

## **APPLICATION FOR WAIVER SUBMITTED WITH ASX**

Kinetiko Energy Ltd (ASX: KKO) (**Kinetiko** or the **Company**) refers to the notice of meeting dispatched to shareholders on 31 October 2022 (**Notice**) in relation to the Company's annual general meeting held on 30 November 2022 (**AGM**).

At the AGM, Company shareholders approved, among other resolutions, the restructure of Afro Energy (Pty) Ltd (**Afro Energy**), such that Afro Energy will become a wholly owned subsidiary of the Company and that the shareholders of Badimo Gas (Pty) Ltd (**Badimo Shareholders**) will become shareholders in the Company (**Restructure**).

### **Background to the Restructure**

At the AGM, Company shareholders pursuant to resolutions 6 and 7, approved the issue of up to 524,371,478 Shares pro-rata to the Badimo Shareholders (**Transaction Shares**), being 597,704,812 Shares (**Consideration Shares**) less the Capital Raising Shares (defined below), to the Badimo Shareholders.

The Restructure entails the Company undertaking a placement of shares to professional and sophisticated investors to raise approximately \$6,500,000 at an issue price per Share of not more than \$0.15 per Share and not less than \$0.075 per Share (**Capital Raising**). As the issue price for the Capital Raising will not be more than \$0.15 per Share, the minimum number of Shares that may be issued under the Capital Raising is a minimum of 43,333,334 (**Capital Raising Shares**). The approval for the issue of the Transaction Shares was obtained pursuant to resolutions 6 and 7 of the Notice.

Upon completion of the Capital Raising, Afro Energy will issue 922 new shares in Afro Energy to the Company for an aggregate subscription price equal to the South African rand equivalent of AUD \$6,500,000, payable in cash to Afro Energy (being the amount raised under the Capital Raising) (**Afro Energy Subscription**). Accordingly, the number of Consideration Shares to be issued by the Company to the Badimo Shareholders will be reduced by the number of Capital Raising Shares (as the Company is advancing \$6.5 million in cash to Afro Energy pursuant to the Afro Energy Subscription).

Further details with respect to the Restructure generally is provided in the Notice.

## **Waiver Application**

The Company was required to issue up to 261,863,716 Transaction Shares pursuant to Resolution 7 of the Notice to the Badimo Shareholders by no later than 28 February 2023, being three (3) months after the date of the AGM as required by ASX Listing Rule 7.3.4.

However, due to the market conditions since Shareholder approval was obtained at the AGM (including the limited corporate fundraising activity with institutional South African investors over the late December / early January period), the Company is yet to complete the required Capital Raising, in the Restructure process (as outlined above) and accordingly, is unable to issue the Transaction Shares to approved for issue pursuant to resolution 7 of the Notice.

Accordingly, the Company confirms that it has submitted an application for a waiver pursuant to Listing Rule 14.7 with ASX, to extend the time to issue the Transaction Shares pursuant to Resolution 7 of the Notice to 30 June 2023 (**Waiver Application**). The Company considers that this will be sufficient time to allow the Company to complete the required Capital Raising and proceed to completion of the Restructure.

The Company is in advanced negotiations with sophisticated South African institutions and has a high level of confidence that the Capital Raising (and the Restructure generally) will be completed within the next three months, should the waiver be granted by ASX.

## **Implications if the waiver application is not granted by ASX**

However, if the Waiver Application is not granted by the ASX, the Company will be required to re-hold a meeting of its Shareholders to refresh the Restructure approvals, which will result in further delays to Shareholders and creditors of the Company obtaining the benefit of the Restructure.

The Waiver Application is currently being considered by the ASX and the Company will keep Company shareholders and the market updated in relation to the outcome of the Waiver Application and the Capital Raising and Restructure generally.

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

For more information visit: [www.kinetiko.com.au](http://www.kinetiko.com.au) or contact,

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### About Kinetiko Energy and Afro Energy

Kinetiko Energy is an Australian gas explorer focused on advanced shallow conventional gas and coal bed methane (CBM) opportunities in rapidly developing markets in Southern Africa. South Africa has extensive gassy coal basins, widespread energy infrastructure and growing gas demand. The Company has a 4.9Tcf contingent resources and large potential exploration area, of which approximately 7000km<sup>2</sup> is granted and being explored.

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

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