

KINETIKO SECURES \$6.5m FROM STRATEGIC SOUTH AFRICAN INVESTOR TO COMPLETE AFRO ENERGY ACQUISITION

HIGHLIGHTS

- **Strategic South African investment company has executed a binding commitment to fund \$6.5m (before costs)**
- **The funding commitment enables the completion of the 100% acquisition of Afro Energy**

Kinetiko Energy Ltd (ASX: KKO) (**Kinetiko** or the **Company**) is developing an energy transition solution for South Africa focused on commercialising advanced shallow conventional gas projects in the Mpumalanga Province, is pleased to announce it has entered into a subscription agreement with Talent 10 Holdings (Pty) Ltd (**T10**) to raise A6,500,000 through the issue of 72,222,222 fully paid ordinary Kinetiko shares at an issue price of \$0.09 each (**Capital Raising**).

The purpose of this announcement is to clarify certain statements set out in the Company's announcement released on 4 September 2023 with respect to the Capital Raising and Kinetiko's acquisition of Afro Energy and corporate restructure generally.

As set out in the Company's Notice of General Meeting released on 24 May 2023 (**Notice**), the Capital Raising is the first step in a series of corporate transactions required for the Company to complete its acquisition and restructure of Afro Energy (Pty) Ltd (**Afro Energy**), following which the Company will be Afro Energy's sole shareholder. Afro Energy is the South African incorporated entity holding the exploration rights in South Africa prospective for natural gas.

The Notice set out, among other resolutions, a resolution for the Company to issue up to 524,371,478 Shares (**Consideration Shares**) to the underlying shareholders in Badimo Gas (Pty) Ltd (**Badimo**), being the entity holding the remaining 51% interest in Afro Energy. Shareholder approval for the issue of the Consideration Shares was obtained by the Company on 23 June 2023.

As set out in the Notice, the total number of Consideration Shares to be issued to the underlying Badimo shareholders will be subject to a number of adjustments, including a deduction of shares issued under the Capital Raising. Given that the number of shares issued under the Capital Raising is now known (and including other deductions), the total number of Consideration Shares to be issued to the underlying Badimo shareholders is 495,482,590 (**Adjusted Consideration Shares**).

Upon completion of the Capital Raising, the next step under the restructure deed entered between the parties is for Afro Energy to issue 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**).

Following the Afro Energy Subscription, the Company will hold a ~95% interest in Afro Energy, with the outstanding Afro Energy shares then held by Badimo being bought back pursuant to a share buy-back agreement between Badimo and Afro Energy. Upon completion of these transactions, Kinetiko will become the sole shareholder in Afro Energy and will issue the Adjusted Consideration Shares to the underlying Badimo Shareholders. The Company expects to complete the acquisition of its 100% interest in Afro Energy, and issue the Adjusted Consideration Shares, within the coming weeks and, in any event, prior to 23 September 2023.

Further details with respect to the restructure and the Company's acquisition of Afro Energy is set out in the Notice.

Indicative Capital Structure

The indicative capital structure of the Company following completion of the Capital Raising and issue of Adjusted Consideration Shares following its acquisition of Afro Energy is as follows:

Security	Number
Existing Shares	780,563,522
Capital Raising Shares	72,222,222
Adjusted Consideration Shares	495,482,590
Total Shares Post Restructure	1,348,268,334
Options	3,000,000
Fully Diluted	1,351,268,334

About Talent 10 Holdings

Talent 10 Holdings was established by its founders as a South African investment holding company in October 2012 with the vision that by 2020 it would be a significant investment holding company in South Africa with a diversified and integrated portfolio of companies that could have a significantly broader societal impact by growing the businesses and its people. The combined experience of over 50 years in the financial and investment industry and strong commercial aptitude has enabled the Talent10 team to unlock significant growth in target company investments.

-ENDS-

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) opportunities in rapidly developing markets in South Africa. South Africa has extensive gassy coal basins, widespread energy infrastructure and growing gas demand. The Company has achieved maiden gas reserves and a 6Tcf 2C contingent resources and large potential exploration area, comprising approximately 6,000km² of granted and applied exploration rights.

The Company's vision is to commercialise an energy transition solution for South Africa.

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