

## QUARTERLY ACTIVITIES REPORT ENDING 31 MARCH 2024

### HIGHLIGHTS

#### • Health, Safety and Environment

- No accidents, injuries, health or environmental incidents have been reported during the period.
- Safety meetings are held before every shift on the well site, and a SHEQ Officer (OH&S) is planned to be appointed prior to the next drilling phase.
- By the end of this quarter, the Company recorded over 35,000 person-hours since the recommencement of drilling without a reportable safety incident.
- Onsite environmental surveys were conducted in ER383 (previously designated ER320) in support of new Exploration Right application over this area.

#### • Exploration Update and Next Steps

- The first core hole of 2024 was spudded on January 22 at 270-08C, slightly north of the town of Memel, encountering huge gassy sandstone intervals and large, gassy coal seams.
- Core hole 270-08C represents the deepest drilling effort by the Company to date, revealing substantial gassy sandstone intervals through lithological logging, indicating significant potential for gas production development in ER270.
- The Company's exploration success affirms the geological continuity of its exploration rights, delineating an expanding gas resource play characterised by conventional sandstone reservoirs within honeycombed dolerite compartments, with plans for two additional core wells in ER270 in 2024.
- As previously reported, the Company contracted Infin Drilling to conduct drilling for five appraisal production wells in the Volksrust region south of ER271 and northern ER270. Now set to begin in early Q3 2024, the wells target a geological region between previously explored areas where the Company's core wells showed promising results.
- The Contractor will also deliver five more wells in the Korhaan field (Northern ER271) starting in early 2025 in readiness to start production to Micro-LNG once the Production Right is awarded next year.
- The Company is progressing towards obtaining a Production Right over ER271. The environmental impact assessment is expected to be completed and submitted within Q3 2024.
- Additionally, the grant of ER383, covering a 2,383km<sup>2</sup> area, is anticipated to contribute substantially to the Company's gas resources and reserves. The environmental impact assessment is expected to be completed within Q3 2024, and regulatory assessment and granting are estimated for late Q1 2025.

- **Cash**

- As of 31 March 2024, Kinetiko is in a strong financial position with no debt and approximately \$3.28m in available funds comprising \$0.2m in cash, in addition to a further \$1.71m of proportionate funding advanced to Afro Gas Development Pty Ltd to commence a joint venture with the IDC, who, in addition, has also contributed approximately \$1.37m.

**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. It is pleased to provide the following update on its onshore gas exploration and production development activities during the January – March 2024 quarter.

## Exploration update

### Exploration Success In ER270 Continues

The recently established core well sits about 17 km north of Memel, roughly 6 km from the nearest high-voltage grid, and approximately 26 km from the Lily Pipeline, which supplies gas to industries in the KZN midlands and coastal cities. This well, designated as 270-08C (see Figures 1 and 2), is strategically positioned to explore the potential of the sediment layers overlying the basin structures that dip towards the south. Expected outcomes include accessing deeper, higher-pressure, gassy sandstones and coal sequences.

Core hole 270-08C was drilled on 22 January 2024, and the rig left the site 45 days later after plugging the core hole and rehabilitating the site.

Core well 270-08C encountered huge gassy sandstone intervals in deep stratigraphy below 500m. Figures 3 to 10 are examples of residual gas bubbles emitting from coals and sandstones as each three (3) metre run of coring reaches the surface. Sandstone with residual gas bubbles continues below the coal zones, as well as carbonaceous sandstone/siltstone/mudstone.

The company's ongoing success in exploration further reinforces its belief in the geological continuity across its exploration rights. This marks the development of an expanding gas resource play characterised by conventional sandstone reservoirs within honeycombed dolerite compartments. As part of this exploration phase in ER270, the Company plans to drill two additional core wells in 2024.

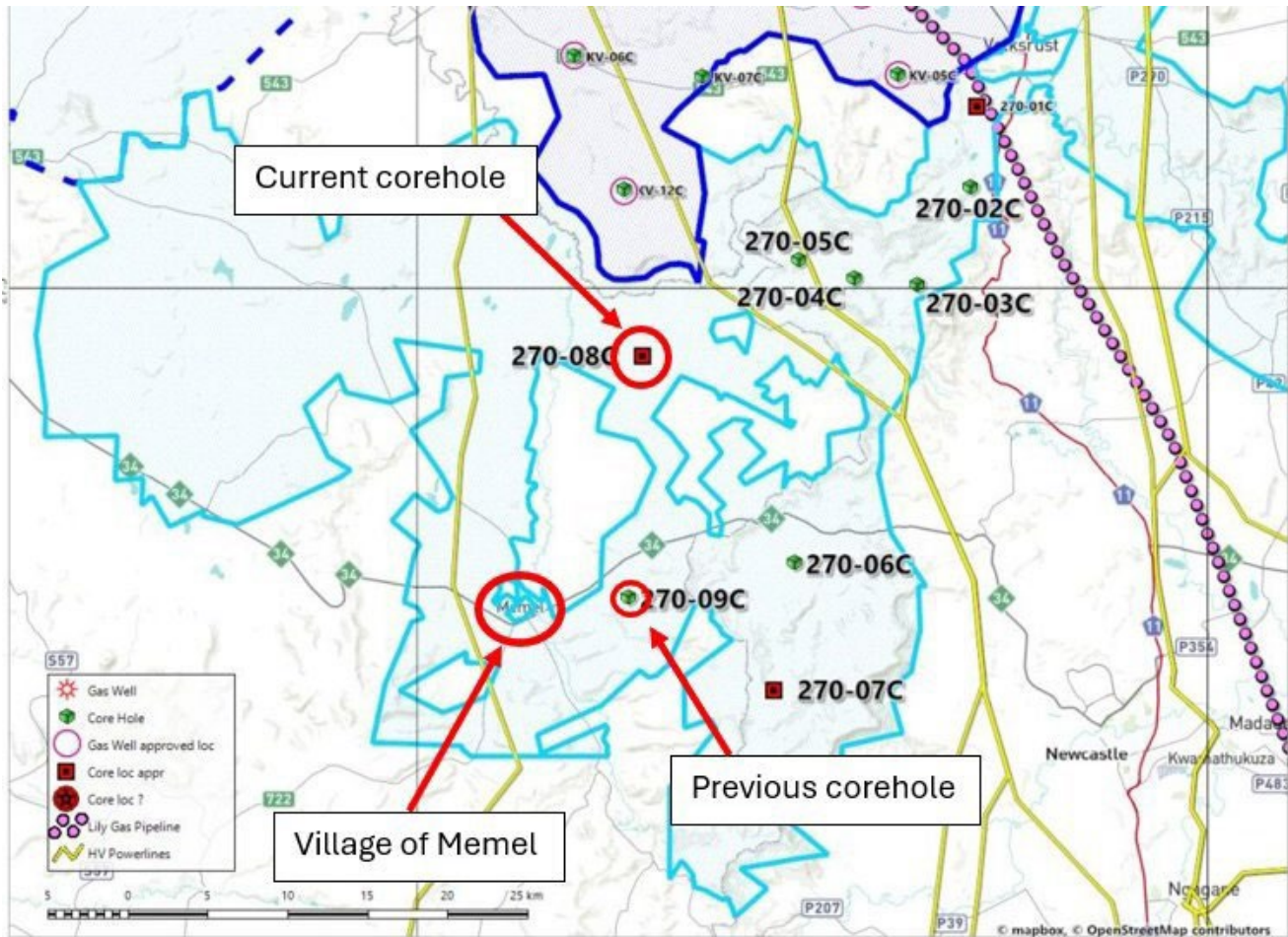


Figure 1. Map of the south-western portion of ER270.



Figure 2. The 270-08C exploration coring site in late February 2024. Dolerite sills were encountered down to 477m, with a great package of gassy sandstones and coals below the dolerite cap.



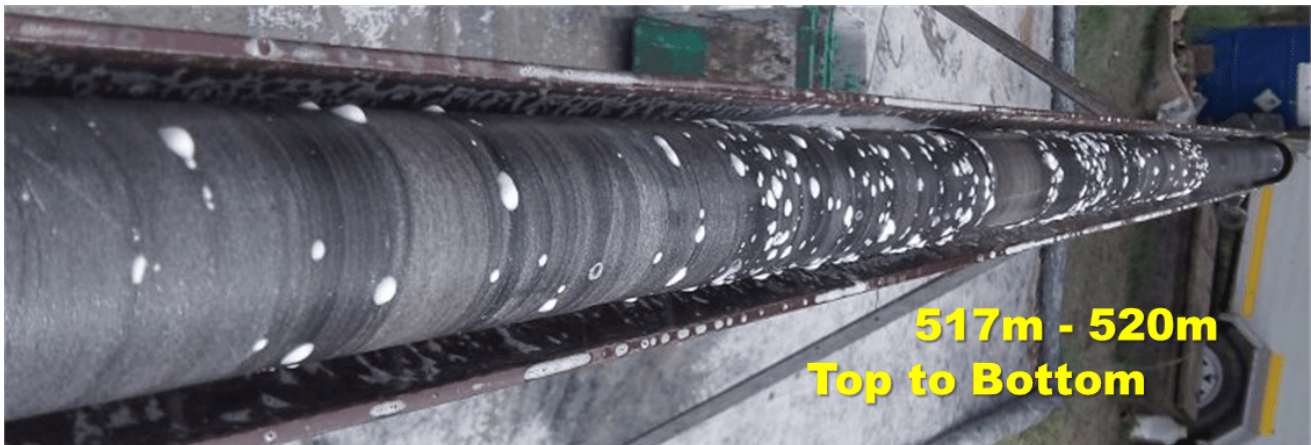


Figure 3. Three metre core run from 517-520m. "Zebra" sandstone/siltstone/mudstone displaying residual gas bubbles, with higher bubble concentrations where there are thin coal bands.

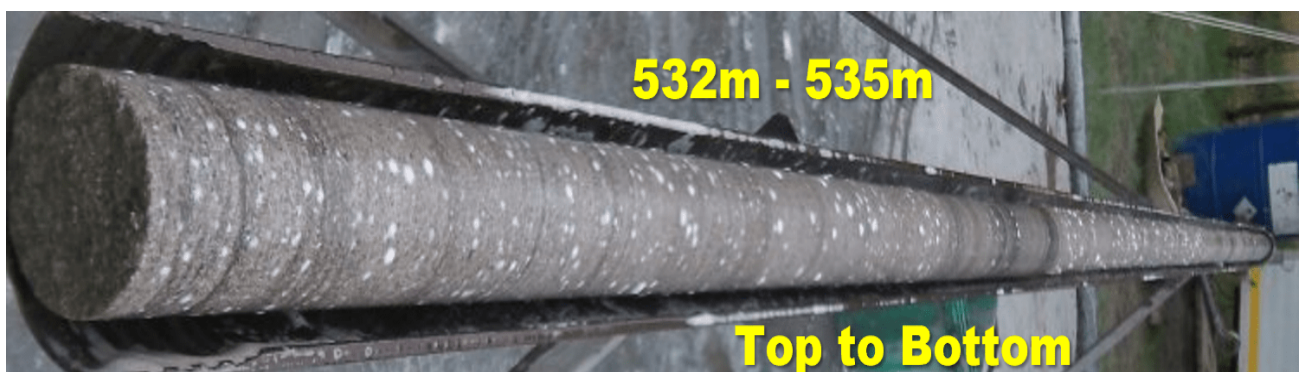


Figure 4. Three metre core run from 532-535m. Medium to coarse grained sandstone displaying residual gas bubbles.

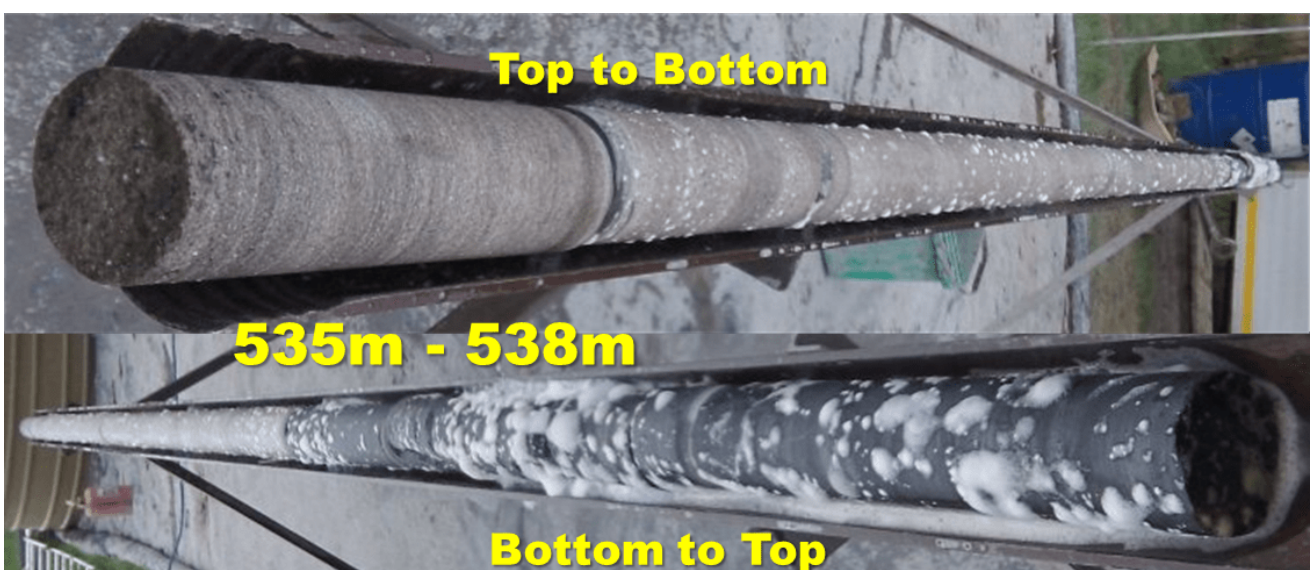


Figure 5. Three metre core run from 535-538m exhibited gassy sandstone overlying coal.



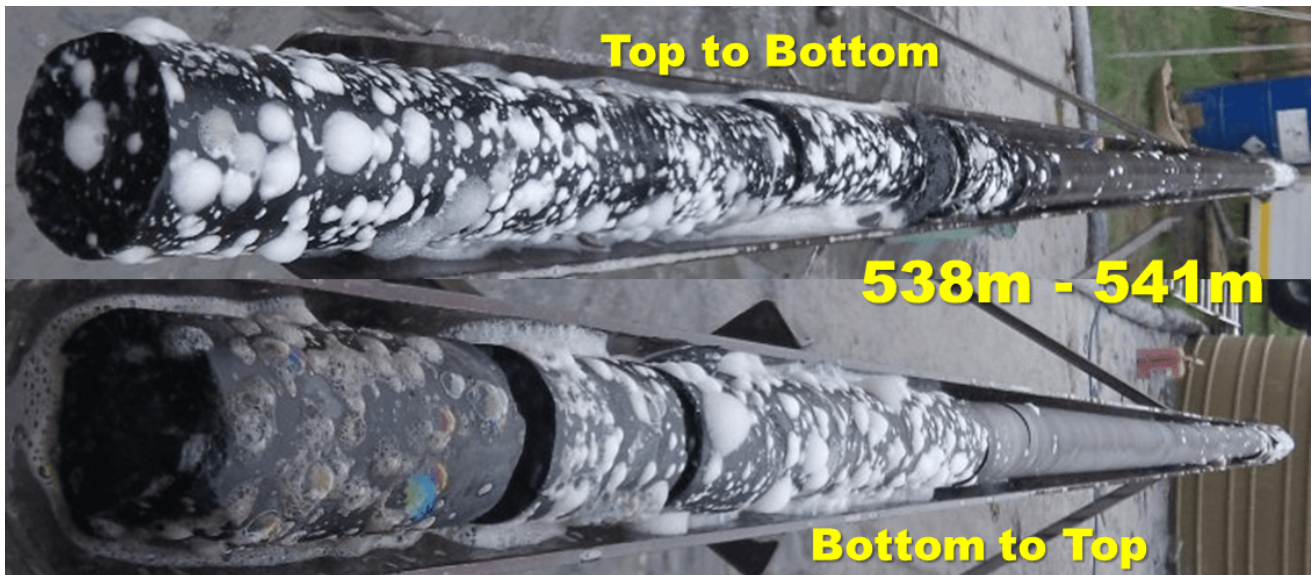


Figure 6. Three metre core run from 538-541m with gassy sandstone/siltstone sandwiched above and below by coal.

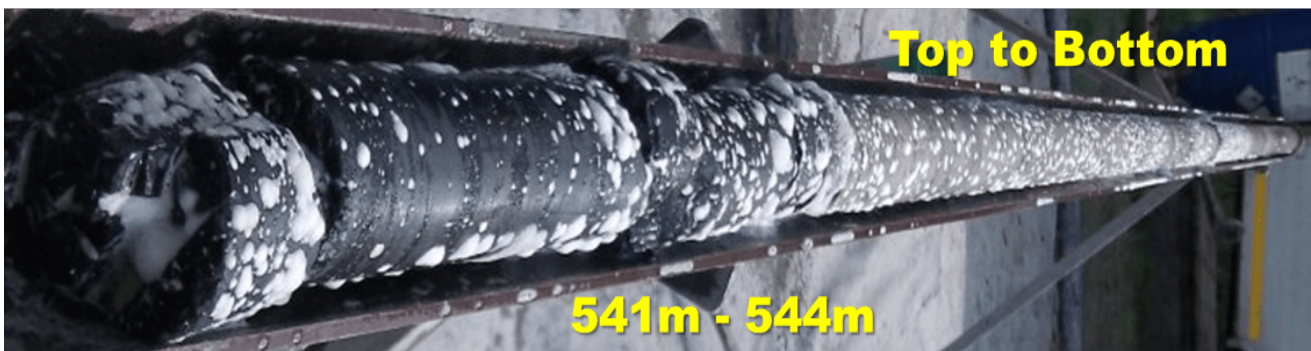


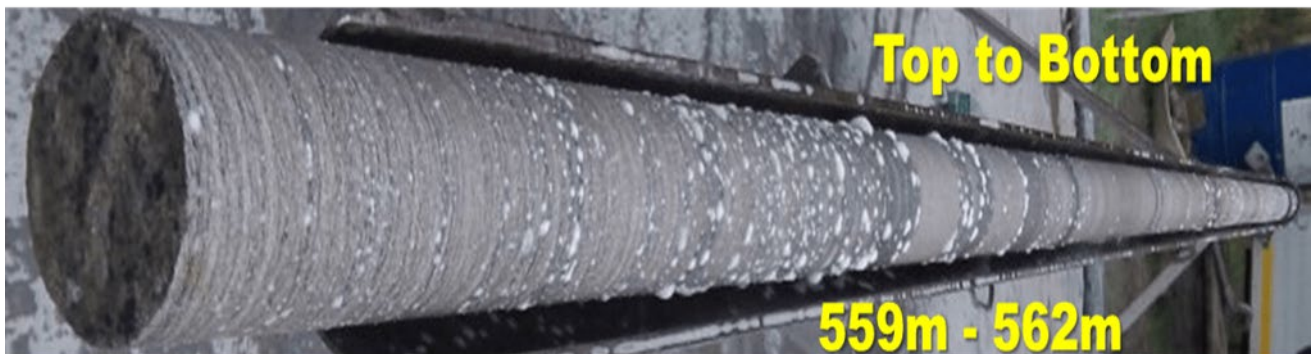
Figure 7. Three metre core run from 541-544m with coal overlying gassy sandstone.



Figure 8. Three metre core run from 547-550m with gassy sandstone below coal zones.



*Figure 9. Three metre core run from 556-559m with gassy sandstone and dark carbonaceous zones below coal zones.*



*Figure 10. Three metre core run from 559-562m with Gassy sandstone below coal zones.*

### **Core Well 270-08C Results**

Core hole 270-08C was drilled with the objective of testing the potential of the sediments overlaying the southerly-dipping basinal structures, capped by thick dolerite layers. (Refer to Figure 11.)

Wireline logging was completed in core hole 270-08C with exploration core results comprising dolerite sills (green zones), gassy sandstone pay (broad pink cross-over shading of density/neutron porosity) and the remainder are coals (2.53m) and carbonaceous siltstone / mudstone zones. Five coals samples were taken from core hole 270-08C for gas desorption testing and already after three weeks desorbing results range between 3 to 5 m<sup>3</sup>/tonne. These results are expected to improve over time, as is common in our regional coal sample analyses. The total gassy sandstone pay over 1m in thickness is 137.5m, in logged depth of 745.7m, the deepest drilling in the project to date. (Refer to Figure 12.)



The successful addition of core hole 270-08C reinforces our confidence in the extensive gas-rich fairway being discovered across all tenements, with favourable geological indications, particularly in the deeper South geology (see Figure 13), bolstering the Company's assurance of establishing a burgeoning resource play.

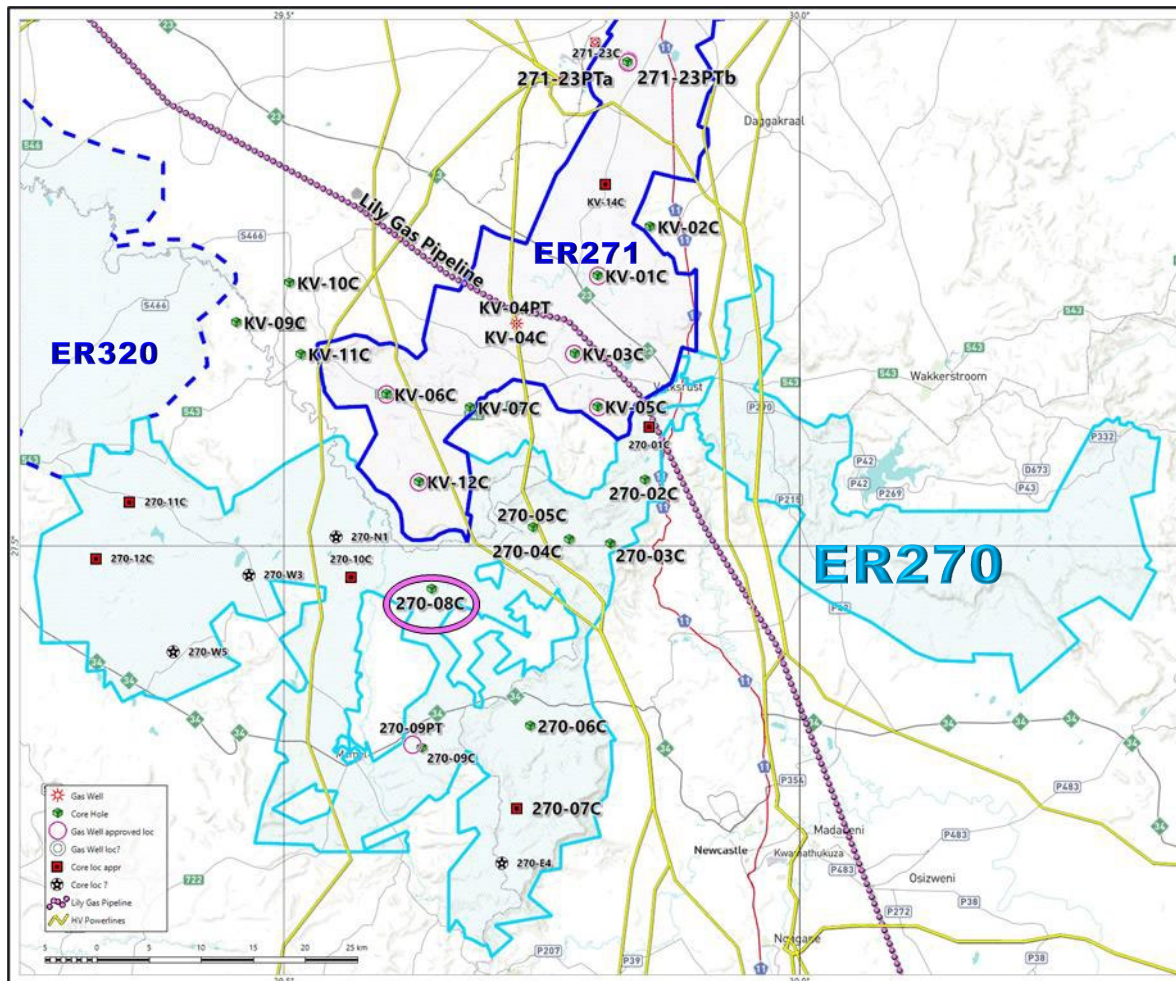


Figure 11: Map of 270-08C exploration coring relative to other locations.





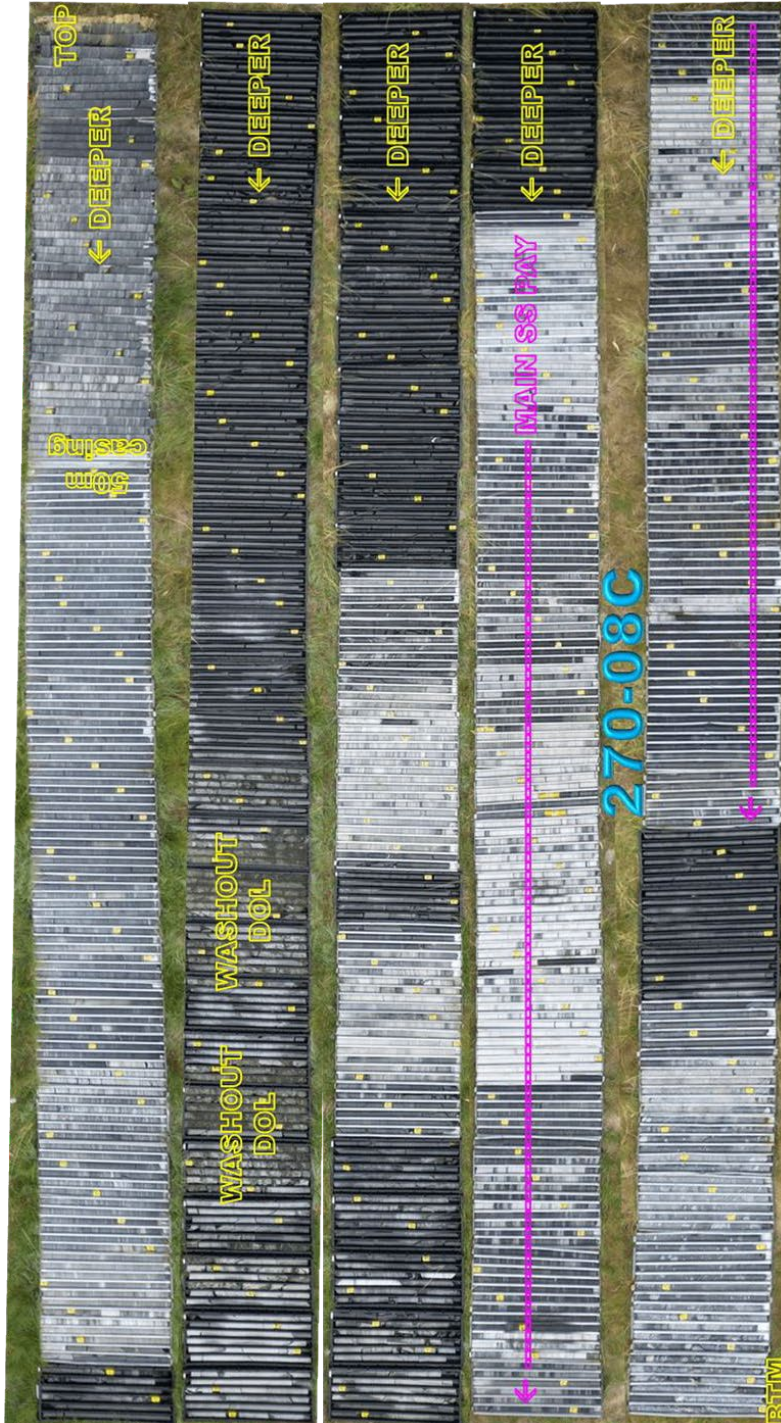


Figure 13: Photo mosaic of all the core recovered in 270-08C exploration hole

**Table 1: Core hole technical details:**

Hole Number	Eastings (longitude)	Northings (latitude)	Dev	Core Size	Core Length (ea)	Total Depth	Logging Depth
270-08C	29.6435°	27.53756°	0°	45mm	3m	745.7m	0 – 745m

**Table 2: Downhole Geological Summary for 270-08C**

From (m)	To (m)	Interval (m)	Geology	Observed Gas Yes/ No	Size
0	6	6	Alluvials, weathered / grey mudstone	No	PQ – Cemented conductor casing
6	50	44	Grey mudstone and carbonaceous siltstone/ mudstone	No	HQ – Cemented NW casing
50	145	95	Carbonaceous sandstone /siltstone /mudstone	No	NQ3
145	365	220	Dolerite with several washout zones	No	NQ3
365	397	32	Sandstone & carbonaceous siltstone/ mudstone with thin dolerite layers	Yes	NQ3
397	406	9	Dolerite	No	NQ3
406	422	16	Sandstone	Yes	NQ3
422	478	56	Dolerite	No	NQ3
478	694	216	Sandstone & carbonaceous siltstone/ mudstone with 4 coal zones	Yes	NQ3
694	712	18	Dolerite	No	NQ3
712	747	37	Mudstone / sandstone tillite / granite	Yes	NQ3

### Appraisal Production Well Drilling: ER271

As previously announced, the Company awarded a drilling contract to Infin Drilling to deliver five appraisal production wells in the Volksrust region to the south of ER271 and Northern ER270 (Figure 1). Casing and cementation hardware is being procured as imported content. Now scheduled to commence in early Q3 2024, these wells target a geological region between explored areas where some of the Company's most gassy core wells were drilled over the last 12 months.



The superior sample analysis results from core wells to the south (270-03C, 270-05C, and 270-06C) achieved gas desorption rates around 10m<sup>3</sup>/t and gas pay zones of approximately 150m. Slightly to the north, desorption testing on samples achieved 14m<sup>3</sup>/t in the slightly shallower mid-block area, with stratigraphical gas-cuts in excess of 130m. The planned wells are also proximate to the Lily gas pipeline, potentially providing available infrastructure for local off-takers or infield LNG plants for virtual pipelines.

### **Production Right Progress**

The Company continues progressing in its application for a Production Right over ER271. The environmental impact assessment is well underway, with leading environmental consultants WSP anticipating having their report completed and submitted within Q3 2024. The processing and grant of the Production Right by South African regulators is anticipated to take about 7-8 months, enabling the production right to be in place prior to the planned first commercial production in late 2025 from the Amersfoort production cluster as part of the first IDC joint venture.

### **New application of ER383 (ex-ER320) Progress**

Due to the re-application of our block of interest, previously known as ER320, a new file has been opened at the Regulators, nominated as ER383. This block covers an area of 2,383 km<sup>2</sup>, increasing the company's exploration acreage by over 60%

Given the contiguous nature of the geology that has been drilled over significant portions of the granted exploration rights, the Company anticipates that ER383 will add substantially to existing gas resources and reserves. The environmental impact assessment to support the application is progressing and anticipated to be completed and submitted by mid-2024, with the application then estimated to be assessed and granted by the South African regulators within Q1 2025.

## **Information Required by Listing Rule 5.4.1**

The Company had cash outflows for exploration and evaluation incurred during the third quarter of the 2024 financial year in the amount of approximately ZAR 3.67m (A\$296k) to cover, inter alia:

- Drilling services
- Preparation of a large drilling rig
- Proof-of-Concept GTP project equipment and services
- Wellsite equipment
- Contractor fees
- Consultants
- Owner's Engineer and other Professional services
- Waste Management solutions
- Plant hire

- Environmental auditing and application support
- Salaries, wages and day-rates
- Legal advice
- Office / G&A

During the March 2024 quarter, approximately \$99k was paid to directors and their associates for directors', company secretarial, corporate, capital raising, and legal fees. Of the payments during the quarter, \$6k was paid to directors who had resigned in November 2023 but accrued prior to their resignation.

## Commitment to Domestic Employment

Kinetiko employs local community members, labourers, plant, equipment, and consumables at every possible opportunity, following our policy of localising our spending wherever we can find quality goods and services at competitive rates.

During the most recent annum, Kinetiko has employed South African specialist companies for various exploration activities. Some of the major suppliers are:

Company	Application
SLR Consulting	Environmental Practitioners
WSP	Environmental Practitioners
Infin Drilling (Pty) Ltd	Core drilling rig, casing and related services
Franklin Electrical / LOG	Supply and maintenance of surface and downhole equipment
Akhona Oil and Gas Services	Supply of Cementation Engineering and HSE Personnel
Cliffe Dekker Hofmeyr	Legal services
LOG Projects	Equipment and services
OTC	Consultation
Proconics	Design and CoC



## Tenure Status as at 31 March 2024

<u>Tenement reference</u>	<u>Nature of interest</u>
ER320 (TCP 106)	Application for conversion from Technical Cooperation Permit to Exploration Right has had to be re-started, after recent advice from PASA. The application was started in Q4-23 by re-building the Scoping Document. A new application submission resulted in a file number change to ER383. Status: Ongoing
ER 270	Exploration Right granted on 03 September 2019.  Renewal granting letter received on 16 Feb 23.  Deed of Renewal signed on 28 June 2023 – valid to 27 June 2025.
ER 271	Approval granted by Dept of Mineral Resources (DMR) on 19 August 2021 for consolidation with ER38 and ER56.  Renewal granting letter received on 20 June 23.  Deed of Renewal signed on 28 June 2023 – valid to 27 June 2025.  Production Right application is ongoing.
ER 272	Exploration Right granted on 21 August 2019.  Renewal granting letter received on 16 Feb 23.  Deed of Renewal signed on 28 June 2023 – valid to 27 June 2025.

### Competent Persons and Compliance Statements

Unless otherwise specified information in this report relating to operations, exploration and related technical comments have been compiled by CEO, Mr. Nick de Blocq, who has over 36 years of experience in energy minerals exploration and production. He is assisted by registered Petroleum Geologist, Mr Paul Tromp, who has over 40 years of onshore oil and gas field experience. Mr de Blocq consents to the inclusion of this information in the form and context in which it appears.

This announcement is available to view on the Company's website [www.kinetiko.com.au](http://www.kinetiko.com.au)

The Company confirms that it is not aware of any new information or data that materially affect the information included in the relevant market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

- ENDS-

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, extensive energy infrastructure and a growing gas demand, making it an attractive area for investment. The Company has a large potential exploration area, of which approximately 7000km<sup>2</sup> is granted and being explored.

Afro Energy (Pty) Ltd. was incorporated as a joint venture founded in 2015 by Kinetiko Energy Ltd (49%) and Badimo Gas (Pty) Ltd of South Africa (51%) as a JV company to own 100% of the exploration rights with required BEE (Black Empowerment Endowment) certification, and facilitate South African investment in order to continue to explore, develop, and commercialise gas production.

ASX: KINETIKO | [kinetikoenergy.com.au](http://kinetikoenergy.com.au)





## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

KINETIKO ENERGY LIMITED

ABN

45 141 647 529

Quarter ended ("current quarter")

31 March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(147)	(406)
(e) administration and corporate costs	(107)	(572)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	66	191
1.5 Interest and other costs of finance paid	(2)	(5)
1.6 Income taxes paid	-	(20)
1.7 Government grants and tax incentives	-	-
1.8 Other – net GST and VAT (paid) / refunded	27	(23)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(163)</b>	<b>(835)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities, net of cash acquired	-	(3,555)
(b) tenements	-	-
(c) property, plant and equipment	(221)	(478)
(d) exploration & evaluation	(296)	(1,834)
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal or in respect of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Loans to other entities/individuals	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Repayment of loans to other entities/individuals	-	167
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(517)</b>	<b>(5,700)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	6,500
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(325)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>6,175</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,923	3,559
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(163)	(835)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(517)	(5,700)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	6,175



## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	40	84
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,283</b>	<b>3,283</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	204	945
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other – bank balances in Afro Gas Development Pty Ltd joint venture	3,079	2,978
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,283</b>	<b>3,923</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	99
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>-</b>	<b>-</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>-</b>
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
N/A		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(163)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(296)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(459)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,283
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,283
<b>8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>7.15</b>
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	



**Mining exploration entity or oil and gas exploration entity quarterly cash flow report**

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2024

Authorised by the Board

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.