



KINETIKO
ENERGY LTD

SOUTH AFRICAN INSTITUTION TO CO-INVEST IN GAS FIELD DEVELOPMENT

HIGHLIGHTS

- Afro Energy (a subsidiary of the Kinetiko) has entered into a joint development agreement (“JDA”) with the Industrial Development Corporation of South Africa (“IDC”).
- The IDC is a wholly owned subsidiary of the South African government mandated to promote economic growth and industrial development in South Africa
- JDA to develop gas fields to produce gas for industrial, commercial, transportation or power generation applications.
- Proposed gas field comprises approximately 20 wells to produce gas under the existing bulk gas production permit of 500mmscf per annum.
- IDC to contribute R70m for a 45% interest and Afro Energy to contribute R85m for 55% interest in an incorporated joint development entity.
- The IDC has a first right to participate up to 45% of the next 80 wells developed by Afro Energy.
- Approvals are in place for the JDA and field commencement anticipated in the late 2022.

4 April 2022: Perth-based energy exploration company Kinetiko Energy Limited (ASX: "Kinetiko" or "Company") an Australian gas explorer focused on advanced shallow conventional and coal bed methane ("CBM") opportunities in rapidly developing markets, is pleased to advise that the Company's subsidiary Afro Energy (Pty) Ltd ("Afro Energy") has executed agreements with the Industrial Development Corporation of South Africa ("IDC") to co-develop a gas production field estimated to comprise up to 20 wells.

Executive Chairman Adam Sierakowski commented:

"Kinetiko's vision of becoming a major player in South African onshore gas production has today taken a significant step forward with agreements being finalised with the IDC, a leading national development finance institution, to co invest in the development of a gas field adjacent to the Company's existing Amersfoort wells. This transaction represents the first investment in Kinetiko by a substantial South African institution and will fast track the Company's ambitions to rapidly develop numerous gas fields over the vast gassy geology identified and we are grateful for the IDC teams long support. We look forward to being a development partner with them."

Afro Energy has executed a JDA and supporting agreements to jointly develop commercial gas in the Amersfoort region within Exploration Right 12/3/271. The investment and development will be conducted through an incorporated special purpose vehicle named "Afro Gas Development SA (Pty) Ltd" ("AGDSA Project").

The gas field development will be undertaken in two phases. The first will be the development of approximately 10 wells and the construction of a gas terminal with gas treatment and processing plant, metering station and pipeline gathering system. The second phase will comprise the commencement of gas production from existing wells and the development of a further approximately 10 wells along with the maintenance and expansion of facilities as required.

Production will be achieved under the permission granted to Afro Energy authorising the removal and disposal of 500 million standard cubic feet (mmscf) of gas per annum. (refer ASX announcement 21 October 2020)

The ADGSA Project is budgeted to cost approximately R155m which will be contributed 45% (R70m) by the IDC and 55% (R85m) by Afro Energy. The contributions are to be made by shareholder loans repayable from ADGSA Project gas production revenues.

It is a condition precedent that Afro Energy and the IDC have executed binding shareholder loan agreements for their respective contributions by 1 August 2022.

The IDC has the first right to participate for up to 45% equity investment in any further special purpose vehicles relating to further gas production blocks up to a total of 80 wells.

Afro Energy is the designated operator of the ADGSA Project and will be engaged to apply its vast technical and operational experience in the development of the gas production field.

Afro Energy has already drilled a five spot well cluster near Amersfoort and has another five approved sites within close proximity, as well as another five exploratory well sites approved to the south. Applications are being lodged for a further ten wells in the vicinity of the Korhaan well cluster near Amersfoort.

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.

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