KINETIKO ENERGY LTD

ABN 45 141 647 529

Annual Report
for the Year Ended
30 June 2022

C O N T E N T S

Corporate Directory

Directors
Adam Sierakowski
Geoffrey Michael
Thomas Fontaine

Company Secretary
Simon Whybrow

Public Officer
Geoffrey Michael

Principal Activity
Coal Bed Methane Exploration

Principal Place of Business
283 Rokeby Road
SUBIACO WA 6008

Registered Office
283 Rokeby Road
SUBIACO WA 6008

Auditors
BDO Audit (WA) Pty Ltd
Level 9
Mia Yellagonga Tower 2
5 Spring Street
PERTH WA 6000

Stock Exchange Listing
Australian Securities Exchange
Home Exchange: Perth
Code: KKO

Share Registry
Automic Registry Services
Level 5, 191 St Georges Terrace
PERTH WA 6000

Directors' Report

The directors of Kinetiko Energy Ltd ("the Company") submit herewith the financial report of the Company for the financial year ended 30 June 2022. In order to comply with the provisions of the *Corporations Act 2001*, the Directors' report as follows:

Directors

The names of the directors in office during the financial year and until the date of this report are:

Adam Sierakowski
Geoffrey Michael
Thomas Fontaine

Information on Directors

Adam Sierakowski, Executive Chairman
Mr Sierakowski is a lawyer and founding director of the legal firm Price Sierakowski. He has more than 20 years of experience in legal practice, much of which he has spent as a corporate lawyer, consulting and advising on a range of transactions to a variety of large private and listed public entities. He has advised and guided many companies undertaking fundraising activities in Australia and seeking to list on the ASX.

As the co-founder of Trident Capital, Mr Sierakowski has also advised a variety of public and private clients on the structuring of their transactions and has been engaged in co-ordinating fundraising both domestically and overseas. He has vast experience in restructuring and mergers and acquisitions and has played a key role in the recapitalisation of many ASX-listed companies.

Mr Sierakowski is a member of the Australian Institute of Company Directors and the Association of Mining Exploration Companies.

Special responsibilities:
- None

Directorships held in other ASX-listed companies in the past 3 years:
- Coziron Resources Ltd, Executive Director, appointed 21 October 2010, resigned 2 November 2020.
- Dragontail Systems Limited, Non-Executive Director, appointed 14 September 2016.
- Rision Limited, Non-Executive Director, appointed 8 June 2018, de-listed 20 April 2020.
- Connected IO Limited, Non-Executive Director, appointed 3 December 2018.

Directors' Report (continued)

Information on Directors (continued)

Geoffrey Michael (BA UWA), Non-Executive Director and Co-Managing Director
Mr Michael has been an Executive Director of various companies, investment syndicates and enterprise start-ups across a range of asset classes for more than 20 years. His experience ranges from property development and investment to resources, mining services, civil engineering and contracting, to information technology and hospitality. These activities have been carried out in Australia, Europe, Asia and Southern Africa. He has over ten years continuous experience to date as a Non-Executive Director of ASX-listed company Kinetiko Energy Ltd.

Special responsibilities:
- None

Directorships held in other ASX-listed companies in the past 3 years:
- None

Thomas Fontaine (B.Sc.Eng UAlberta), Non-Executive Director
Mr Fontaine is a professional engineer with over 25 years' technical and commercial experience in the development and commercialisation of conventional and unconventional petroleum assets, including start-up, running and building resource companies.

In the mid-2000s, he co-founded Pure Energy Limited whose primary endeavour was to secure prospective coal bed methane acreage in Queensland and develop a resource. Pure Energy successfully drilled over 40 wells to prove over 1 trillion cubic feet of gas, which enabled the company to be sold to British Gas for over AUD$1 billion in 2009.

Mr Fontaine is currently a major shareholder and on the board of several early stage resource companies with assets based in Australia, Cuba, Africa and North America.

Special responsibilities:
- None

Directorships held in other ASX-listed companies in the past 3 years:
- Hawkley Oil and Gas Limited (delisted on 9 June 2020), appointed 21 June 2019, resigned 19 August 2021.

Company Secretary

Simon Whybrow (ACPA, FGIA, FCG)
Mr Whybrow is a Certified Practising Accountant and Chartered Secretary and has over 25 years corporate and commercial experience within both ASX-listed and unlisted companies. Mr Whybrow was Chief Financial Officer, Chief Operating Officer and Company Secretary for ASX-listed security company Threat Protect Australia Ltd (ASX: TPS) from 2016 to 2020. Prior to that he was involved in several listed and unlisted, public and private, mining companies including chief financial officer and company secretary for RMA Energy Limited 2007 to 2010.

Directors' Report (continued)

Principal Activities
The principal activity of the Company during the financial year was coal bed methane exploration.

Operating Results
The loss for the year ended 30 June 2022 after providing for income tax amounted to $5,818,849 (2021: $1,704,899).

The directors of Kinetiko Energy Ltd ("the Company") submit herewith the operations report of the Company for the financial year ended 30 June 2022.

Review of Operations

Year Highlights

- **Return to Drilling**
    - After an eight year hiatus, Kinetiko returned to the field and drilled three new production wells in the vicinity of the decade old discoveries made by two wells on the farm Brakfontein in the Amersfoort area.

- **Aeromagnetic acquisition**
    - Aeromag and gravitometry surveys covered approximately 12,000 line km (>500 km2), adding 42 more compartments to the existing 37 evidenced by previous three surveys flown in the last half decade. There are now 79 confirmed large compartments after covering less than 25% of the total acreage under Rights and Application.

- **Health, Safety and Environment** – No accidents, injuries or environmental incidents have been reported during the period.

- **COVID-19** – Afro Energy will continue exploration activities observing South Africa's latest Covid-19 restrictions and regulations. Kinetiko continues to progress its exploration activities.

- **Funding** – Kinetiko remains debt free, and all invoices related to the aeromags, drilling, logging and testing within 2021/22 were honoured on time. The company has cash to continue with its approved exploration and drilling programs within H2-22.

- **IDC** investment in SPV with Afro Energy finalised.

- **Regulatory** – Afro Energy's revised application to The Petroleum Agency of South Africa (PASA) applying for the consolidation of exploration rights ER56, ER38 and ER271 into ER271 in terms of section 102 of the Mineral and Petroleum Resources Development Act (MPRDA) of 2002 was approved by the DMRE.

  Afro Energy's application for the amendment of the Environmental Impact Assessment (EIA) Regulations to existing EMPRs for exploration rights ER38, ER271 and ER56 into a consolidated EMPR for ER271 was also approved.

- **Merger** – Badimo Gas (Pty) Ltd (51%) and Kinetiko Energy Ltd (49% and Operator) merger under the MPRDA Section 11 was approved by the Minister during March 2022, and subsequently by the South African Reserve Bank. The Merger Agreement between the two partners has been finalised and signed off. The merger is expected to be approved by the Shareholders at the next AGM of the company in Q4-22, after which Kinetiko Energy Ltd becomes the 100% owner of the Rights Holder in South Africa, Afro Energy (Pty) Ltd.

- **Nick de Blocq** appointed as CEO (01 August 2021) replacing retiring CEO, Johan Visage.

Directors' Report (continued)

Review of Operations (continued)

Perth-based energy exploration company Kinetiko Energy Limited (ASX:KKO) ("**Kinetiko**") is pleased to report on corporate developments and operation activities at its Amersfoort project and adjacent exploration rights in South Africa (Figure 1) during the year ended 30 June 2021. The activities are conducted through Afro Energy (Pty) Ltd ("**Afro Energy**") an incorporated joint owned by Kinetiko Energy Ltd of Australia (49%) and Badimo Gas (Pty) Ltd ("**Badimo**") of South Africa (51%).

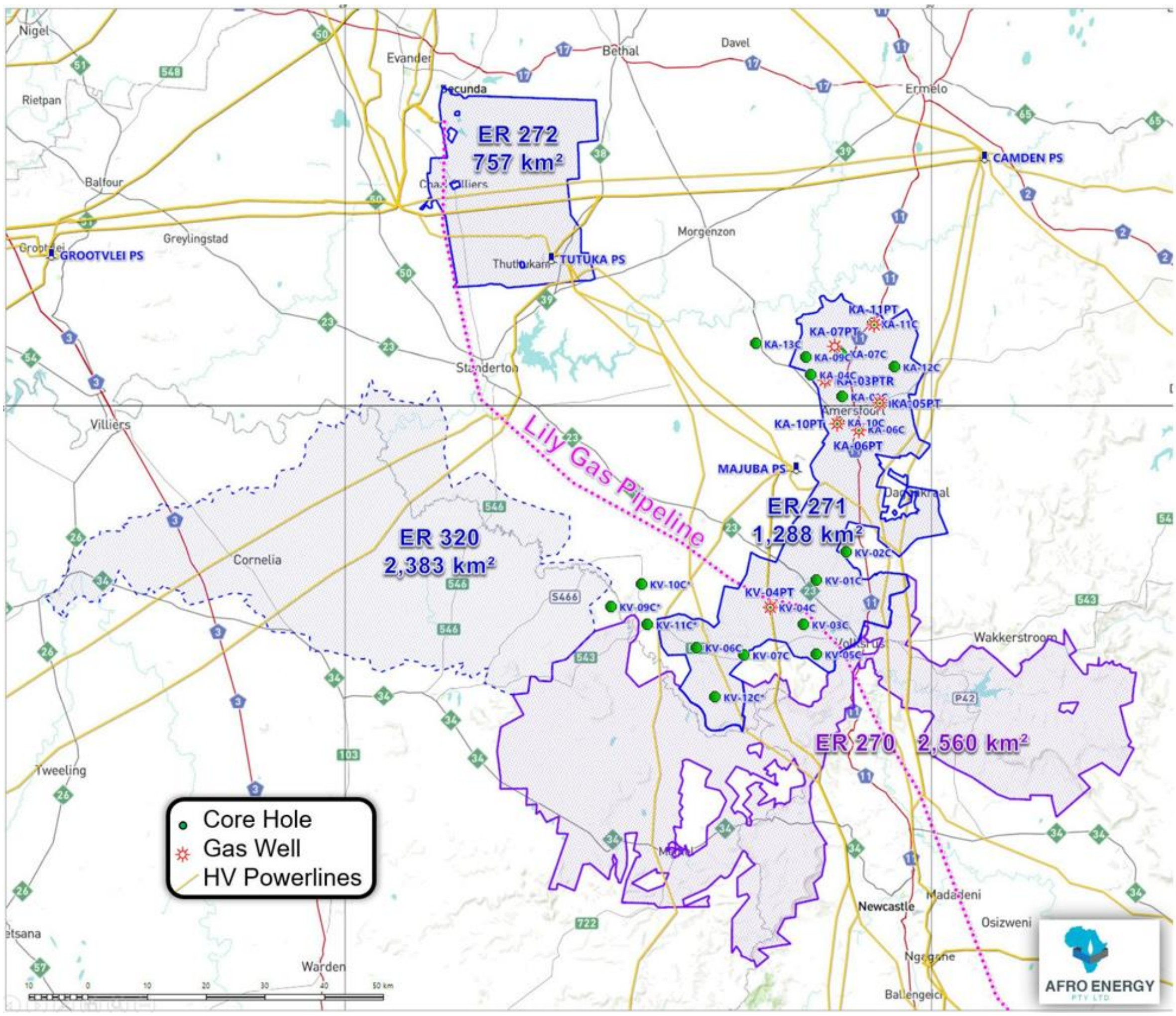

Figure 1: Afro Energy Exploration Rights & Applications

CORPORATE

Acquisition of Badimo Gas by Kinetiko Energy

Kinetiko has executed a binding Agreement with Badimo to acquire the remaining 51% of Afro Energy. Regulatory approvals were obtained from the Minister of Mines and Energy in March 2022, followed by approval from the South African Reserve Bank in Q2-22. Upon completion of the proposed acquisition, subsequent to shareholder approval at the 2022 AGM, Kinetiko will become the sole owner of Afro Energy, which holds 100% interest in the Exploration Rights and the sample gas production permit in South Africa (Figure 1).

Directors' Report (continued)

Review of Operations (continued)

The acquisition significantly de-risks the development of the South African projects and brings together all the experience and expertise of the historic joint venture parties. Once finalised, the proposed acquisition will streamline the exploration and development of over 6,000 km2 of Exploration Rights and application areas.

The respective Boards and major shareholders of both Badimo and Kinetiko are supportive of the acquisition and have been working together to complete the satisfaction of the conditions precedent to the merger. All requirements are now in place and ready to present to the shareholders in the Q4-22 AGM to be held in Perth.

Regulatory

Afro Energy submitted a revised application to PASA applying for the consolidation of exploration rights ER56, ER38 and ER271 into ER271 (Figure 2) in terms of section 102 of the Mineral and Petroleum Resources Development Act of 2002.

The signing ceremony of the Deed of Amendment for the consolidation of ER271 was undertaken on 03 Dec 2021 at the PASA offices, with documents signed by the Afro Energy Chairman, Mr Don Ncube, and the PASA CEO, Ms Phindile Masangane.

Directors' Report (continued)

Review of Operations (continued)

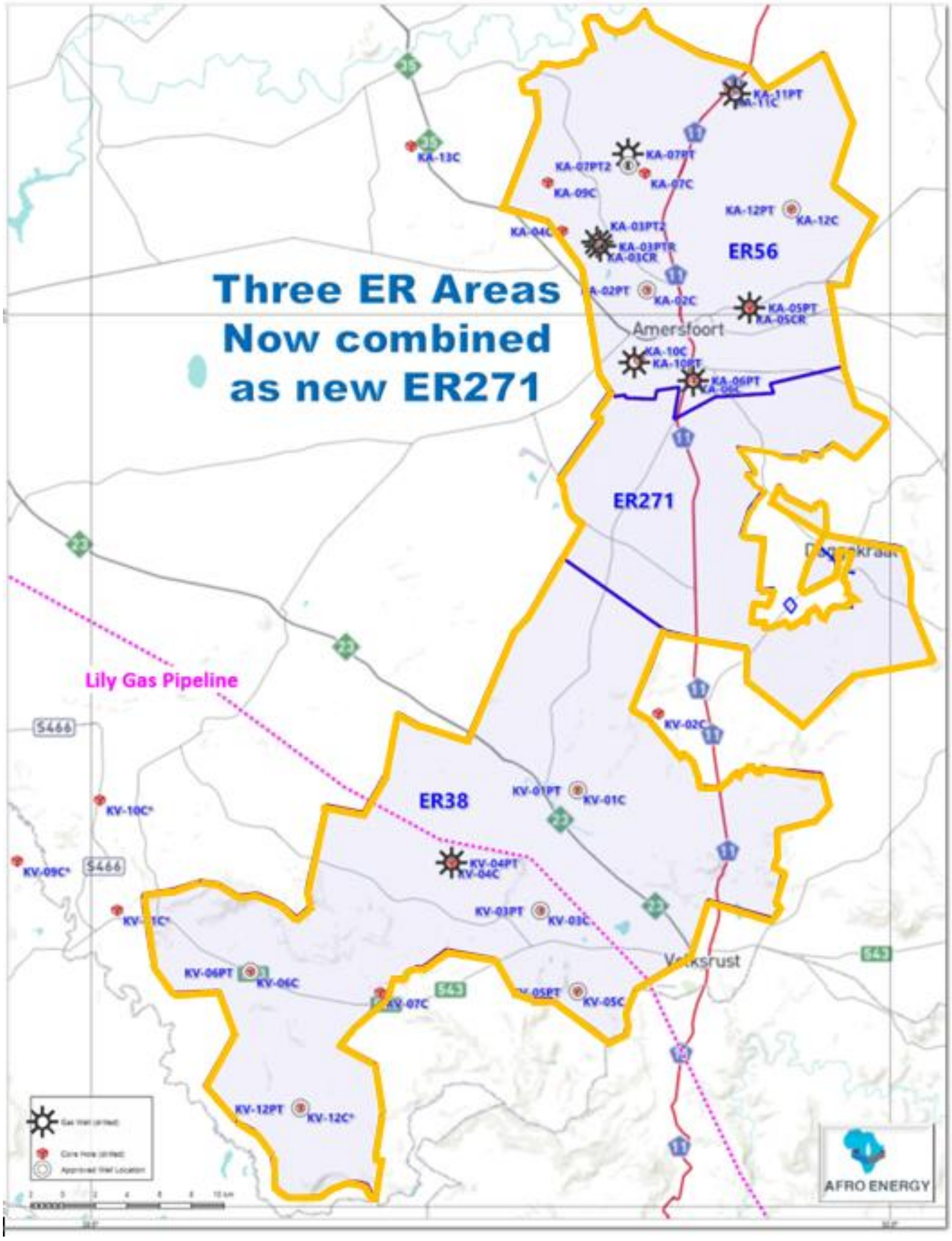

Figure 2: The new consolidated ER271

Funding

The Company successfully completed a sophisticated placement in July 2021 that raised A$2.8m and managed to raise a further A$1.8m later in 2021. Kinetiko is debt free and has cash on hand to enable the continuation of previously approved exploration and production drilling programs in H2-22 and H1-23.

Directors' Report (continued)

Review of Operations (continued)

Afro Energy finalised agreements with the institutional investment arm of the South African Government, the IDC (Industrial Development Corporation of South Africa). A Special Purpose Vehicle (SPV) has been formed and the joint company registered as "Afro Gas Development SA". This SPV is evidence of the confidence held in our project by the State of South Africa, and brings an injection of ZAR 70M for 45% of the SPV. The goal of the venture is to produce gas to any offtake mechanism for about 2 years from about 20 wells. Once the required volume has been achieved, further production from this field will be 100% to the benefit of Afro Energy. The remaining 55% is committed by Afro Energy as our equity in this venture. These funds will be raised almost entirely from South African investors who have shown a keen interest in participating as shareholders. The IDC has the option to retain up to their original partnership level in up to 60 more wells, should they choose to do so.

These achievements and the ongoing merger of the Afro Energy joint venture have elicited a number of positive responses from potential funding institutions both inside South Africa and abroad to fund and participate in the Mpumalanga Gas Project development as equity partners and also in terms of direct investment in the development of production projects. Afro Energy has entered into discussions with a number of interested parties who are prepared to fund both the upstream drilling activity and midstream infrastructure in order to secure gas supplies for their various projects, without dilution effects on the Company.

EXPLORATION

Drilling

Kinetiko spudded three wells during Q4-21 and continued with drilling and logging operations into Q1-22. These wellsites are all in the vicinity of our most recently proven production success on the Brakfontein farm near Amersfoort, Mpumalanga. This grouping of wells is known as the "Korhaan" drilling project and constitutes wells Korhaan-3, Korhaan-4 and Korhaan-5. These wells are a combination of "appraisal" (proving the productivity of the sandstone components in the localised compartments) as well as "production" (they were completed ready to bring in as producers in the near future). The status of the wells is as follows (Figures 3 & 4):

Korhaan-3 reached terminal depth (TD) of 449m on 02 Feb and we got the quick-look gas rate check flowing at about 220,000 scfpd under choked conditions with the drilling string in the well and water ingress uncontrolled. Further multi-day testing showed an encouraging stable rate of around 83,000 scf/d.

Korhaan-4: This well was drilled and logged in Q4-21 and underwent well testing operations over some months of H1-22. We experienced multiple issues with borehole blockages, gas intersect issues and equipment failures, before seeing a production rate peak at over 90,000 scf/d.

Korhaan-5: This well was TD'ed at 432m and logs were run late January. The well testing showed sub-optimal flow rates and it is suspected that we entered a small compartment, which is supported by a larger compartment. While flow rates remained low, initial pressures are achieved with every build up period.

Weather: The greatest risk to the operational economics has been the regional weather. Our drilling sites have experienced inordinate storm counts this sneighbouring ummer, surpassing decade-long records. Our HSE Policy dictates that we down-mast the rigs in any case where lightning encroaches within 20km and so downtime due to thunderstorms cost us more than a third of the productive period from mid-November to mid-February.

We also suffered multiple **lightning strikes** at our wellsites which resulted in equipment damage. This has led to the singular setback in our well flow testing efforts as we have had to import new equipment before being able to run well testing under trustworthy, controlled conditions.

Directors' Report (continued)

Review of Operations (continued)

Kinetiko Wells Korhaan Cluster 3, 4, 5

	Section Dimensions:												
	Conductor					Surface					Production		
Well:	**Start**	**Finish**	**Bit size**	**Casing**	**Shoe set**	**Start**	**Finish**	**Bit size**	**Casing**	**Shoe set**	**Start**	**Finish**	**Bit size**
Korhaan-3	0m	12m	20"	16"	12m	12m	177m	15"	10,75"	171,4m	177m	449m	9,4"
Korhaan-4	0m	6m	20"	16"	6m	6m	130m	15"	10,75"	127,5m	130m	443m	9,4"
Korhaan-5	0m	6m	20"	16"	6m	6m	147m	15"	10,75"	144,7m	147m	432m	9,4"

Figure 3: Technical specs of the Korhaan cluster wells

Directors' Report (continued)

Review of Operations (continued)

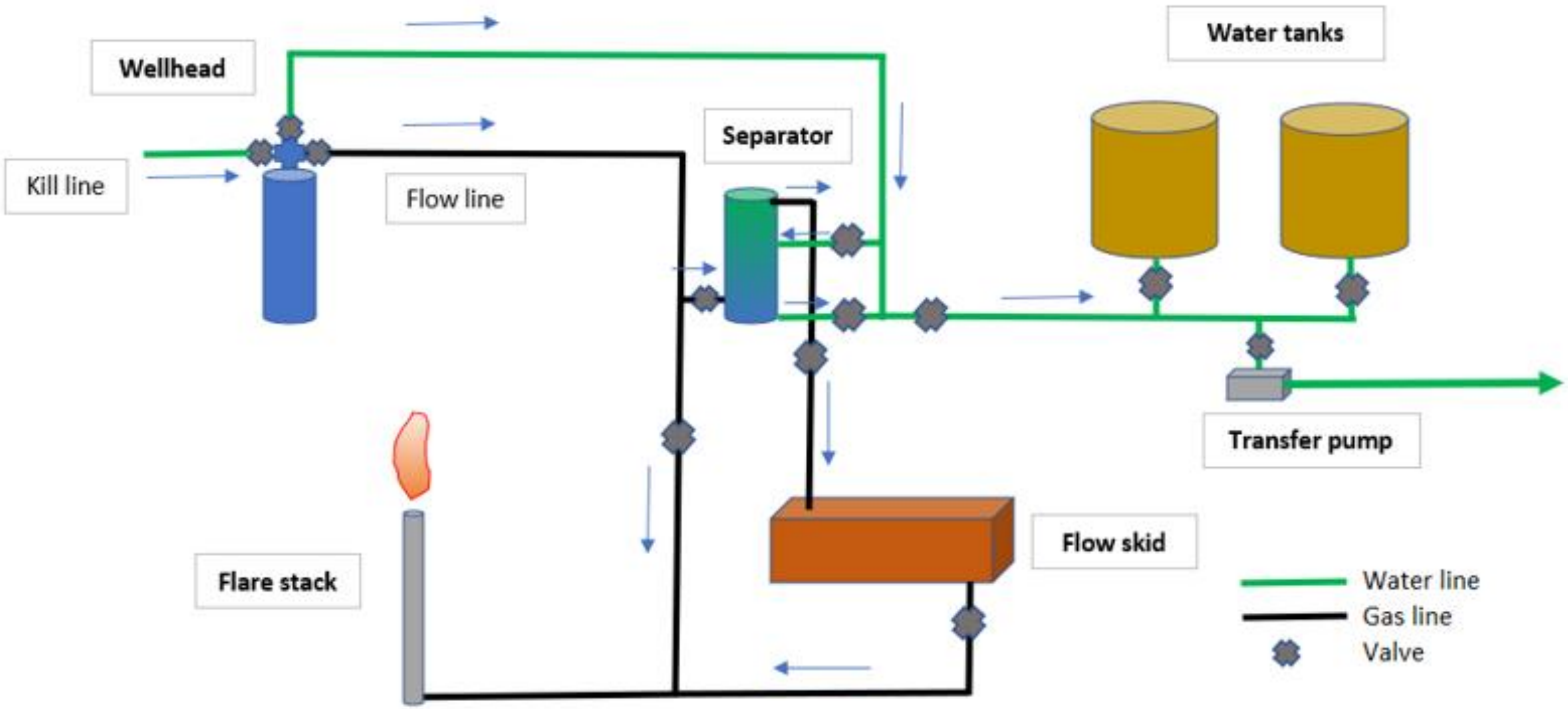

Figure 4: Generic surface layout of the Korhaan cluster well test spread

Directors' Report (continued)

Review of Operations (continued)

Welltest summary per well:
Korhaan-5 was tested first as it showed an excellent gassy sand profile. About 113m of pay intervals of above 2m in depth were measured, with a total gassy sand interface of 142m. It had good shut-in pressure build-up of over 12.5 bar, but only stabilised gas flow at 7 Nm^3/hour. A technical review is underway and the Company is considering using the same drill pad to drill a 45° slant hole to try to tap into the larger compartment which appears to be replenishing the tested compartment during shut in periods via an inefficient / leaky dyke.

Korhaan-4 was the second well to be tested due to logs having shown a cumulative pay zone of 127m; but as a result of weather and equipment delays was shut in. The well was opened and re-entered in early June 2022 flow testing with multi-day and multi-cycle flow/shut periods is undertaken. This process was interrupted by a number of equipment issues including failed downhole sensors and faulty water pumps. Notwithstanding the mechanical issues, flow testing in June achieved a stable 3-day flow rate of 40,000 standard cubic feet per day. When preparing for the removal of the faulty water pump K-4 exhibited unexpectedly high unrestricted gas flow "afterburner" achieving an average flow rate over a 12-hour period of 91,000 standard cubic feet per day. This late gas flow indicated further significant gas low potential from K-4 and following the resolution of mechanical issues it is anticipated that K-4 could be retested and reach sustained flow rates in excess of 100,000 scfpd.

Korhaan-3 was tested during May 2022 and had a successful series of multiple flow and shut-in periods. Encouragingly, each period showed an increase in both flow rate and build-up pressure, proving its placement within a large compartment with rapid recharge functionality. The last flow period produced very high quality gas (~98% methane, 2% nitrogen and zero CO_2) at a sustained rate of over 83,000 scfpd gas flow with a shut-in pressure build-up of over 12 bar.

Aeromagnetic Surveys

High Resolution Aeromagnetic Survey and Interpretation Unlocks More Gas Potential (Figure 5)

- The fourth high-resolution aeromagnetic/gravitometry and radiometric survey on the Mpumalanga Gas Project was completed successfully in November 2021.
- Final interpretation of the latest surveys identified 42 additional potentially gas-charged geologically defined compartments increasing the number of potential production fields to 79 in Afro Energy's areas under Rights (Figure 7).
- Coverage was over three areas –two in ER270 and one in ER272.
- Geological model: layer cake shale and sand sequence with interbedded coal seams, intersected by dolerite dyke and sill intrusions.
- Interpretation basis:
    - Based on magnetic intensity reduced to pole images.
    - Magnetic signature dominated by dolerite dykes and sills, with some cultural interference (powerlines, railway lines, etc.).
    - Identification of dolerite dykes.
    - Priority areas identified within compartments bounded by dykes. Dykes form barriers for migration of gas and fractured zones around dykes have high risk of water production. Compartments of high magnetic intensity avoided as indication of high dolerite (sill) content –reduced potential reservoir volume (Figure 6).

- Line spacing: 50m
- Tie line spacing: 500m
- Line orientation: 135°/315° - ER 270 North 0°/180°
- Tie line orientation: 45°/225° - ER 270 North 90°/270°
- Flying Height: 35m Mean Terrain Clearance above ground level.

Directors' Report (continued)

Review of Operations (continued)

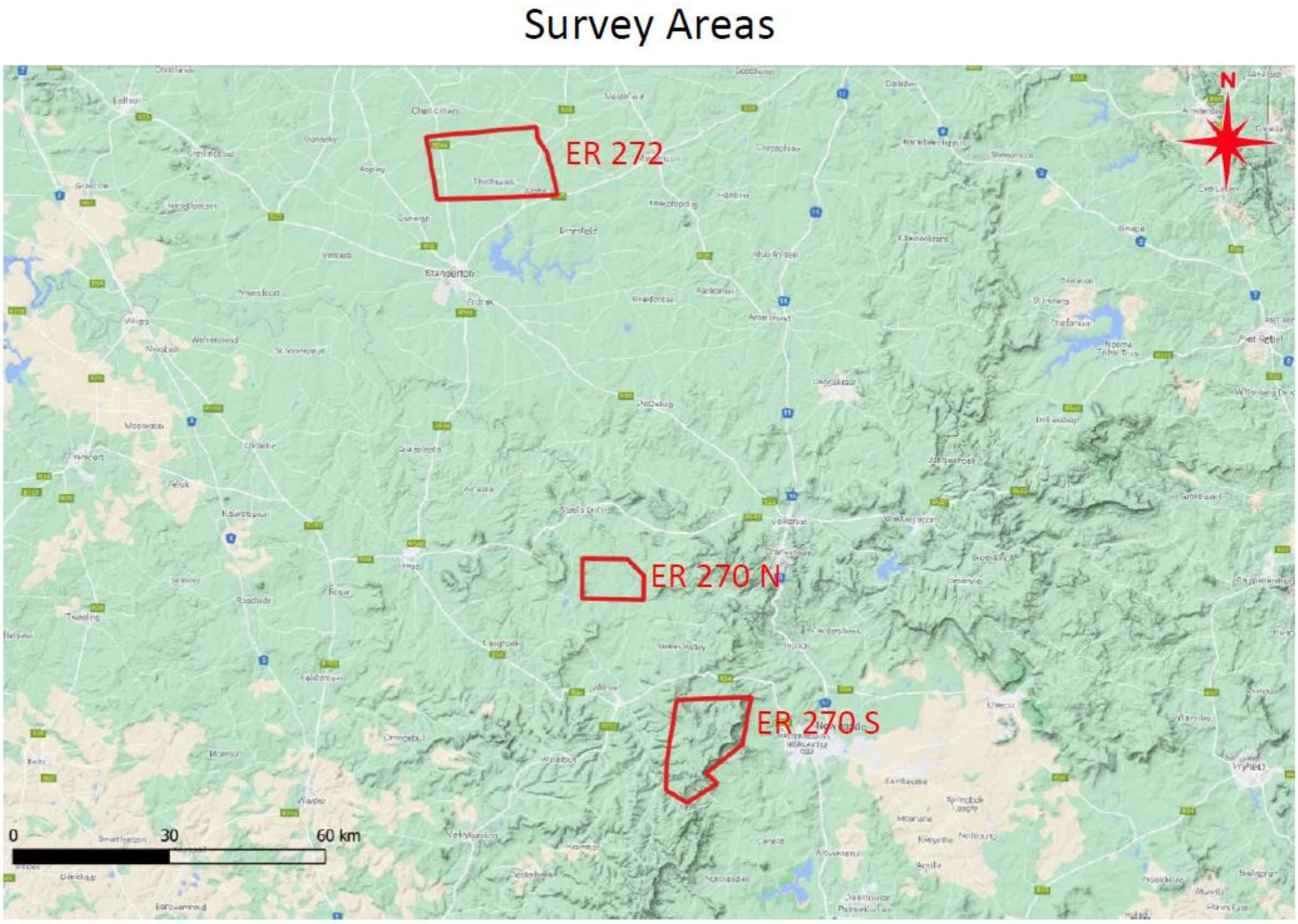

Figure 5: Survey areas flown in Blocks ER270 and ER272

Directors' Report (continued)

Review of Operations (continued)

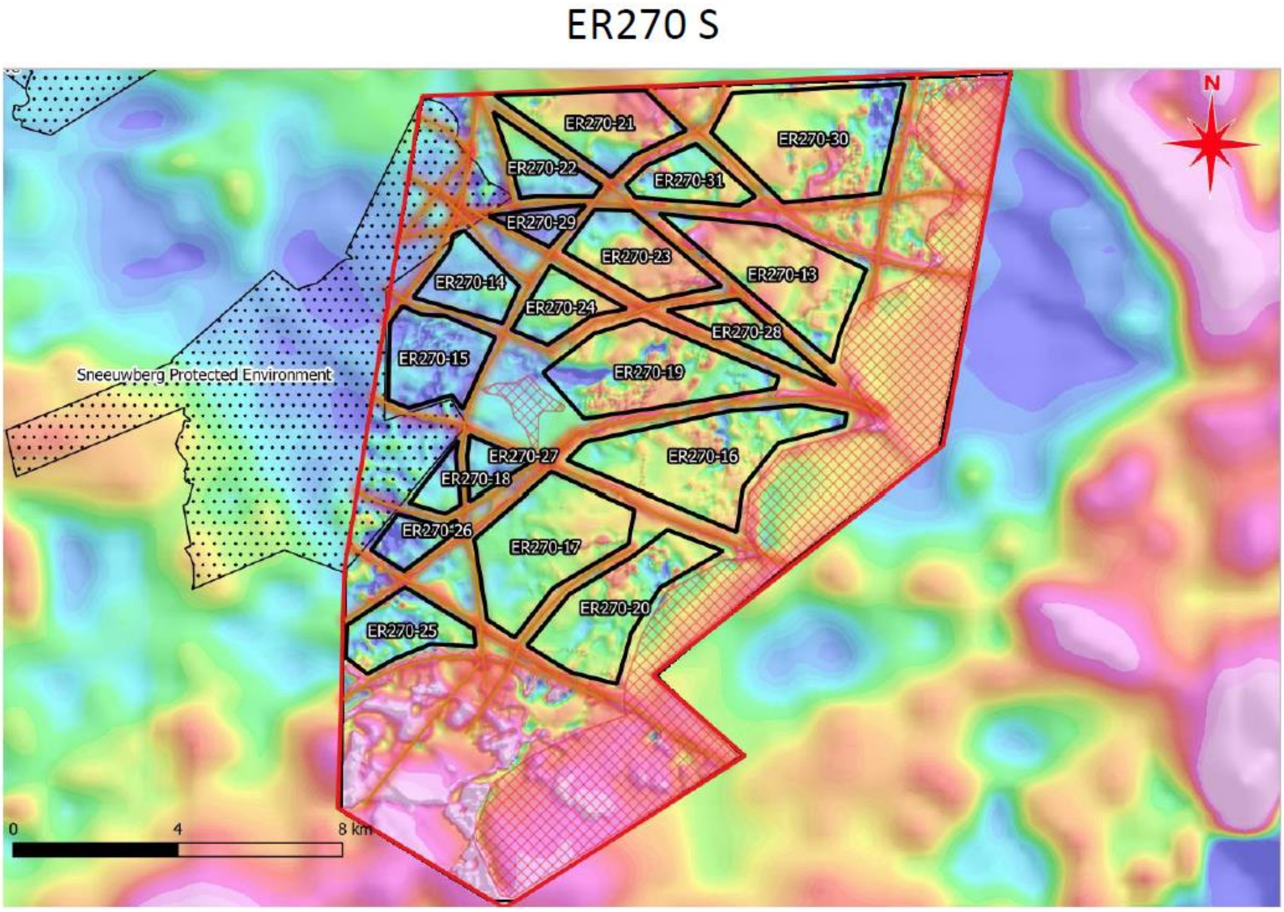

Figure 6: Example of interpretation showing compartmentelised (field-trap / dolerite dyke) geology

Directors' Report (continued)

Review of Operations (continued)

Area Sizes

ER270 N	
Area	Area Size (km^2)
ER270-01	4.68
ER270-02	3.34
ER270-03	2.99
ER270-04	4.23
ER270-05	4.52
ER270-06	2.26
ER270-07	1.60
ER270-08	3.37
ER270-09	7.94
ER270-10	1.42
ER270-11	4.72
ER270-12	2.79

ER270 S	
Area	Area Size (km^2)
ER270-13	7.35
ER270-14	3.06
ER270-15	4.62
ER270-16	9.30
ER270-17	8.43
ER270-18	1.05
ER270-19	7.96
ER270-20	6.74
ER270-21	5.09
ER270-22	2.33
ER270-23	4.51
ER270-24	2.46
ER270-25	3.59
ER270-26	1.53
ER270-27	1.23
ER270-28	2.13
ER270-29	1.12
ER270-30	10.03
ER270-31	2.72

ER272	
Area	Area Size (km^2)
ER272-01	15.66
ER272-02	17.87
ER272-03	19.25
ER272-04	10.39
ER272-05	13.17
ER272-06	4.09
ER272-07	16.54
ER272-08	13.59
ER272-09	11.95
ER272-10	4.99
ER272-11	7.56

Figure 7: Measured surface area sizes of the 42 new compartments exposed by the 2021 aeromag survey

PRODUCTION

GTP

Our initial production will be to a small, "proof-of-concept" GTP (Gas to Power) generator which will be serviced, tested and placed in the field next to the Korhaan well cluster to convert gas to electrical power. This production in planned to be implemented in three stages:

Stage 1: Electro-mechanical proving of the equipment, running the engine on well gas. This stage will be for proving only, and not connected to the grid.

Stage 2: Link four of the existing five Korhaan wells to a collection (tie-in) point for separation and dehydrating. This gas will be fed to the generator which will produce 1MW to the existing grid running through the farm. We require an Environmental Authorisation for this phase as recent regulation updates required an EA to accompany a Bulk Sampling Permit (BSP) under which we will produce the gas for Stage 2.

Stage 3: After converting our Exploration Right to a Production Right, we will upgrade the conductor infrastructure and downstream Distribution Box (DB), and add further Korhaan cluster wells to the collection and processing area and beef up the electrical generation to 5MW.

Directors' Report (continued)

Review of Operations (continued)

All of the above stages have been approved in principle by PASA and the designs are approved by Eskom. The sale of the power will be under the auspices of an IPP (Independent Power Producer) to a private client – currently intended to be a sawmill in northern Mpumalanga. This is done via a "wheeling" agreement wherein the supplier puts in the power at point A and the client offtakes at point B, without national geographical limitation.

Other potential production

Further GTP potential is evident from multiple approaches to solve mining power in the area and also municipal reticulation to the city of Johannesburg. Certain Metropoles have been given approval to source their own power (against the background of failure from Eskom to satisfy the national demand) and we have been approached by a supplier seeking 100MW (about 400 wells) as they respond to a Request for Tender from the City.

Kinetiko is also in advanced negotiations with potential gas off-takers for both intermediate and large-scale gas production from new fields, where they will purchase gas at an on-site transfer point, and produce LNG for virtual pipeline delivery to their clients in major cities and industrial areas.

Apart from the urgent and obvious need for GTP, the production of LNG widens the market considerably as thermal energy consumers are battling to reduce their carbon footprint, being tied to coal, diesel and HFO (Heavy Fuel Oils). Our gas represents a substantial relief in their efforts to decarbonise.

We have also been in discussion with an off-taker who has proposed a large-scale field development to support the production of both Urea and Ammonia, with agricultural and mining markets.

The fourth pillar of production lies in the supply of gas direct to pipeline. The Lilly pipeline running southwards from Sasol in Secunda runs through three of our Rights areas. This gas originates in Mozambique from a field about to begin a depletion curve after three decades of production, coupled to the fact that Sasol intends to utilise an increasing amount of its own gas to transition its fuel production away from CTL (Coal to Liquids) to GTL (Gas to Liquids) as a substantial step towards decarbonising their fuel production business. Their offtakers down the line have sensed the potential depletion and have started to approach us to discuss our ability to support them in the future.

Furthermore, as Sasol's Secunda plant lies on the border of our Rights area ER272, there is also the potential to supply that plant via direct pipeline from the fields in that Block.

Planned Operations

Post June 2022, the Company is planning to restart its exploration activities by drilling up to seven core holes in all three areas under current Rights.

An initial core hole in mid-ER271 is being planned to start in Q3-22 after PASA approval, in the vicinity of Eskom's Majuba power station. This has the objective of proving a proximate gas source for the 20MW GTP generator within the plant. The initial intention was to capitalise on the surrounding UCG (Underground Coal Gassification) project which did not reach completion in terms of substantial gas production.

This borehole is intended to be followed seamlessly by at least three exploratory core holes in each of ER270 and ER272. These will represent the first drilling efforts outside of Block ER271.

We expect to find deeper terminal depths to the holes drilled in ER270 as the basement dips southwards. This macro-feature could add about 200m or more to the depth of the eventual wells and present us with more attractive targets that give us higher pressures and flow rates due to larger gas-contact cuts in the longer sandstone sections.

Directors' Report (continued)

Review of Operations (continued)

The benefit of exploring Block ER272 is the vicinity of Sasol's liquid fuels plant in Secunda. Sasol is currently actively seeking to bulk its gas input due its stated move away from coal as a source for liquid fuels.

Tenement reference	Nature of interest
ER320 (TCP 106)	Application for conversion from TCP to exploration right approved by regulator, but an ER re-application process has now been required.
ER 270	Exploration Right granted on 03 September 2019.
ER 271	Consolidation to include ER56 and ER38 granted by DMR on 19 August 2021.
ER 272	Exploration Right granted in 21 August 2019.

Competent Persons Statement
Unless otherwise specified information in this report relating to operations, exploration and related technical comments have been compiled by CEO, Mr Nick de Blocq, who has over 33 years' experience in energy minerals exploration and production, including various executive roles. Mr de Blocq consents to the inclusion of this information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affect the information included in the relevant market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Significant Changes in State of Affairs

Significant changes in the state of affairs of the Company during the financial year were as follows:

- In July 2021, the Company issued 28,480,000 ordinary shares at an issue price of $0.10 per share to professional and sophisticated investors in relation to the non-renounceable, pro-rata entitlement offer. On 7 July 2021, the Company issued 3,000,000 unlisted options to the Lead Broker under the terms of the offer. The options are exercisable at $0.13 per share on or before 7 July 2023.

- On 10 August 2021, Mr Nicholas de Blocq Van Scheltinga was appointed as the new South African based CEO of the Company, replacing Mr Johan Visage to lead a locally based technical team fully supported by experienced Australian consultants.

Directors' Report (continued)

Significant Changes in State of Affairs (continued)

- In December 2021, the Company executed a Share Restructure Agreement with Badimo Gas (Pty) Ltd to acquire its shareholding in Afro Energy (Pty) Ltd, thereby increasing the Company's ownership from 49% to 100%. The agreement is subject to a number of conditions precedent, which includes Kinetiko shareholders approval, ASX approval, and other regulatory approvals. As at the date of this report, these conditions remain outstanding.

- During the first half of the financial year, the Company issued a total of 9,578,831 ordinary shares upon the exercise of unlisted options for a total sum of $287,365.

- In April 2022, Afro Energy (Pty) Ltd, a subsidiary of the Company, entered into a joint development agreement with the Industrial Development Corporation of South Africa ("IDC").

  The parties agreed to pool their interests in a joint development entity incorporated in South Africa, Afro Gas (Pty) Ltd ("Afro Gas"), which will maintain the interest share of 55% Afro Energy and 45% IDC. The objective of this new structure is to develop gas fields to produce gas for industrial, commercial, transportation or power generation applications.

- In May 2022, the Company completed a pro-rata entitlement offer, raising $1.7 million, net of costs. Following the 1 for 15 renounceable rights offer, a total of 27,333,322 ordinary shares were issued at 7.5 cents each.

- During the financial year ended 30 June 2022, the Company secured a subscription of 30 million ordinary shares from a strategic investor, Phefo Power (Pty) Ltd. Pursuant to the terms of the placement, the pricing of which was negotiated in early 2020 and subject to the IDC investment, the subscription raised a further $900,000 (ZAR 10 million) of working capital to pursue further exploration and corporate opportunities.

Matters subsequent to the end of the financial year

In July 2022, the Company fully repaid a short term loan of $250,000 advanced by Mr Adam Sierakowski.

On 1 August 2022, the Company issued 2,000,000 performance options to Mr Nicholas de Blocq Van Scheltinga (CEO) for having completed 12 months of service and satisfied the condition of the performance rights under the employment agreement.

The full impact of the COVID-19 pandemic continues to evolve at the date of this report. The Company is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity and future results of operations.

No other matters or circumstance has arisen since 30 June 2022 that has affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Likely developments and expected results of operations

As Kinetiko Energy Ltd is listed on the Australian Stock Exchange, it is subject to the continuous disclosure requirements of the ASX Listing Rules which require immediate disclosure to the market of information that is likely to have a material effect on the price or value of Kinetiko Energy Ltd securities.

Directors' Report (continued)

Dividends Paid or Recommended

No dividends were paid during the financial year (2021: nil) and no recommendation is made as to payments of future dividends.

Meetings of Directors

During the financial year, 8 meetings of Directors were held. Attendances by each director were as follows:

	Number eligible to attend	**Number Attended**
Adam Sierakowski	8	8
Geoffrey Michael	8	6
Thomas Fontaine	8	8

Directors' Shareholdings

As at the date of this report, the interests of the directors in the shares of the Company were:

Director	**Ordinary Shares**	**Unlisted Options**
Adam Sierakowski	91,929,337	-
Geoffrey Michael	43,614,954	-
Thomas Fontaine	200,000	-

Share Options

As at the date of this report, the unissued ordinary shares of the Company under option are as follows:

Grant date	Expiry date	Exercise price	Number under option
7 July 2021[1]	7 July 2023	$0.13	3,000,000
1 August 2022[2]	31 July 2024	$0.10	2,000,000
			5,000,000

[1] The unlisted options were issued to the Lead Broker under the terms of the Share Purchase Plan.
[2] The unlisted performance options were issued to Nicholas de Blocq, following completion of 12 months of service and satisfaction of his performance criteria.

Directors' Report (continued)

Remuneration Report (Audited)

The directors are pleased to present the Company's 2022 remuneration report which sets out remuneration information for the company's Non-Executive directors, managing director and other key management personnel.

The report contains the following sections:

(a) Principals used to determine the nature and amount of remuneration
(b) Compensation of key management personnel
(c) Services agreements
(d) Shareholdings of key management personnel
(e) Options on issue
(f) Loans to key management personnel
(g) Loans from key management personnel
(h) Other transactions with key management personnel
(i) Use of remuneration consultants
(j) Voting and comments made at the Company's 2021 Annual General Meeting

The information provided in this remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

(a) Principles used to determine the nature and amount of remuneration

The remuneration policy of Kinetiko Energy Ltd has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the company's financial results. The board of Kinetiko Energy Ltd believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the company.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the company is as follows:

The remuneration policy, setting the terms and conditions for the Executive Directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The Board of Directors (Board) reviews executive packages annually by reference to the company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth. Executives are also entitled to participate in the employee share and option arrangements.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes or Binomial methodologies.

Directors' Report (continued)

Remuneration Report (continued)

(a) Principles used to determine the nature and amount of remuneration (continued)

The Board policy is to remunerate Non-Executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive directors and reviews their remuneration annually based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive directors is subject to approval by shareholders at the annual general meeting (currently $250,000). Fees for Non-Executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in employee option plans.

The objective of the Company's executive reward framework is set to attract and retain the most qualified and experienced directors and senior executives. The board ensures that executive reward satisfies the following criteria for good reward governance practices:

- Competitiveness
- Acceptability to shareholders
- Performance linkage
- Capital management

Directors' fees

A director may be paid fees or other amounts as the directors determine where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Performance based remuneration

An employee may be granted long term incentives by way of performance rights and options, which vest after certain predetermined periods of service.

The Chief Executive Officer has been granted long term incentives by way of performance rights and options, which vest after certain predetermined periods of service. Details of these incentives are contained at paragraph (c)(v) below.

Company performance, shareholder wealth and Directors' and Executives' remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and Directors and Executives. This is facilitated through the issue of options or performance rights to Directors and Executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. At commencement of mine production, performance based bonuses based on key performance indicators are expected to be introduced.

Remuneration governance

The Company has not formed a remuneration committee. The role of a remuneration committee is instead carried out by the full Board in accordance with the Nomination and Remuneration Committee charter. The Corporate Governance statement provides further information on the role of this committee.

Directors' Report (continued)

Remuneration Report (continued)

(b) Compensation of key management personnel

The key management personnel of the Company are the Directors, Chief Executive Officer and the Company Secretary. There are no Executives, other than Directors, Chief Executive Officer and the Company Secretary, who have the authority and responsibility for planning, directing and controlling the activities of the Company.

Directors

Adam Sierakowski	Executive Chairman
Geoffrey Michael	Non-Executive Director and Managing Director
Thomas Fontaine	Non-Executive Director

Chief Executive Officer

Nicholas de Blocq Van Scheltinga	Chief Executive Officer (appointed 10 August 2021)

Company Secretary

Stephen Hewitt-Dutton (resigned 19 July 2021)
Simon Whybrow (appointed 19 July 2021)

The emoluments for each Director and key management personnel of the Company for the year ended 30 June 2022 are as follows:

Year ended 30 June 2022	**Short-term**				**Post Employment**	
	Salary & Fees $	*Profit Share & Bonuses* $	*Non Cash* $	*Share Based Payments* $	*Superannuation* $	**Total** $
Directors						
A Sierakowski	189,900	-	5,845	-	-	195,745
G Michael	60,000	-	5,845	-	-	65,845
T Fontaine	60,000	-	5,845	-	-	65,845
Chief Executive Officer						
N de Blocq	233,931	-	5,845	112,938	3,174	355,888
Company Secretary						
S Hewitt-Dutton (resigned 19 Jul 21)	4,000	-	-	-	-	4,000
S Whybrow (appointed 19 Jul 21)	44,000	-	-	-	-	44,000
	591,831	-	23,380	112,938	3,174	731,323

Directors' Report (continued)

Remuneration Report (continued)

(b) Compensation of key management personnel (continued)

The emoluments for each Director and key management personnel of the Company for the year ended 30 June 2021 are as follows:

Year ended 30 June 2021	**Short-term**				**Post Employment**	**Total**
	Salary & Fees	*Profit Share & Bonuses*	*Non Cash*	*Share Based Payments*	*Superannuation*	
	$	$	$	$	$	$
Directors						
A Sierakowski	130,950	-	-	-	-	130,950
Dr J Searle (resigned 9 Feb 21)	39,286	-	-	-	-	39,286
G Michael	60,000	-	-	-	-	60,000
T Fontaine (appointed 24 Feb 21)	23,571	-	-	-	-	23,571
Company Secretary						
S Hewitt-Dutton (resigned 19 Jul 21)	48,000	-	-	-	-	48,000
	301,807	-	-	-	-	301,807

(c) Service agreements

The agreements related to remuneration are set out below:

Current Agreements

(i) The Company has agreed to pay Geoff Michael's director fees to Vital Nominees Pty Ltd as trustee for Vital Trust, an entity in which Mr Michael has an interest, since October 2020.

(ii) The Company has entered into an employment agreement with Adam Sierakowski, whereby the base remuneration for services provided by Mr Sierakowski as Executive Director of the Company is $189,900 per annum.

The term of the employment agreement commenced on 1 January 2021 and continues until terminated in accordance with the agreement.

(iii) The Company has agreed with Trident Management Services Pty Ltd, a Company in which Adam Sierakowski is a Director and shareholder, to pay $4,000 per month for Mr Simon Whybrow's services as Company Secretary. The agreement previously relates to Stephen Hewitt-Dutton's services but remained in effect upon Mr Whybrow's appointment as Company Secretary on 19 July 2021.

(iv) The Company has agreed with Fontaine Consulting Pty Ltd, a company controlled by Thomas Fontaine, to pay $5,000 per month for Mr Fontaine's services as Director, commencing from his appointment on 9 February 2021.

Directors' Report (continued)

Remuneration Report (continued)

(c) Service agreements (continued)

(v) The Company has entered into an employment agreement with Nicholas de Blocq Van Scheltinga, whereby the base remuneration for his services as the Chief Executive Officer of the Company is $240,000 per annum. The term of the employment agreement commenced on 1 August 2021 and continues until terminated in accordance with the termination provisions of the agreement.

Key specifics of the terms of the employment agreement are as follows:

Remuneration:	$240,000 p.a. (exclusive of superannuation entitlements)
Remuneration review:	On or about 1 August 2022 and on each anniversary of that date thereafter.
Incentive options:	2,000,000 performance options which shall entitle the CEO to acquire 1 unlisted option for every performance option held following satisfaction of the performance criteria being the completion of 12 months of service under the terms of the Agreement. The unlisted options are exercisable at 10 cents per share on or before 31 July 2024.

Terminated Agreements

There were no terminated agreements during the year ended 30 June 2022.

(d) Shareholdings of key management personnel

2022	Balance at 01/07/21	Shares Purchased[2]	Shares Purchased	Shares Issued[1]	Shares Held at Resignation	Balance at 30/06/22
	No.	No.	No.	No.	No.	No.
Directors						
A Sierakowski	87,374,556	4,054,781	400,000	-	-	91,829,337
G Michael	37,046,123	1,140,000	-	5,428,831	-	43,614,954
T Fontaine	-	200,000	-	-	-	200,000
Chief Executive Officer						
N de Blocq (appointed 10 Aug 21)	-	-	-	-	-	-
Company Secretary						
S Whybrow	-	-	-	-	-	-
S Hewitt-Dutton (resigned 19 Jul 21)	1,922,500	-	-	-	(1,922,500)	-
	126,343,179	5,394,781	400,000	5,428,831	(1,922,500)	135,644,291

[1] Shares were issued during the year upon the exercising of unlisted options at $0.03 each to raise $162,865. Refer to Note 17(viii).
[2] Shares purchased during the year via Entitlement Offer.

Directors' Report (continued)

Remuneration Report (continued)

(e) *Options on issue*

2022	Balance at 01/07/21 No.	Options Held at Appointment No.	Options Issued No.	Options Exercised No.	Options Held at Resignation No.	Balance at 30/06/22 No.
Directors						
A Sierakowski	-	-	-	-	-	-
G Michael	5,428,831	-	-	(5,428,831)	-	-
T Fontaine	-	-	-	-	-	-
Chief Executive Officer						
N de Blocq (appointed 10 Aug 21)	-	-	-	-	-	-
Company Secretary						
S Whybrow	-	-	-	-	-	-
S Hewitt-Dutton (resigned 19 Jul 21)	-	-	-	-	-	-
	5,428,831	-	-	(5,428,831)	-	-

(f) *Loans to key management personnel*

No loans were advanced to key management personnel during the year.

(g) *Loans from key management personnel*

Details of a loan by Adam Sierakowski to the Company are contained in Note (h)(viii) below.

There were no other loans from key management personnel during the year.

Directors' Report (continued)

Remuneration Report (continued)

(h) Other transactions with key management personnel

Transactions with key management personnel related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

		2022 $	2021 $
(i)	Payments to Trident Management Services Pty Ltd, a company of which Adam Sierakowski is a Director and shareholder, for company secretarial services provided.	48,000	48,000
(ii)	Payments to Price Sierakowski Pty Ltd, a company of which Adam Sierakowski is a Director and shareholder, for legal services provided.	22,378	26,251
(iii)	Payments to Trident Capital Pty Ltd, a company of which Adam Sierakowski is a Director and shareholder, for corporate advisory services as per mandate.	-	60,000
(iv)	Payments to Trident Management Services Pty Ltd, a company of which Adam Sierakowski is a Director and shareholder, for capital raising fees relating to the rights entitlement offer.	11,550	-
(v)	Payments to Geoff Michael for services rendered in relation to the legal dispute with BBP Law.	-	8,105
(vi)	Payments to Cirrena Pty Ltd, a company of which Geoff Michael has an interest in, for office occupancy costs.	-	5,000
(vii)	Payments to Cowbra Pty Ltd, a company of which Geoff Michael is a Director, for the provision of IT services.	720	8,870
(viii)	During the year, Adam Sierakowski loaned funds to the Company. The loan is unsecured, interest free and repayable at call. The loan was fully repaid after 30 June 2022. Movements for the year are as follows:		
	Opening balance	-	-
	Funds received	250,000	-
	Closing balance	250,000	-

(ix) During the year ended 30 June 2022, 6,228,831 options held by Directors were exercised. This includes 800,000 options exercised by Dr James Searle which was held at his resignation in February 2021. There were no remaining unexercised options held by directors as at 30 June 2022.

Directors' Report (continued)

Remuneration Report (continued)

(h) Other transactions with key management personnel (continued)

		2022 $	2021 $
	<u>Amounts outstanding at reporting date</u>		
	Aggregates amount payable to Key Management Personnel and their related entities at reporting date.		
(i)	Payables	54,567	78,451
(ii)	Borrowings (refer note (viii) above)	250,000	-

(i) Use of remuneration consultants

The Company did not employ the services of remuneration consultants during the financial year.

(j) Voting and comments made at the Company's 2021 Annual General Meeting

The approval of the remuneration report was passed by way of a poll as indicated in the results of Annual General Meeting (AGM) dated 8 December 2021. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

The Company's resolution to appoint Thomas Fontaine as a Director was passed via a poll.

End of audited remuneration report

Indemnification of Officers and Auditors

The Company did not renew its contract of insurance insuring the Directors and officers of the Company against certain liabilities specified in the contract during the financial year.

Non-Audit Services

The Company may decide to employ the auditors on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor or a related practice of the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

No non-audit services have been provided by the Company's auditors in the year ended 30 June 2022. Remuneration paid to the Company's auditors is detailed in Note 18 of this report.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included in this Financial Report on page 29.

Auditor Fees

During the year, the total amounts paid or payable to the auditor, BDO Audit (WA) Pty Ltd, for audit services provided was $43,284 (2021: $42,983).

Directors' Report (continued)

Environmental Regulations

The Company is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

The Company has considered its compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the period of 1 July 2021 to 30 June 2022, the Directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

The Company was not a party to any such proceedings during the financial year.

Signed in accordance with a resolution of the Board of Directors:

DIRECTOR

Dated at Perth, 30 September 2022

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5 Spring Street
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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF KINETIKO ENERGY LIMITED

As lead auditor of Kinetiko Energy Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2022

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Kinetiko Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kinetiko Energy Limited (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Kinetiko Energy Limited, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying Value of Investment in Associate

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 11, the Company's investment in associate (Afro Energy Pty Ltd) has a significant carrying value as at 30 June 2022. The company is required to assess whether any impairment indicators are present in accordance with ASAB 128 *Investments in Associates and Joint Ventures* (*"AASB 128"*) which may indicate the Group's investment in associate is impaired. We have determined this is a key audit matter given its financial significance to the entity and the judgements and estimates required in assessing the carrying value of the investment.	Our procedures included, but were not limited to the following: • Considering the existence of any indicators of impairment in accordance with AASB 128; • Reviewing ASX Announcements, Board of Directors meetings minutes, joint venture minutes and considering management's assessment of impairment indicators; • Reviewing key agreements executed during and subsequent to year end to understand key terms and conditions; and • Assessing the adequacy of related disclosures in Note 11 and Note 1 to the Financial Statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 27 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Kinetiko Energy Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Jarrad Prue

Director

Perth, 30 September 2022

Directors' Declaration

The directors of the company declare that:

a) The financial statements and notes, as set out on pages 35 to 67 comply with Accounting Standards and the *Corporations Act 2001* and other mandatory professional reporting requirements;

b) gives a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the year ended to 30 June 2022; and

c) in the Directors' opinion, the financial statements and notes are prepared in accordance with International Financial Reporting Standards and Interpretations as adopted by the International Accounting Standards Board.

In the Directors' opinion:

(i) At the date of the declaration there are reasonable grounds to believe that the Company will be able to pay its debts as when they become due and payable; and

(ii) the Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by Section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2022.

This declaration is made in accordance with a resolution of the Board of Directors.

DIRECTOR

Dated at Perth, 30 September 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022 $	30 June 2021 $
Other Income			
Other income from ordinary activities	**2(a)**	718	43,417
Total Income		718	43,417
Expenses			
Depreciation	**2(b)**	(21,940)	(5,581)
Administration expenses		(157,676)	(136,566)
Consultancy and professional costs	**2(c)**	(275,225)	(413,907)
Employment and contractor expenses		(563,038)	(538,968)
Travel expenses		(1,135)	(172)
Occupancy expenses		(17,700)	(19,013)
Foreign exchange gain/(loss)		(32,267)	31,857
Project expenditure	**11**	(2,431,148)	(669,453)
Share based payments	**16(b)**	(112,938)	-
Interest expense and finance charges		(2,056)	(10,202)
Reversal/(impairment) of loan to associate	**2(c) / 8**	-	162,662
Acquisition related expenditure	**2(c)**	(340,051)	-
Finance charges	**2(c)**	(1,710,000)	-
Total expenses		(5,665,174)	(1,599,343)
Share of net loss from associated entities	**11**	(154,393)	(148,973)
Loss before income tax expenses		(5,818,849)	(1,704,899)
Income tax benefit/(expense)	**4**	-	-
Loss after income tax expense for the year		(5,818,849)	(1,704,899)
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign balances		(236,424)	656,616
Total comprehensive loss for the year net of tax		(6,055,273)	(1,048,283)
Loss per share for loss from continuing operations attributable to equity holders of the company:			
Basic loss per share (cents)	**5**	(0.9)	(0.3)
Diluted loss per share (cents)	**5**	(0.9)	(0.3)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	30 June 2022 $	30 June 2021 $
CURRENT ASSETS			
Cash and cash equivalents	**6(a)**	1,347,785	190,857
Receivables	**8**	117,522	622,744
Other	**9**	15,458	11,090
TOTAL CURRENT ASSETS		1,480,765	824,691
NON CURRENT ASSETS			
Receivables	**8**	660,738	-
Other	**9**	900,001	-
Property, plant & equipment	**10**	170,095	1,954
Investment in associates	**11**	6,648,687	7,014,212
TOTAL NON CURRENT ASSETS		8,379,521	7,016,166
TOTAL ASSETS		9,860,286	7,840,857
CURRENT LIABILITIES			
Trade & other payables	**12**	470,620	298,914
Borrowings	**13**	250,000	-
TOTAL CURRENT LIABILITIES		720,620	298,914
TOTAL LIABILITIES		720,620	298,914
NET ASSETS		**9,139,666**	**7,541,943**
EQUITY			
Contributed equity	**14**	31,743,101	24,319,825
Reserves	**15(b)**	633,230	639,934
Accumulated losses	**15(a)**	(23,236,665)	(17,417,816)
TOTAL EQUITY		**9,139,666**	**7,541,943**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

Year ended 30 June 2022	Ordinary Shares $	Accumulated Losses $	Reserves $	Total Equity/(Deficit) $
Balance at 1 July 2021	24,319,825	(17,417,816)	639,934	7,541,943
Other comprehensive loss				
Loss for the year	-	(5,818,849)	-	(5,818,849)
Movement in foreign currency translation reserve	-	-	(236,424)	(236,424)
Total comprehensive loss for the year	-	(5,818,849)	(236,424)	(6,055,273)
Transactions with owners in their capacity as owners				
Shares issued during the year	7,841,364	-	-	7,841,364
Share issue costs	(418,088)	-	-	(418,088)
Share based payments	-	-	112,938	112,938
Options issued during the year – refer to Note 16(a)	-	-	116,782	116,782
Total contributions by owners	7,423,276	-	229,720	7,652,996
Balance at 30 June 2022	31,743,101	(23,236,665)	633,230	9,139,666

Year ended 30 June 2021	Ordinary Shares $	Accumulated Losses $	Reserves $	Total Equity/(Deficit) $
Balance at 1 July 2020	23,060,577	(15,712,917)	(31,650)	7,316,010
Other comprehensive loss				
Loss for the year	-	(1,704,899)	-	(1,704,899)
Movement in foreign currency translation reserve	-	-	656,616	656,616
Total comprehensive loss for the year	-	(1,704,899)	656,616	(1,048,283)
Transactions with owners in their capacity as owners				
Shares issued during the year	1,317,193	-	-	1,317,193
Share issue costs	(57,945)	-	-	(57,945)
Options issued during the year – refer to Note 17(viii)	-	-	14,968	14,968
Total contributions by owners	1,259,248	-	14,968	1,274,216
Balance at 30 June 2021	24,319,825	(17,417,816)	639,934	7,541,943

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022 $	30 June 2021 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,038,939)	(1,325,364)
Interest received		718	165
Interest and other costs of finance paid		(2,056)	(10,202)
Payments relating to proposed acquisition		(283,198)	-
Payments for project expenditure		(2,313,126)	(628,193)
Net cash used in operating activities	**6(b)**	(3,636,601)	(1,963,594)
Cash flows from investing activities			
Loans to associate		(151,892)	(229,331)
Loans to other related party		(900,001)	-
Payments for property, plant and equipment		(192,685)	(5,201)
Net cash used in investing activities		(1,244,578)	(234,532)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		5,797,999	1,317,193
Proceeds from issue of options		287,365	14,968
Proceeds from borrowings		250,000	-
Share issue costs		(297,257)	(57,945)
Net cash provided by financing activities		6,038,107	1,274,216
Net increase/(decrease) in cash and cash equivalents		1,156,928	(923,910)
Cash and cash equivalents at the beginning of the financial year		190,857	1,114,767
Cash and cash equivalents at the end of the financial year	**6(a)**	1,347,785	190,857

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

Note 1: Summary of Significant Accounting Policies

The financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and Australian Accounting Interpretations. The financial report of Kinetiko Energy Limited complies with International Financial Reporting Standards (IFRS). The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements were recognised for issue by the Directors on 30 September 2022.

The notes to the financial statements are organised into the following sections:

(a) Key Performance: Provides a breakdown of the key individual line items in the statement of profit or loss and other comprehensive income that is most relevant to understanding performance and shareholder returns for the year:

Notes

2. Loss from continuing operations
3. Segment information
4. Income tax expense
5. Loss per share

(b) Financial Risk Management: Provides information about the Company's exposure and management of various financial risks and explains how these affect the Company's financial position and performance:

Notes

6. Cash and cash equivalents
7. Financial risk management

(c) Other Assets and Liabilities: Provides information on other assets and liabilities in the statement of financial position that do not materially affect performance or give rise to material financial risk:

Notes

8. Receivables
9. Other assets
10. Property, plant & equipment
11. Investment in associate
12. Trade and other payables
13. Borrowings

(d) Capital Structure: This section outlines how the Company manages its capital structure and related financing costs (where applicable), as well as capital adequacy and reserves. It also provides details on the dividends paid by the Company:

Notes

14. Contributed equity
15. Reserves and accumulated losses

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 1: Summary of Significant Accounting Policies (continued)

(e) Other: Provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements however, are not considered significant in understanding the financial performance or position of the Company:

Notes

16. Share based payments
17. Key management personnel disclosures and related party transactions
18. Remuneration of auditors
19. Commitments and contingencies
20. Events occurring after reporting period
21. Other accounting policies

Key estimates and judgements

In the process of applying the Company's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:
Note 4: Income Tax Expense
Note 8: Receivables
Note 11: Investment in Associate
Note 16: Share Based Payments

Basis of preparation

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

For the year ended 30 June 2022, the Company recorded a loss of $5,818,849 (2021: $1,704,899) and had net cash outflows from operating and investing activities of $4,881,179 (2021: $2,198,126). At 30 June 2022, the Company had a working capital surplus of $760,145 (2021: $525,777).

In context of this operating environment, the ability of the Company to continue as a going concern is dependent on securing additional funding through debt or equity to continue to fund its operational and exploration activities.

These conditions indicate a material uncertainty that may cast a significant doubt about the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis that the Company is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Company believe they can raise additional funding through debt or equity which is actively pursued;
- The Company has a recent proven history of successfully raising capital; and
- Cash spending can be reduced or slowed below its current rate if required.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 1: Summary of Significant Accounting Policies (continued)

Going Concern (continued)

Should the Company not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Company not continue as a going concern.

New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Company from the adoption of these Accounting Standards and Interpretations are disclosed in Note 21. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

Foreign Currency

The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 2: Loss from continuing operations

	2022 $	2021 $
Loss from continuing operations before income tax includes the following items of income and expenses		
(a) Other Income		
Interest income	718	165
ATO Cashflow Boost	-	43,252
Other income from ordinary activities	718	43,417
(b) Operating Expenses		
Depreciation of plant and equipment	21,940	5,581
(c) Significant Expenses		
Consulting and professional costs		
- Auditing costs	43,284	44,334
- Legal fees	26,576	214,331[1]
- Accountancy fees	41,544	89,144
- Other professional fees	163,821	66,098
	275,225	413,907
Impairment of loan to associate (refer Note 8)	-	(162,662)
Acquisition related expenditure	340,051[2]	-
Finance charges	1,710,000[3]	-

[1] During the year ended 30 June 2021, the Company settled an on-going legal matter with BBP Law regarding outstanding legal fees in respect of services rendered to the Company.

[2] Costs incurred in relation to the Company's proposed acquisition of Badimo's 51% interest in Afro Energy (Pty) Ltd.

[3] During the year ended 30 June 2022, the Company issued 30,000,000 ordinary shares at an issue price of $0.03 per share to Phefo Power (Pty) Ltd for its ZAR 10 million subscription. For accounting purposes, the shares issued have been valued at $2,610,000, being the Company's share price of $0.087 as at the date the funds were received, with the difference of $1,710,000 being recognised as an expense.

Accounting Policy

Interest Income
Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 3: Segment Information

The Company currently does not have production and is only involved in exploration. As a consequence, activities in the operating segments are identified by management based on the manner in which resources are allocated, the nature of the resources provided and the identity of service line manager and country of expenditure. Discrete financial information about each of these areas is reported to the executive management team on a monthly basis.

Based on the above, management has determined that the company has one operating segment being gas exploration in South Africa. As the Company is focused on gas exploration, the Board monitors the company based on actual versus budgeted exploration expenditure incurred by area of interest. These areas of interest meet aggregating criteria and are aggregated into one reporting sector. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

Accounting Policy

Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

Note 4: Income Tax Expense

(a) The prima facie income tax expense on pre-tax accounting loss reconciles to the income tax expense in the financial statements as follows:

	2022 $	2021 $
Loss from operations	(5,818,849)	(1,704,899)
Income tax benefit calculated at 25% (2021: 26%)	(1,454,712)	(443,274)
Non-deductible legal fees	6,644	55,726
Non-deductible share based payments	28,235	-
Non-deductible reversal of impairment of loan to associate	-	(42,292)
Non-deductible finance charges	427,500	-
	(992,333)	(429,840)
Movements in unrecognised timing differences	(26,398)	1,684
Unused tax losses not recognised as a deferred tax asset	1,018,731	428,156
Income tax (benefit)/expense reported in the Statement of Profit or Loss and Other Comprehensive Income	–	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 4: Income Tax Expense (continued)

(b) Unrecognised deferred tax balances: The following deferred tax assets have not been brought to account:	**2022** **$**	**2021** **$**
Unrecognised deferred tax asset – tax losses	2,113,009	1,447,307
Unrecognised deferred tax asset – other temporary differences	37,630	23,756
Net deferred tax assets not brought to account	2,150,639	1,471,063

The taxation benefits of tax losses and timing not brought to account will only be obtained if:

(c) assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised;
(d) conditions for deductibility imposed by the law are complied with; and
(e) no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

Accounting Policy

Current tax
Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax
Deferred tax is accounted for using the comprehensive statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be recognize.

However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to recognize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are recognize or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 4: Income Tax Expense (continued)

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period
Current and deferred tax is recognised as an expense or income in the Statement of Profit or Loss and Other Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Key Estimates and Judgements

The Company has not recognised any deferred tax assets or liability in relation to the carrying value of its capitalised exploration and evaluation assets as the Directors do not believe it is capable of being estimated with a sufficient degree of reliability due to uncertainty over the manner in which the carrying value of these assets will be recovered.

Note 5: Loss per Share	**2022 Cents Per Share**	**2021 Cents Per Share**
Basic loss per share:	(0.9)	(0.3)
Diluted loss per share:	(0.9)	(0.3)

The loss for the year and the weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2022 $	**2021 $**
Loss for the year after income tax	(5,818,849)	(1,704,899)

	2022 No.	**2021 No.**
Weighted average number of ordinary shares for the purposes of basic earnings per share	624,735,512	566,016,682

Accounting Policy

Basic earnings per share is calculated as a net profit attributable to members, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members, adjusted for:
- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 6: Cash and Cash Equivalents

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position, as follows:

	2022 $	2021 $
Cash at bank and in hand	1,347,785	190,857

Refer to Note 7 for the Company's financial risk management on cash.

Accounting Policy

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

(b) Reconciliation of Operating Loss After Income Tax to Net Cash Flow From Operations

	2022 $	2021 $
Loss for the year	(5,818,849)	(1,704,899)
Share of loss for the year for investment in associate	154,393	148,973
Depreciation	21,940	5,581
Share based payments	158,938	-
Finance charges	1,710,000	-
Unrealised foreign exchange movement	21,146	-
Reversal of impairment of loan to associate recognised in prior year	-	(162,662)
Changes in assets and liabilities:		
Trade and other payables	147,307	(256,247)
Receivables	(50,062)	10,719
Provisions	20,351	5,330
Prepayments	(1,765)	(10,389)
Net cash used in operating activities	(3,636,601)	(1,963,594)

(c) Non-Cash Financing and Investing Activities

Issue of shares to satisfy trade and other payables	162,782	-
	162,782	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 7: Financial Risk Management

Financial risk management and policies

The Company's exploration activities are being funded by equity and are not exposed to significant financial risks. There are no speculative or financial derivative instruments. Funds are invested for various short term periods to match forecast cash flow requirements.

The Company holds the following financial instruments:

	2022 $	2021 $
Financial assets		
Cash and cash equivalents	1,347,785	190,857
Trade and other receivables	778,260	622,744
Other	900,001	-
	3,026,046	813,601
Financial liabilities		
Trade payables and accruals	470,620	298,914
Borrowings	250,000	-
	720,620	298,914

The Company's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to fund the Company's operations.

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company are capital risk, credit risk, liquidity risk, and interest rate risk. The Board reviews and agrees policies for managing each of these risks and they are recognised below.

(a) Credit risk

Cash at bank is held with internationally regulated banks. As at 30 June 2022, all cash and cash equivalents were held with AA rated banks.

The Company has a credit risk exposure with Afro Energy (Pty) Ltd, which as at 30 June 2022 owed the Company $660,738. Furthermore, $900,001 is receivable from Mr Donald Mzolisa Jones Ncube, a director of Badimo Gas (Pty) Ltd.

No provisions have been made against these receivables as the full balance are expected to be recovered. Refer to Notes 8 and 9 for further details.

(b) Capital risk

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During the year ended 30 June 2022, the Company's strategy was to keep borrowings to a minimum. The company's equity management is determined by funds required to undertake exploration activities and meet its corporate and other costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 7: Financial Risk Management (continued)

(c) Liquidity risk

Maturity profile of financial instruments

Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

The Company's exposure to the risk of changes in market interest rates relate primarily to cash assets and floating interest rates.

The directors monitor the cash-burn rate of the Company on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

As at reporting date the Company had sufficient cash reserves to meet its requirements. The Company has no access to credit standby facilities or arrangements for further funding or borrowings in place.

The financial liabilities the Company had at reporting date were trade payables incurred in the normal course of the business. These were non-interest bearing and were due within the normal 30-60 days terms of creditor payments.

The following table sets out the carrying amount, by maturity, of the financial instruments including exposure to interest rate risk:

As at 30 June 2022	<1 year	1 – 5 years	Over 5 years	Total	Weighted average effective interest rate %
Financial Assets:					
Cash	1,347,785	-	-	1,347,785	0.09
Receivables & other	117,522	1,560,739	-	1,678,261	-
	1,465,307	1,560,739	-	3,026,046	
Financial Liabilities:					
Trade payables & accruals	470,620	-	-	470,620	-
Borrowings	250,000	-		250,000	0.00
	720,620	-	-	720,620	

As at 30 June 2021	<1 year	1 – 5 years	Over 5 years	Total	Weighted average effective interest rate %
Financial Assets:					
Cash	190,857	-	-	190,857	0.03
Receivables & other	67,460	555,284	-	622,744	-
	258,317	555,284	-	813,601	
Financial Liabilities:					
Trade payables & accruals	298,914	-	-	298,914	-
	298,914	-	-	298,914	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 7: Financial Risk Management (continued)

(d) Interest rate risk

The sensitivity analysis has not been determined for the exposure to interest rate risk, because the directors of the Company consider it to be immaterial.

(e) Foreign exchange risk

The Company operates internationally and is currently exposed to foreign exchange risk with respect to the South African Rand.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. If the foreign exchange rates strengthened or weakened by 20% with all other variables held constant the Company's net asset value would have been $306,000 higher or $306,000 lower.

(e) Foreign exchange risk (continued)

The Company's exposure to foreign currency risk at the end of the reporting year, expressed in the South African Rand and United States Dollar was as follows:

	2022	**2021**
Cash – ZAR	957,650	56,789
Receivables – ZAR	7,804,889	6,403,019
Trade payables – ZAR	(1,687,530)	(488,022)

(f) Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

The Company's principal financial instruments consist of cash and deposits with banks, accounts receivable and trade payables. The main purpose of these non-derivative financial instruments is to finance the entity's operations.

Note 8: Receivables

	2022 $	**2021 $**
(a) Current		
Other receivables – VAT refundable	12,502	10,865
Other receivables – GST refundable	23,192	16,628
Other receivables	81,828	39,967
Loan – Associated entity[1]	-	555,284
	117,522	622,744
(b) Non-Current		
Loan – Associated entity[1]	660,738	-
	660,738	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 8: Receivables (continued)

[1] The loan to associate is repayable from Afro Energy (Pty) Ltd, an incorporated entity formed in South Africa, of which Kinetiko owns a 49% interest. The loan is unsecured, interest free and not subject to any fixed terms of repayment. As per the Company's announcement on 7 May 2021, the loan will be repaid to the Company via the reduction of consideration shares that will be issued to acquire the remaining 51% interest in Afro Energy (Pty) Ltd.

During the year ended 30 June 2021, the Company reversed the provision for impairment of loan recognised in the year ended 30 June 2020 of $162,662, as the Directors are confident that the full amount will be recovered.

None of the other receivables are past due or impaired. Refer to Note 7 for the Company's financial risk management and policies.

Key Judgements
The loan to associate is assessed for recoverability and a provision for doubtful debt is recognised when there is objective evidence that the loan is unrecoverable.

As at reporting date, the Directors are confident that the full amount of the loan is recoverable as part of the restructure process with Badimo.

Accounting Policy

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

A loss allowance is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

Note 9: Other Assets

	2022 $	2021 $
(a) Current		
Prepayments - other	12,854	11,090
Deposits paid	2,604	-
	15,458	11,090
(b) Non-Current		
Loan – Other related party[1]	900,001	-
	900,001	-

[1] The loan was made in March 2022 on behalf of Mr Donald Mzolisa Jones Ncube, a director of Badimo Gas (Pty) Ltd. In May 2022, Badimo approved the issue of 30 million issue shares by the Company to acquire the Industrial Development Corporation (IDC) claim of approximately ZAR 200 million that the IDC holds against Mr Ncube, which share issue shall be offset against shares issued to Mr Ncube at the conclusion of the restructure process with Badimo.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 9: Other Assets (continued)

Key Judgements
The loan to other related party is assessed for recoverability and a provision for doubtful debt is recognised when there is objective evidence that the loan is unrecoverable.

As at reporting date, the Directors are confident that the full amount of the loan is recoverable as part of the restructure process with Badimo.

Note 10: Property, Plant and Equipment

	2022 $	2021 $
Opening net book value	1,954	2,333
Additions	190,081	-
Depreciation charge for the year	(21,940)	(379)
Closing net book value	170,095	1,954
Cost or fair value	226,970	36,889
Accumulated depreciation	(56,875)	(34,935)
	170,095	1,954

Accounting Policy

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Company commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Plant and equipment	10% to 66.67%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 11: Investment in Associate

Kinetiko Energy Limited holds a 49% interest in Afro Energy (Pty) Ltd, a joint venture structured as a strategic partnership between the Company and Badimo Gas (Pty) Ltd. The primary purpose of the joint venture is to maximise the long term value of the assets of the joint venture and to secure additional funding from outside sources.

Under the joint venture agreement, the Company has a 49% direct interest in the net assets and share of profit and losses. In addition, pursuant to the joint venture agreement, the Company has 49% of the voting rights in relation to the joint venture.

During the year ended 30 June 2022, in addition to the Company's investment in associate, the Company continued to increase project expenditure in relation to the tenements held by Afro Energy (Pty) Ltd. The total project expenditure that was expensed through the Statement of Profit or Loss and Other Comprehensive Income for the year was $2,431,148.

The carrying amount of equity-accounted investments in associates for the year ended 30 June 2022 is as follows:

	2022 $	2021 $
Opening balance	7,014,212	6,506,569
Contributions to investment	25,292	-
Loss for the year	(154,393)	(148,973)
Foreign exchange revaluation	(236,424)	656,616
Closing balance	6,648,687	7,014,212

Summarised Financial Information for Afro Energy (Pty) Ltd

Set out below is the summarised financial information for Afro Energy (Pty) Ltd as at 30 June 2022.

Summarised Financial Position

	2022 $	2021 $
Current Assets		
Cash and cash equivalents	978	45
Trade and other receivables	64,551	52,944
Non-Current Assets		
Capitalised exploration	5,636,478	3,820,413
Provisions	5,299	-
Total Assets	5,707,306	3,873,402
Current Liabilities		
Trade and other payables	101,523	105,228
Non-Current Liabilities		
Provisions	-	34,067
Loan from joint venture partners	7,919,233	5,806,746
Total Liabilities	8,020,756	5,946,041
Net Deficiency of Assets	**(2,313,450)**	**(2,072,639)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 11: Investment in Associate (continued)

Summarised Financial Performance

	30 June 2022 $	30 June 2021 $
Revenue	-	-
Other operating expenses	(193,887)	(88,795)
Finance costs	(121,202)	(215,232)
Loss before income tax expense	**(315,089)**	**(304,027)**
Income tax expense	-	-
Loss after income tax expense	**(315,089)**	**(304,027)**
Company share of loss	**(154,393)**	**(148,973)**

The difference between our percentage of net deficiency of assets in Afro Energy (Pty) Ltd and the value of the investment in associate in the Statement of Financial Position is the deemed exploration asset.

South African Investment

During the financial year ended 30 June 2022, Afro Energy (Pty) Ltd (Afro Energy) entered into a joint development agreement (JDA) with the Industrial Development Corporation of South Africa (IDC). The JDA involves the development of gas fields to produce gas for industrial, commercial, transportation or power generation applications. The IDC contribution is ZAR 70 million for a 45% interest in the incorporated joint venture

The parties agreed to pool their interests in a joint development entity incorporated in South Africa, Afro Gas (Pty) Ltd (Afro Gas), which will maintain the interest share of 55% Afro Energy and 45% IDC.

As part of the JDA, Afro Energy will retain control of Afro Gas until such time that the IDC has satisfied the required contributions associated with their 45% interest. As at reporting date, no required contributions have been made by the IDC.

As at reporting date, Afro Energy's minimum expenditure requirements committed but not recognised as liabilities is estimated at AUD $7.77 million.

Accounting Policy – Investment in Associate

The Company's investments in associates are accounted for using the equity method of accounting in the financial statements. The associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture.

Significant influence exists when the Company holds 20% or more of the voting power of the investee, unless in the Company's opinion, significant influence is not present.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 11: Investment in Associate (continued)

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Company's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Company determines whether it is necessary to recognise any additional impairment loss with respect to the Company's net investment in the associate. The income statement reflects the Company's share of the results of operation of the associate.

Where there has been a change recognised directly in the associate's equity, the Company recognises its share of any changes and discloses this in the statement of profit or loss and other comprehensive income.

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.
At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 11: Investment in Associate (continued)

Accounting Policy – Exploration and Evaluation Expenditure

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition.

Subsequent exploration and evaluation costs related to an area of interest are written off as incurred except when they are carried forward as an item in the Statement of Financial Position where the rights of tenure of an area are current and one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and

- exploration and/or evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered through use or sale.

Key Estimates and Judgements

Exploration and Evaluation Expenditure
Acquisition, exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area that has not at reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable areas, and active and significant operations in or relating to, the area of interest are continuing. Where the Company no longer has rights to tenure to an area of interest, exploration capitalised to that area is written off.

Investments in Associates
The Company assess the carrying amount of the investment in associates at each reporting period in accordance with AASB 128. If impairment indicators are identified, the Company test the investment in accordance with AASB 136. In assessing the recoverability of investments in associates, Management applied their estimates and judgements as to the recoverability.

Royalty Obligations – Associated Company

Under the Mineral and Petroleum Royalty Act in the Republic of South Africa, royalties will be payable by Afro Energy (Pty) Ltd upon the extraction of mineral resources from within the Republic of South Africa. The royalty is estimated to range between 5-7%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 12: Trade and other payables

	2022 $	2021 $
Trade payables and accruals	416,053	220,463
Trade payables and accruals – related parties	54,567	78,451
	470,620	298,914

Refer to Note 7 for the Company's financial risk management and policies.

Trade payables are normally settled on 30 day terms. Trade payables are currently being settled in excess of 60 day terms. The amount of payables at reporting date exceeding normal trading terms is $10,890.

Accounting Policy

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

Note 13: Borrowings

	2022 $	2021 $
Opening balance	-	-
Loan – Director (refer to Note 17)	250,000	-
Closing balance	250,000	-

The loan was fully repaid following the 30 June 2022 reporting date.

Refer to Note 7 for the Company's financial risk management and policies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 14: Contributed Equity

(a) *Issued Capital*

Movements in share capital were as follows:

Year ended 30 June 2022		**Issue Price**	**Fully Paid Ordinary Shares**	**$**
1 July 2021	Opening Balance		588,170,705	24,319,825
8 July 2021	Issue of shares pursuant to placement facility	$0.10	28,480,000	2,848,000
17 August 2021	Issue of shares on exercise of options	$0.03	350,000	10,500
8 October 2021	Issue of shares on exercise of options	$0.03	800,000[1]	24,000
9 December 2021	Issue of shares on exercise of options	$0.03	5,428,831[1]	162,865
14 December 2021	Issue of shares on exercise of options	$0.03	3,000,000	90,000
26 May 2022	Issue of shares for services rendered	$0.09	511,111[2]	46,000
6 June 2022	Issue of shares pursuant to renounceable rights issue	$0.075	27,333,322	2,049,999
17 June 2022	Issue of shares pursuant to private placement	$0.087	30,000,000[3]	2,610,000
	Share issue costs		-	(418,088)
30 June 2022	Closing Balance		684,073,969	31,743,101

[1] The total of 6,228,831 options exercised during the period were held by Directors. Refer to Note 17(viii).

[2] The Company issued 511,111 ordinary shares in exchange for consultancy services provided. Refer to Note 16(c).

[3] The Company issued 30,000,000 ordinary shares at an issue price of $0.03 per share to Phefo Power (Pty) Ltd for its ZAR 10 million subscription. For accounting purposes, the shares issued have been valued at $2,610,000, being the Company's share price of $0.087 as at the date the funds were received, with the difference of $1,710,000 being recognised as an expense. The shares are subject to voluntary escrow for a period of 12 months from date of issue.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 14: Contributed Equity (continued)

(a) Issued Capital (continued)

Year ended 30 June 2021		**Issue Price**	**Fully Paid Ordinary Shares**	**$**
1 July 2020	Opening Balance		543,264,256	23,060,577
28 July 2020	Issue of shares on exercise of options	$0.03	400,000	12,000
11 November 2020	Issue of shares on exercise of options	$0.03	450,000	13,500
17 November 2020	Issue of shares on exercise of options	$0.03	600,000	18,000
4 December 2020	Issue of shares on exercise of options	$0.03	7,100,000	213,000
14 December 2020	Issue of shares on exercise of options	$0.03	16,018,022	480,541
14 January 2021	Issue of shares on exercise of options	$0.03	9,338,427	280,152
20 January 2021	Issue of shares on exercise of options	$0.03	8,000,000	240,000
5 February 2021	Issue of loyalty shares pursuant to employment agreement	$0.02	3,000,000	60,000
	Share issue costs		-	(57,945)
30 June 2021	Closing Balance		588,170,705	24,319,825

Accounting Policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 14: Contributed Equity (continued)

(b) *Options*

The following unlisted options were on issue during the year ended 30 June 2022.

Exercise price	3c	13c
Expiry date	31 December 2021	7 July 2023
Opening balance	9,578,831	-
Issued during the year	-	3,000,000[1]
Expired during the year	-	-
Exercised during the year	(9,578,831)	-
Closing balance	-	3,000,000

[1]Refer to Note 16(a)

The following unlisted options were on issue during the year ended 30 June 2021.

Exercise price	3c
Expiry date	31 December 2021
Opening balance	36,518,022
Issued during the year	14,967,258[1]
Expired during the year	-
Exercised during the year	(41,906,449)
Closing balance	9,578,831

[1] Options issued during the prior period relates to the re-issuing of options to Directors with respect to the repayment of loans and conversion of fees to shares in 2016. Refer to Note 17(viii) for further details on the issue.

Note 15: Reserves and Accumulated Losses

15a) Accumulated Losses	**2022**	**2021**
	$	**$**
Balance at beginning of financial year	(17,417,816)	(15,712,917)
Net Loss	(5,818,849)	(1,704,899)
Balance at end of financial year	(23,236,665)	(17,417,816)

15b) Reserves

Share Based Payments Reserve	868,438	755,500
Options Issue Reserve	172,268	55,486
Foreign Currency Translation Reserve	(407,476)	(171,052)
Total Reserves	633,230	639,934

(i) Share Based Payments Reserve

Balance at beginning of financial year	755,500	755,500
Movement for year	112,938	-
Share Based Payments Reserve	868,438	755,500

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 15: Reserves and Accumulated Losses (continued)

15b) Reserves (continued)

	2022 $	2021 $
(ii) Options Issue Reserve		
Balance at beginning of financial year	55,486	40,518
Movement for year	116,782	14,968
Options Issue Reserve	172,268	55,486
(iii) Foreign Currency Translation Reserve		
Balance at beginning of financial year	(171,052)	(827,668)
Movement for year	(236,424)	656,616
Foreign Currency Translation Reserve	(407,476)	(171,052)

(iv) Nature and purpose of reserves

Share Based Payments Reserve
The Share Based Payments Reserve is used to recognise the fair value of shares and options granted as remuneration and in satisfaction of loans advanced to the Company.

Options Issue Reserve
The Options Issue Reserve is used to recognise the fair value of options issued during the year.

Foreign Currency Translation Reserve
The Foreign Currency Translation Reserve is used to record exchange differences arising from the translation of the financial statements of foreign investments in associates.

Note 16: Share Based Payments

a) On 7 July 2021, 3,000,000 unlisted options were issued to the lead broker associated with the Company’s share purchase plan. As the options issued cannot be valued based on services, the fair value was determined using the share price on the date of issue, being 7 July 2021.

   During the financial year ended 30 June 2022, $116,782 was recognised as a share based payment and charged to share issue costs.

   The fair value of these options granted was calculated by using the Black-Scholes option valuation methodology and applying the following inputs:

Weighted average exercise price (cents)	13.00
Weighted average life of the options (years)	2.00
Weighted average underlying share price (cents)	9.60
Expected share price volatility	91.70%
Risk-free interest rate	0.06%
Expiry date	7 July 2023

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 16: Share Based Payments (continued)

b) On 10 August 2021, the Company announced that Mr Nicholas de Blocq Van Scheltinga had been appointed as the new Chief Executive Officer (CEO), replacing Mr Johan Visage in the role.

Under the terms of Mr de Blocq's employment agreement, his remuneration package is as follows:

Remuneration:	$240,000 p.a.
Remuneration review:	On or about 1 August 2022 and on each anniversary of that date thereafter.
Incentive options:	2,000,000 performance options which shall entitle the CEO to acquire 1 unlisted option for every performance option held following satisfaction of the performance criteria being the completion of 12 months of service under the terms of the Agreement. The unlisted options are exercisable at 10 cents per share on or before 31 July 2024.

During the year ended 30 June 2022, $112,938 was recognised as a share based payment in the Statement of Profit or Loss and Other Comprehensive Income and added to the Share Based Payments Reserve. The fair value of these options was calculated using the Black-Scholes option valuation methodology and applying the following inputs:

Weighted average exercise price (cents)	10.00
Weighted average life of the options (years)	3.00
Weighted average underlying share price (cents)	10.00
Expected share price volatility	89.90%
Risk-free interest rate	0.13%
Expiry date	31 July 2024

c) During the financial year ended 30 June 2022, consulting fees incurred in relation to the joint development agreement with the Industrial Development Corporation of South Africa (IDC), totalling $46,000 were satisfied by the issue of 511,111 shares to AC Squared Solutions (Pty) Ltd. The total number of shares issued to AC Squared Solutions (Pty) Ltd was derived using the share price on the date of issue, being 26 May 2022.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 16: Share Based Payments (continued)

Key estimates and judgements

Employees
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options granted is determined by an internal valuation using a Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. The fair value of shares issued is determined by utilising the market price of the Company's shares at the date which shares are issued.

External Consultants
The Company measures the cost of equity-settled transactions with external consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by utilising the market price of the Company's shares at the date which shares are issued.

Note 17: Key Management Personnel Disclosures and Related Party Transactions

Refer to Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's Key Management Personnel (KMP) for the year ended 30 June 2022.

	2022 $	2021 $
Short term employee benefits	615,211	301,807
Post-employment benefits	3,174	-
Share based payments	112,938	-
	731,323	301,807

Investments in associated entities
Investments in associated entities are set out in Note 11.

Key management personnel
Disclosures relating to key management personnel are set out in the remuneration report of the directors' report and above.

Loans from related parties
The following balance is outstanding as at reporting date in relation to funds borrowed from related parties:

Loan from Adam Sierakowski	2022 $	2021 $
Opening balance	-	-
Funds received	250,000	-
Closing balance	250,000	-

The loan is unsecured, interest free and repayable at call.

The loan was fully repaid following the 30 June 2022 reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 17: Key Management Personnel Disclosures and Related Party Transactions (continued)

Other transactions with key management personnel
Transactions with key management personnel related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

		2022 $	2021 $
(i)	Payments to Trident Management Services Pty Ltd, a company of which Adam Sierakowski is a Director and shareholder, for company secretarial services provided.	48,000	48,000
(ii)	Payments to Price Sierakowski Pty Ltd, a company of which Adam Sierakowski is a Director and shareholder, for legal services provided.	22,378	26,251
(iii)	Payments to Trident Capital Pty Ltd, a company of which Adam Sierakowski is a Director and shareholder, for corporate advisory services as per mandate.	-	60,000
(iv)	Payments to Trident Management Services Pty Ltd, a company of which Adam Sierakowski is a Director and shareholder, for capital raising fees relating to the rights entitlement offer.	11,550	-
(v)	Payments to Geoff Michael for services rendered in relation to the legal dispute with BBP Law.	-	8,105
(vi)	Payments to Cirrena Pty Ltd, a company of which Geoff Michael has an interest in, for office occupancy costs.	-	5,000
(vii)	Payments to Cowbra Pty Ltd, a company of which Geoff Michael is a Director, for the provision of IT services.	720	8,870

(viii) During the year ended 30 June 2021, the Company obtained shareholder approval at a General Meeting to issue 14,967,258 unlisted options at $0.001 per option to the Directors of the Company which are exercisable at $0.03 per share and expire 31 December 2021.

The options were issued to Director related entities in relation to the re-issuing of unlisted options that were previously held by the Directors and which subsequently expired during the period the Company was suspended from trading on the ASX. The original options were acquired by the Directors in 2016 and were issued as attaching options to shares issued for the repayment of loans and conversion of fees to shares.

The options issued to Director related entities were on the same terms and conditions as to the options that were issued to external shareholders in November 2019.

During the year ended 30 June 2022, 6,228,831 options held by Directors were exercised. This includes 800,000 options exercised by Dr James Searle which he held at resignation in February 2021. There were no remaining unexercised options held by directors as at 30 June 2022.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 17: Key Management Personnel Disclosures and Related Party Transactions (continued)

Other transactions with key management personnel (continued)

	2022 $	2021 $
Amounts outstanding at reporting date		
Aggregates amount payable to Key Management Personnel and their related entities at reporting date.		
(i) Payables	54,567	78,451
(ii) Borrowings (refer to loans from related parties above)	250,000	-

Note 18: Remuneration of Auditors

	2022 $	2021 $
BDO Audit (WA) Pty Ltd		
Audit or review of the financial report	43,284	42,983
	43,284	42,983

The auditor of Kinetiko Energy Ltd is BDO Audit (WA) Pty Ltd.

Note 19: Commitments and contingencies

Associate Company – Exploration and Evaluation Assets

In order to maintain current rights of tenure to exploration tenements, Afro Energy (Pty) Ltd ('Afro Energy') is required to outlay rental and other associated expenditures to meet minimum expenditure requirements.

Under the current joint venture agreement, the Company has a 49% direct interest in Afro Energy. As a result, the Company's share of Afro Energy's minimum expenditure requirements committed at the reporting date but not recognised as liabilities is as follows:

	2022 $	2021 $
Within one year	899,180	968,133
One to five years	2,906,995	908,906
	3,806,175	1,877,039

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 19: Commitments and contingencies (continued)

Acquisition of Afro Energy (Pty) Ltd

During the year ended 30 June 2022, the Company executed binding legal agreements with Badimo Gas (Pty) Ltd ('Badimo') to acquire its 51% interest in Afro Energy (Pty) Ltd ('Afro Energy') ('the Acquisition'). Upon completion of the Acquisition, the Company will hold 100% interest in Afro Energy, and its exploration rights and sample gas production permit in South Africa.

Based on the terms of the agreement, the Company will issue approximately 598 million shares ('Consolidation Shares'), which will be subject to escrow provisions, to Badimo as consideration for the Acquisition less amounts owed to the company by Badimo in respect of exploration costs incurred by Afro Energy and contributed by the Company. The loan amounts owing to the Company will be satisfied through the reduction of the total Consideration Shares being issued.

As at the date of this report, the parties were in the process of satisfying conditions precedent, including awaiting regulatory compliance.

Note 20: Events Occurring After Reporting Period

In July 2022, the Company fully repaid a short term loan of $250,000 advanced by Mr Adam Sierakowski.

On 1 August 2022, the Company issued 2,000,000 performance options to Mr Nicholas de Blocq Van Scheltinga (CEO) for having completed 12 months of service and satisfied the condition of the performance rights under the employment agreement. Refer to Note 16(b) for details.

No other matters or circumstance has arisen since 30 June 2022 that has affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 21: Other Accounting Policies

Summary of other significant accounting policies

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, superannuation, annual leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the entity in respect of services provided by employees up to reporting date.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii) for receivables and payables which are recognised inclusive of GST.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 21: Other Accounting Policies (continued)

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Provisions

Provisions are recognised when the Company has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Leases

The Company assesses at the start of a contract whether or not it contains a lease, by deciding if the contract provides the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company currently uses a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the start of the lease and are measured at costs, less accumulated depreciation and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives received, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 (continued)

Note 21: Other Accounting Policies (continued)

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

New and Amended Standards and Interpretations adopted

For the year ended 30 June 2022, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2021.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and therefore, no material change is necessary to the Company's accounting policies.

New Accounting Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2022.

As a result of this review, the Directors have determined that there are no new and revised Standards and Interpretations that may have a material effect on the application in future periods and therefore, no material change is necessary to the Company's accounting policies.

SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is as at 6 September 2022.

Shareholdings as at 6 September 2022

Substantial shareholders
The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

Shareholder Name		Number of Shares	Percentage	Date of Notice
BRENDAN D GORE & ASSOCIATED ENTITIES		93,372,148	17.17%	04/08/2020
AGEUS PTY LTD	M & A A/C	37,046,123	6.82%	30/04/2020
ADAM SIERAKOWSKI & ASSOCIATED ENTITIES		81,636,129	15.03%	30/04/2020

Unmarketable parcels
The number of shareholders holding less than a marketable parcel is 64.
There is only one class of share and all ordinary shareholders have equal voting rights.

Unquoted Securities

Securities	Number of Options	Number of Holders	Holders with more than 20%
Options exercisable at $0.13, expiry 7 July 2023	3,000,000	1	1

The names of the holders of unquoted securities are listed below:

	Number of options held	Percentage of total options held
1. Beaglemoat Nominees Pty Ltd	3,000,000	100%
	3,000,000	100%

Voting rights
All ordinary shares carry one vote per share without restriction.

On-market buyback
There is no current on-market buy-back.

Stock Exchange listing
Quotation has been granted for the Company’s Ordinary Shares.

SHAREHOLDER INFORMATION

Distribution of security holders category	Number of Holders of Ordinary Shares	Number of Holders of Unlisted Options
1 - 1,000	21	-
1,001 – 5,000	30	-
5,001 – 10,000	95	-
10,001 – 100,000	404	-
100,001 and over	360	1
	910	1

Twenty largest shareholders – Ordinary Shares

Name	Number of ordinary shares held	Percentage of capital held
MR BRENDAN DAVID GORE <GORE FAMILY NO 2 A/C>	106,054,927	15.50%
AGEUS PTY LTD <M AND A A/C>	43,614,954	6.38%
PHEFO POWER (PTY) LIMITED	30,000,000	4.39%
TRIDENT CAPITAL PTY LTD	22,293,101	3.26%
MR ADAM SIERAKOWSKI	19,725,640	2.88%
IML HOLDINGS PTY LTD	18,976,688	2.77%
MR ROBERT JAMES MACMILLAN	15,350,000	2.24%
JGST PTY LTD <JGST FAMILY SETTLEMENT A/C>	12,059,653	1.76%
MFM AUSTRALIA PTY LIMITED <MCKELVEY FAMILY NO 2 A/C>	11,950,000	1.75%
PENISH PTY LTD <PETRIDES FAMILY A/C>	11,547,718	1.69%
HOLDREY PTY LTD <DON MATHIESON FAMILY A/C>	11,542,821	1.69%
AUBURY PTY LTD	10,000,000	1.46%
MR ADAM SIERAKOWSKI <WAWSAW SUPER FUND A/C>	9,636,846	1.41%
BOTSIS HOLDINGS PTY LTD	8,399,181	1.23%
SHARIC SUPERANNUATION PTY LTD <FARRIS SUPER FUND A/C>	8,183,204	1.20%
SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	8,000,000	1.17%
MR HENDRIE JOHAN VISAGIE	8,000,000	1.17%
IML HOLDINGS PTY LTD	7,699,720	1.13%
SDMO AUSTRALIA PTY LTD <THE BOTICA SUPER FUND A/C>	7,655,000	1.12%
BLUE SAINT PTY LTD	7,650,000	1.12%
BOTSKY PTY LTD <N BOTICA NO 3 FAMILY A/C>	6,814,260	1.00%
TOTAL	**385,153,713**	**56.30%**

SHAREHOLDER INFORMATION

Schedule of mining tenements

Tenement reference	Nature of interest
ER320 (TCP 106)	Application for conversion from TCP to exploration right approved by regulator, but an ER re-application process has now been required.
ER 270	Exploration Right granted on 03 September 2019.
ER 271	Consolidation to include ER56 and ER38 granted by DMR on 19 August 2021.
ER 272	Exploration Right granted in 21 August 2019.