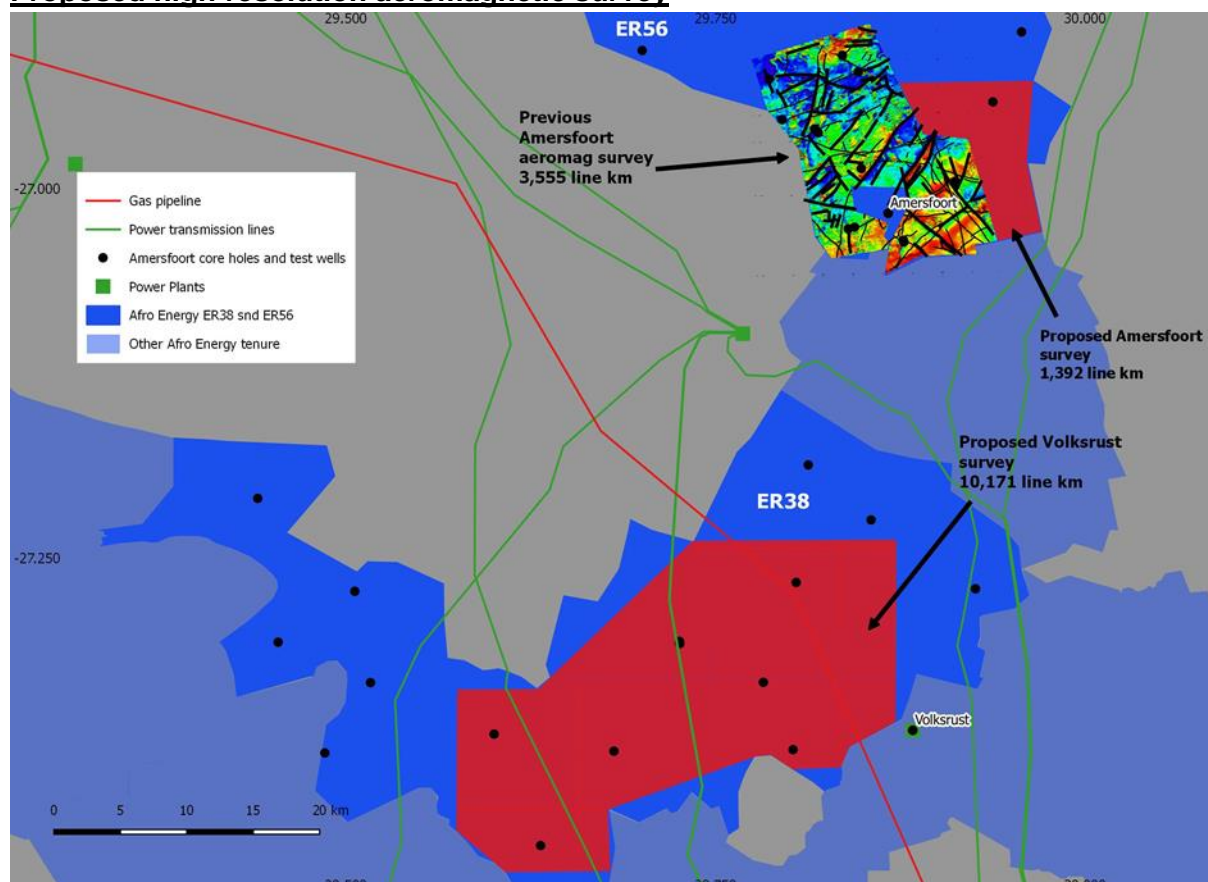
**Figure 2**

## **AMERSFOORT EXPLORATION RIGHTS ER38 AND ER56**

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 and Energy for a further two-year period in early January 2020.

The work program consists 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 3) 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.

### **Proposed high-resolution aeromagnetic survey**



**Figure 3**

### **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. 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.

### **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.



## TENURE STATUS

Clause	Area of Interest	Tenement reference	Nature of interest	Interest December 2019
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%



## About Kinetiko Energy

*Kinetiko Energy is an Australian gas explorer focused on advanced gas and coal bed methane (CBM) opportunities in rapidly developing markets in Southern Africa. Its flagship Amersfoort project which is conducted through Afro Energy and its co shareholder Badimo Gas is being developed around the infrastructure rich and energy starved industrial region of South Africa. South Africa has extensive gassy coal basins, extensive energy infrastructure and a growing gas demand, making it an attractive area for investment.*

*For more information visit: [www.kinetikoenergy.com.au](http://www.kinetikoenergy.com.au)*

*Or contact Geoff Michael or James Searle, Joint Managing Directors, Kinetiko Energy Limited  
+618 6315 3500*

*\* On the 17/2/2016 Kinetiko reported in full to the ASX the Gustavson and Associates LLC the new resource for ER56 at the Amersfoort Project. This resource remain current.*

*Except where indicated, technical comments above have been compiled by James Searle BSc (hons), PhD, a Member of the Australian Institute of Mining and Metallurgy, and a Director of Kinetiko Energy Ltd with over 30 years' experience in metallic and energy minerals exploration and development, including over 5 years' experience in petroleum exploration. Dr Searle consents to the inclusion of this technical information in the format and context in which it appears.*