



AFRO ENERGY ENTERS FIRST ENERGY SALES JOINT VENTURE TERMS SHEET

HIGHLIGHTS

- Kinetiko Energy subsidiary, Afro Energy (Pty) Ltd, has entered a 50/50 joint venture (JV) terms sheet with Vutomi Energy (Pty) Ltd.
- The JV aims to produce and sell electrical energy to third party private sector off takers by being sold into the high voltage network.
- The JV will initially utilise a 1MW gas reticulation engine provided by Vutomi and utilise gas available from Afro Energy's wells.
- The terms sheet is to be formalised as an incorporated joint venture subject to the terms and conditions of the terms sheet being met.

23 December 2021: Perth-based energy exploration company Kinetiko Energy Limited (ASX: "KKO" or "Company") is pleased to announce that Afro Energy (Pty) Ltd has entered into a joint venture terms sheet ("**Terms Sheet**") with Vutomi Energy (Pty) Ltd ("**Vutomi Energy**") seeking to produce and sell electrical energy to third party private sector off takers.

Executive Chairman of Kinetiko, Adam Sierakowski commented: *"The creation of the JV with Vutomi Energy is an important development for Kinetiko in its transition from gas explorer to gas producer. This JV illustrates the potential of how the Company can scale commercial gas production to a variety of domestic customers. Sales of gas under the JV will substantially assist KKO's target of converting its established 4.9Tcf contingent gas resource into first reserves"*.

Key Commercial JV Terms:

The following terms are included (but not limited to):

- Vutomi Energy shall supply the 1MW gas reticulation engine to the Joint Venture on a loan basis at no cost;
- Afro Energy shall provide the Joint Venture with gas from wells located on the Korhaan Project [refer Company's ASX announcement dated 20 December well Korhaan-4 gas intersected];
- the Joint Venture will be responsible for the payment of all costs associated with the transportation and connection of the 1MW gas reticulation engine to the electricity network;
- the Joint Venture will be responsible for the payment of all costs associated with the costs of transporting and connecting the gas produced to the 1MW gas reticulation engine;
- Vutomi Energy shall negotiate and enter into a sale agreement for Energy with third party off takers on behalf of the Joint Venture, such terms to be agreed by the Joint Venturers ("Sale Agreement"); and
- the Parties agree that should this Joint Venture be successful a further extensive joint venture may be undertaken whereby Vutomi Energy provides larger cogeneration electricity plants and Afro Energy develops more gas producing wells to support a large electricity power generation capacity.

JV Timing

- The parties to the JV will negotiate in good faith to enter into a formal and binding joint venture agreement within 90 days of the Execution Date of the JV on terms consistent with the terms, rights and conditions set out in the Terms Sheet.

About Vutomi Energy

Vutomi Energy (Pty) Ltd is a Level 1 BBEEE Independent Power Producer (IPP) based in Mbombela, South Africa. The company is 100% black owned and was formed in 2019 with the acquisition of the existing 18,5MW co-generation plant located in Newcastle, KwaZulu Natal. Vutomi's vision is to be a leading independent energy supplier in Sub-Saharan Africa and to develop clean, renewable energy projects in emerging markets and empower developing country populations with sustainable power. Vutomi's strategy on renewable projects is to get a critical mass of solar PV, offshore wind, natural gas and biomass projects for its existing and future, public

and private clients. Vutomi has a pipeline of more than 1000MW projects, not only in South Africa, but in Sub-Saharan Africa.

This announcement is authorised for release to the market by the Board of Directors of Kinetiko Energy Limited. For more information visit: www.kinetiko.com.au or contact,

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About Kinetiko Energy and Afro Energy

Kinetiko Energy is an Australian gas explorer focused on advanced shallow conventional gas and coal bed methane (CBM) opportunities in rapidly developing markets in Southern Africa. South Africa has extensive gassy coal basins, extensive energy infrastructure and a growing gas demand, making it an attractive area for investment. The Company has a large potential exploration area, of which approximately 7000km² is granted and being explored.

Afro Energy (Pty) Ltd. was incorporated as a joint venture founded in 2015 by Kinetiko Energy Ltd (49%) and Badimo Gas (Pty) Ltd of South Africa (51%) as a JV company to own 100% of the exploration rights with required BEE (Black Empowerment Endowment) certification, and facilitate South African investment in order to continue to explore, develop, and commercialise gas production.

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