

KINETIKO TO PROCEED WITH INSTALLATION OF PILOT GENSET AT AMERSFOORT PROJECT

HIGHLIGHTS

- Requirement for Private Power Producers to hold generation licences (IPP Licenses) has been removed by South Africa's Department of Mineral Resources and Energy (DMRE)
- South African Government's Energy Action Plan outlines a number of interventions to combat national energy crisis including:
 - Enabling and accelerating private investment in generation capacity
 - Accelerating the procurement of new capacity from renewables, gas and battery storage
 - Fundamental transformation of the electricity sector to achieve long-term energy security
- Kinetiko now able to proceed with installation of its own pilot generator set at Amersfoort Project
- Kinetiko subsidiary, Afro Energy (Pty) Ltd, has terminated a proposed 50/50 joint venture (JV) with Vutomi Energy (Pty) Ltd

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, would like to provide the following update on its transition from gas explorer to gas producer and power generator.

Kinetiko Energy CEO, Nick de Blocq, commented:

"The removal of the licensing threshold for new generation projects, allowing for output of up to 100MW without restrictions, signifies a substantial step towards the liberalisation of the energy market in South Africa. This change paves the way for investment in larger, utility-scale plants that can leverage economies of scale, unlocking opportunities for more efficient and cost-effective energy production.

The South African Government is actively identifying and prioritising projects that are in advanced stages of development, with a focus on expediting remaining approvals. Given Kinetiko's leading position as an explorer in onshore gas in Southern Africa, our project is recognised as a key contributor towards addressing the pressing issue of energy poverty in the region, and thus holds great potential in the overall solution."

Generation Licencing Requirements and Interventions

In a recent development, South Africa's Department of Mineral Resources and Energy (DMRE) has made a significant change by eliminating the need for private power producers to obtain generation licences for electricity production of up to 100MW. This progressive move aims to expedite the addition of crucial generation capacity to address the pressing energy needs in the country.

In addition to the removal of the requirement to hold a generation licence, South African President Cyril Ramaphosa has also announced additional measures to tackle the country's load shedding crisis, as set out in the [Energy Action Plan](#), with a National Energy Crisis Committee (NECOM) established to implement the plan and coordinate the government's response to the energy crisis.

The Plan outlines a number of broad, but key, interventions that the government intends to make to address the load shedding crisis and in which Kinetiko can play a part, including:

- o Enabling and accelerating private investment in generation capacity
- o Accelerating the procurement of new capacity from renewables, gas and battery storage
- o Fundamental transformation of the electricity sector to achieve long-term energy security.

With the changes to the generation licencing requirements and also the key interventions by the South African Government, Kinetiko is well placed to proceed with the installation of our own pilot genset at the Amersfoort Project with discussions already advanced to procure equipment from a reputable global provider.

Termination of Vutomi Energy JV

On [23 December 2021](#), Kinetiko announced that its subsidiary, Afro Energy (Pty) Ltd had entered into a joint venture terms sheet (**Terms Sheet**) with Vutomi Energy (Pty) Ltd (**Vutomi Energy**) seeking to produce and sell electrical energy to third party private sector off takers.

Kinetiko has informed Vutomi Energy of the termination of the joint venture relationship due to the terms of the pre-agreement terms sheet not being met and therefore a formal binding joint venture could not be executed.

Kinetiko will proceed to procure its own genset under the new regulatory regime to provide electricity to a private off-taker. The existing Korhaan wells at Amersfoort could be used to expand generation capacity or for alternative gas revenue opportunities based on cost and profitability analysis of various opportunities.

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 of 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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