

LETTER OF INTENT EXECUTED WITH GRUNER TO CO DEVELOP GAS PRODUCTION FIELD

HIGHLIGHTS

- **Gruner Energy has executed a Letter of Intent with Kinetiko to conclude a gas development and supply agreement**
- **Gruner Energy is a South African, owner and operator of energy assets in Africa**
- **Kinetiko and Gruner Energy intend to co-fund the development of a proof of concept gas production trial, that if successful can be scaled**
- **The Letter of Intent provides for Gruner Energy to purchase natural gas produced for the gas development and supply agreement**
- **The identification of potential off takers for gas produced is significant to the potential growth of Kinetiko's gas reserves**

Kinetiko Energy Ltd (ASX:KKO) (**Kinetiko** or the **Company**), an Australian gas explorer and developer focused on advanced shallow conventional gas and coal bed methane in South Africa, is pleased to provide the following update on its onshore gas exploration and production development activities.

The non-binding Letter of Intent (**LOI**) entered into with Grüner Energy Proprietary Limited (**Gruner Energy**) is considered material by the Board as it demonstrates the nature of commercial relationships that the Company is negotiating, which is integral to the Company's business model of establishing interest in local JV partners to co-develop and co-fund gas fields in Africa. These relationships have the potential of accelerating the exploration vision with funding support.

In addition, Gruner has the capacity to be an off taker for gas produced and strengthens the market opportunities for the Company's significant contingent gas resource. Finally, the independent certification of gas reserves and the ability of KKO to increase its gas reserves will depend on the ability of the Company to establish that there is a credible market for gas produced in what is projected to be a number of producing gas fields.

Kinetiko CEO, Nick de Blocq, commented:

“The co-signing of a Letter of Intent with an international partner in the mid- and down-stream energy sector, especially one with substantial experience on the continent of Africa, is a step change in our approach to eventual commercial production. We are targeting the southernmost areas of our Block ER271 for this project due to deeper terminal depths of those wells and the expected concurrent increase in pressures and flow rates. This LOI is but the first in our plans to develop multiple Joint Ventures with expertise in mid-stream infrastructure groups, who bring a market along with them that is eagerly awaiting our product. We are especially attracted to Gruner's heightened sense of social responsibility and upliftment of local communities where they work, so we are well aligned with their approach to ESG.”

About Gruner Energy

Gruner Energy Proprietary Limited is a South African incorporated company and a developer, builder, owner and operator of sustainable energy assets in emerging African markets. Gruner's focus is the African continent, monetising regional gas resources using natural and biogas as a transitional fuel.

Gruner's mission statement is “On-site, off-grid, uninterrupted, cost-effective clean energy”. Gruner manages various modalities in providing energy solutions from natural resource to end-user. These include distributing energy generation systems and energy supply and modular LNG processing, production and supply.

Commercial Intent

The Parties have executed the LOI with the purpose of ultimately negotiating and concluding within 6 months a formal, binding Gas Development and Supply Agreement (**Gas Supply Agreement**) between Kinetiko and Gruner whereby Kinetiko agrees to explore, drill and extract natural gas within South Africa and Gruner intends to assist develop production of natural gas and purchase such natural gas.

The Gas Supply Agreement shall consider but not be limited to the following material matters:

- Natural Gas Specification
- Dry Natural Gas Volumes
- Parties' Funding Commitments
- Gas Supply Period
- Dry Natural Gas Price
- Gas Delivery

This announcement is authorised for release to the market by the Board of Directors of Kinetiko Energy Limited.

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About Kinetiko Energy and Afro Energy

Kinetiko Energy is an Australian gas explorer focused on advanced shallow conventional gas and coal bed methane (CBM) opportunities in rapidly developing markets in Southern Africa. South Africa has extensive gassy coal basins, widespread energy infrastructure and growing gas demand. The Company has a 4.9Tcf contingent resources and large potential exploration area, of which approximately 7000km² is granted and being explored.

The Company's vision is to continue to explore, develop, and commercialise gas production.

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