

KINETIKO SECURES SOUTH AFRICAN STRATEGIC INVESTOR AND LAUNCHES RIGHTS ISSUE TO RAISE A\$4.1m

HIGHLIGHTS

- Kinetiko secures subscription from South African energy investment group
- Investment group stakeholders comprise leading South African oil and gas executives
- ZAR\$10m subscription substantially bolsters the Kinetiko Black Economic Empowerment (BEE) certification
- Subscription combined with a 1 for 15 pro-rata renounceable rights Issue to raise up to A\$3.1m
- Attractively priced at \$0.075 per Share, representing a 15% discount to the 30-day VWAP of \$0.088
- Shareholders can trade their rights and apply for additional shares
- Rights to start trading from 29 May 2022 with strong director participation indicated
- Funds to be used to accelerate exploration and working capital
- Follows recently announced JDV with the IDC - a wholly owned subsidiary of the South African government mandated to promote economic growth and industrial development

Kinetiko Energy Ltd (ASX: KKO) (**Kinetiko** or the **Company**) an Australian gas explorer focused on advanced shallow conventional gas and coal bed methane (**CBM**) opportunities in South Africa, is pleased to advise that it has secured a subscription of ZAR\$10m from Phefo Power (Pty) Ltd (**Phefo Power**) and has launched a proposed partially underwritten pro-rata renounceable rights issue on the basis of 1 new share for every 15 shares held (**Rights Issue**) to raise a further A\$3.1m.

On completion, the Company will be well-funded through raising a total of approximately A\$4.1 million before costs to pursue further exploration and corporate opportunities as well as provide general working capital. This strategic investment and Rights Issue follows the recently 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 (See ASX Announcement dated [4 April 2022](#)).

Kinetiko Executive Chairman, Adam Sierakowski commented:

“Kinetiko continues to attract South African investment as its vision to become a strategic energy solution in South Africa gains momentum. Phefo Power was founded by leading South African Oil and Gas executives who beyond their investment are offering significant strategic assistance.

In addition, the subscription greatly enhances the percentage of Black Economic Empowerment (BEE) shareholding in Kinetiko which will expedite the Company’s ability to develop its projects in South Africa.”

Strategic Investment

Kinetiko is excited to welcome Phefo Power as a shareholder via this subscription for shares which will substantially bolster Kinetiko’s Black Economic Empowerment (**BEE**) certification. Phefo Power is an investment group whose stakeholders comprise leading South African oil and gas executives. Kinetiko looks forward to working with these experienced individuals and seeking strategic assistance to navigate the incredible future for the Company and maintaining its focus on becoming a major player in South African onshore gas production.

Pursuant to the terms of the placement, the pricing of which was negotiated in early 2020 and subject to the IDC investment, Phefo Power has subscribed for 30m fully paid ordinary shares in the Company that are subject to voluntary escrow for a period of 12 months from their date of issue. The subscription price for the Shares is ZAR\$10m.

The subscription shares will be issued pursuant to the Company’s existing annual placement capacity under Listing Rule 7.1A and are expected to be issued on or about 26 May 2022.

Renounceable Rights Issue

The renounceable Rights Issue will be offered to shareholders who are registered as a holder of Shares on Monday, 2 May 2022 (**Record Date**) with a registered address in Australia, South Africa and New Zealand (**Eligible Shareholders**).

The offer is on the basis of one (1) new fully paid ordinary share (**New Share**) for every fifteen (15) Shares held at an issue price of \$0.075 to raise up to A\$3.1m (before costs).

The Rights Issue is proposed to be partially underwritten to \$1,500,000 by Lead Manager and Underwriter Mahe Capital Pty Ltd (ACN 634 087 684) (AFSL 517246) (**Mahe Capital**). All Directors intend to subscribe for a portion of their entitlement in the Rights Issue.

The Rights Issue offer price represents a discount of:

- 10% to the Company’s last close of \$0.83 on the ASX;

- 13% to the Company's 5-day VWAP of \$0.086; and
- 14% to the Company's 10 day VWAP of \$0.087.

Notwithstanding the above, the Company may (in its absolute discretion) extend the Rights Issue to certain Shareholders who have registered addresses outside the eligible countries in accordance with applicable law. The Rights Issue will close on 19 May 2022 (unless extended).

Issues under this Rights Issue Offer will be made under Listing Rule 7.2 exception and therefore do not affect the Company's current Listing Rule 7.1 capacity. No shareholder approval is required for the Rights Issue Offer. Fractional entitlements will be rounded up to the nearest whole number.

All New Shares issued will rank equally with existing shares on issue and the Company will apply for quotation of the New Shares. A Prospectus in relation to the Rights Issue (**Prospectus**) is intended to be lodged with ASIC after market close on Tuesday, 26 April 2022. The Prospectus and personalised entitlement and acceptance forms will be sent to Eligible Shareholders on Wednesday, 4 May 2022.

Eligible Shareholders should consider the Prospectus in deciding whether to subscribe under the Rights Issue and will need to follow the instructions on the personalised entitlement and acceptance forms that will accompany the Prospectus.

The table 1 below sets out the existing Share capital structure (before the Rights Issue) together with the impact of the issue of the New Shares under the Rights Issue and the subscription from Phefo Power.

TABLE 1.

Shares	Number
Existing Shares as at date of this Announcement	626,299,536
Maximum number of New Shares issued under the Rights Issue	41,784,636
Shares issued to Phefo Power	30,000,000
Total Shares on issue following completion of the Rights Issue and issue to Phefo Power	698,084,172

The following Table 2 are indicative dates of the Rights Issue:

TABLE 2.

Event	Date
Announcement of Entitlement Offer	Wednesday, 20 April 2022
Release of Prospectus and Appendix 3B with ASX (after market close)	Wednesday, 26 April 2022
Ex-date Rights trading commences on a deferred settlement basis	Friday, 29 April 2022
Record Date 5.00pm (AWST) (date for determining Eligible Shareholders to participate in the Entitlement Offer)	Monday, 2 May 2022
Opening Date Prospectus and personalised Acceptance Forms sent to Shareholders	Wednesday, 4 May 2022
Rights trading ends at close of trading	Thursday, 12 May 2022
New Shares quoted on a deferred settlement basis	Friday, 13 May 2022
Last day to extend the Closing Date ¹	Monday, 16 May 2022
Closing Date (Entitlement Offer closes 5.00pm (AWST))	Thursday, 19 May 2022
Announcement of results of issue	Tuesday, 24 May 2022
Issue date of New Shares and lodgement of Appendix 2A with ASX applying for quotation of the securities	Thursday, 26 May 2022

Notes:

1. Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.
2. These dates are indicative only and are subject to change.

About the Industrial Development Corporation (IDC) of South Africa Limited



The Industrial Development Corporation (IDC) of South Africa Limited was established in 1940 through an Act of Parliament (Industrial Development Corporation Act, 22 of 1940) and is fully owned by the South African Government.

IDC priorities are aligned with the national policy direction as set out in the National Development Plan (NDP), Industrial Policy Action Plan (IPAP) and industry Master Plans. Their mandate is to maximise their development impact through job-rich industrialisation, while contributing to an inclusive economy by, among others, funding black-owned and empowered companies, black industrialists, women, and youth-owned and empowered enterprises.

-ENDS-

Released with the authority of the Board of Directors of Kinetiko Energy Ltd.

For more information visit: 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, widespread energy infrastructure and 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.

to continue to explore, develop, and commercialise gas production.

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