

Chairman's Letter to Shareholders

HIGHLIGHTS FOR 2023

- **11 core wells drilled all encountering gas principally in the Vryheid Formation and extending the geological potential across Kinetiko's Exploration Rights representing approximately 6,000km² acreage.**
- **Maiden gas reserves certified establishing positive economics and a substantial 20% increase in contingent gas resource (2C) to 6Tcf.**
- **Term sheet executed with the IDC to develop South Africa's largest onshore LNG project.**
- **Completed acquisition of South African company Afro Energy (Pty) Ltd, taking ownership in South African gas projects to 100%.**
- **Significant board changes made to facilitate strategic growth.**

Dear Shareholders,

As we look back at 2023, it is with immense pride that I report on a year of considerable progress and achievements at Kinetiko Energy Ltd (ASX: **KKO**) (**Kinetiko** or the **Company**). Under the leadership of our CEO, Nick de Blocq, our team has been outstanding in its dedication to execute exploration excellence and commercial expertise as we endeavour to harness and develop a significant energy solution for South Africa.

The year began with positive news when we announced the highest ever gas desorption results from our Majuba core well 271-23C (ASX announcement 30 January 2023), which has resulted in the Company planning to drill an adjacent appraisal production well in the first half of 2024 to establish the potential to supply substantial gas volumes to the nearby Majuba power station. Significant further exploration progress occurred in the subsequent months and throughout the year with three successful core wells drilled in the Southern ER270 and then six equally successful core wells in Northern ER272, with the year finishing with further gas intersections in two core wells in ER270.

Our drilling operations which were safe and incident free through the year yielded meaningful results, underscoring the potential for large-scale production as we proved gas bearing pay zones in Northern and Southern areas of the Company's tenure. This exploration success has underpinned the

Company's strategy to deliver five appraisal production wells next year in the most prospective geology to establish viability of multiple large-scale gas field developments.

The Industrial Development Corporation of South Africa (**IDC**) demonstrated its confidence in the Company's projects, advancing substantial funds towards its joint venture with Afro Energy. This joint venture aims to develop a pilot production gas field of approximately 20 production wells and has the potential of producing first gas sales later next year.

The Company solidified its strategic relationship with the IDC executing a non-binding term sheet to develop South Africa's largest onshore gas project. The joint venture intends that the parties co-develop the appraisal and production of 50MW growing to 500MW gas equivalent energy. (ASX announcement 22 August 2023).

The Company achieved a maiden certification of independent gas reserves and a 20%+ increase in 2C Contingent Resource to over 6.0 TCF from Sproule B.V. (ASX announcement 21 August 2023) with the expectation for potential significant further upgrades to gas resources and reserves from adjacent application exploration right (ER 320) being granted and the success of appraisal production drilling, both being the focus of completion in 2024.

The restructure of Afro Energy has now been completed and Kinetiko now holds 100% interest in Afro Energy the holder of all exploration rights in South African. The merger unlocked significant value by de-risking the project and providing operational, funding and development efficiencies. (ASX announcement 21 September 2023)

The Company closed the year with strategic changes in our Board. In particular, the appointment of highly credentialed Robert Scharnell as NED has enhanced KKO's leadership structure and sharpened the Company's focus towards achieving commercialisation objectives.

Looking ahead, Kinetiko remains steadfast in its commitment to develop a critical, sustainable and environmentally responsible energy solution for the country of South Africa and we are grateful for the continued support of our shareholders.

Regards



Adam Sierakowski
Executive Chairman

-ENDS-

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 or contact,

Adam Sierakowski
Executive Chairman
08 6211 5099
adam@kinetiko.com.au

Evy Litopoulos
Investor Relations
ResolveIR
evy@resolveir.com

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 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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