

QUARTERLY ACTIVITIES REPORT ENDING 30 JUNE 2024

HIGHLIGHTS

- **Health, Safety and Environment**

- No accidents, injuries, health or environmental incidents have been reported during the period.
- Safety meetings are conducted before each shift at the well site, and a SHEQ Officer (Occupational Health & Safety) is scheduled to be appointed before the next drilling phase.
- By the end of this quarter, the Company recorded over 35,000 person-hours since the resumption of drilling without any reportable safety incidents.

- **Exploration and Production Development Update**

- In a groundbreaking achievement for South Africa, Kinetiko, in collaboration with FFS Refiners, has successfully demonstrated power production from a gas well at Amersfoort.
- An on-site, fully compliant gas train was constructed to feed a 1.2MW gas generator.
- Gas was produced from an existing well that is part of a 5-well cluster near Amersfoort, located in ER271.
- This successful demonstration supports the Company's plans to develop an LNG production cluster of approximately 30 wells at this site as part of its joint venture with the Industrial Development Corporation of South Africa (IDC).
- This milestone represents a significant advancement, highlighting the potential of the Company's substantial 6Tcf 2C gas resource to provide much-needed power to South Africa's economy.
- Core hole 270-12C, spudded on April 13, 2024, has been successfully completed.
- Core hole 270-12C has intersected multiple zones of targeted deeper carbonaceous geology with significant gas shows.
- Gas-bearing geological sequences totalling 87.5 meters were intersected, and log analysis has been completed.
- The results achieved near ER383 increase confidence in consistent geology and the potential for multi-field development.



- **Cash**

- As of 30 June 2024, Kinetiko is in a strong financial position with no debt and approximately \$7.21m in available funds comprising \$4.07m in cash, in addition to a further \$1.73m 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 \$1.41m.
- Strongly supported Rights Issue raises approximately A\$5m

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 April - June 2024 quarter.

Successful Gas-to-Power (GTP) Demonstration

On 5 May 2024, natural gas from a single well, Korhaan-1 (nicknamed 'The Beast'), located near Amersfoort in Mpumalanga Province, South Africa, successfully powered a gas generator connected to a newly constructed gas train (Figure 1). The 12-cylinder CAT gas generator, capable of producing 1.2MW, was supplied and containerised by Barloworld of Johannesburg. After a successful 4-day trial, the gas generator was disassembled and returned to Barloworld (Figure 2). ([refer to ASX Announcement 14 May 2024](#))

This pioneering demonstration validates the commercial viability of the Company's high-quality natural gas. During flow periods, the calibrated gas quality meter measured close to 99% methane and 1% nitrogen. Kinetiko plans to leverage this success by producing LNG from this specific field, necessitating off-grid energisation of the eventual production of wellfield equipment (including pumps, instrumentation, cryo boxes, etc.). Multiple gas samples were collected for detailed laboratory analysis.

On 7 May 2024, the Company, in collaboration with its GTP partner FFS Refiners (FFS), hosted a field visit event. Over 50 representatives from the investment, technical, regulatory, and gas user industries attended the on-site event (Figure 3) to observe the gas generator setup and witness flaring from four production wells in the Korhaan cluster.

As part of the Company's non-binding memorandum of understanding and intention to co-develop and co-fund gas production fields in South Africa ([refer to ASX Announcement dated 2 March 2023](#)), Kinetiko and FFS have cooperated to co-develop and co-fund gas production fields in South Africa. Sharing costs and resources, the parties successfully completed the Gas-to-Power (GTP) demonstration. With the proof-of-concept for GTP now achieved, Kinetiko and FFS plan to advance their collaboration to develop an LNG production field. To support this development, FFS will leverage its existing relationship with Galileo Technologies, a micro-LNG containerised production group.

The successful GTP demonstration sets the stage for Kinetiko to expand the Korhaan cluster from 5 wells to approximately 30 wells, developing an LNG production cluster as part of its JV with the Industrial Development Corporation (IDC). For more details, [refer to ASX Announcement dated 5 April 2023](#).



Figure 1: Gas generator powering on KKO gas flow from The Beast well



Figure 2: Well testing ahead of flow to gas generator



Figure 3: Kinetiko management presenting the project to guests at the field visit event

Exploration update

Successful Exploration Continues - Core Hole 270-12C Logged and Completed

Post end of the quarter, Kinetiko announced results from Core Well 270-012C. ([refer to ASX Announcement 1 July 2024](#)) Core hole 270-12C, spudded on 13 April 24, has successfully been completed with strong gassy geology intersected. The core hole was drilled in some of the Company's southernmost geology and approximately 30 km from the recent successful core well 270-08C (Figure 4). The core hole was drilled and cored to a depth of 742.9m, making it one of the deepest drilled by the Company, with thick dolerite sill to 480m and gassy sandstones, coal and carbonaceous siltstones and mudstone zones below. The added depth of the gassy zones should increase the pressure and volume of the gas flow in future production well testing.

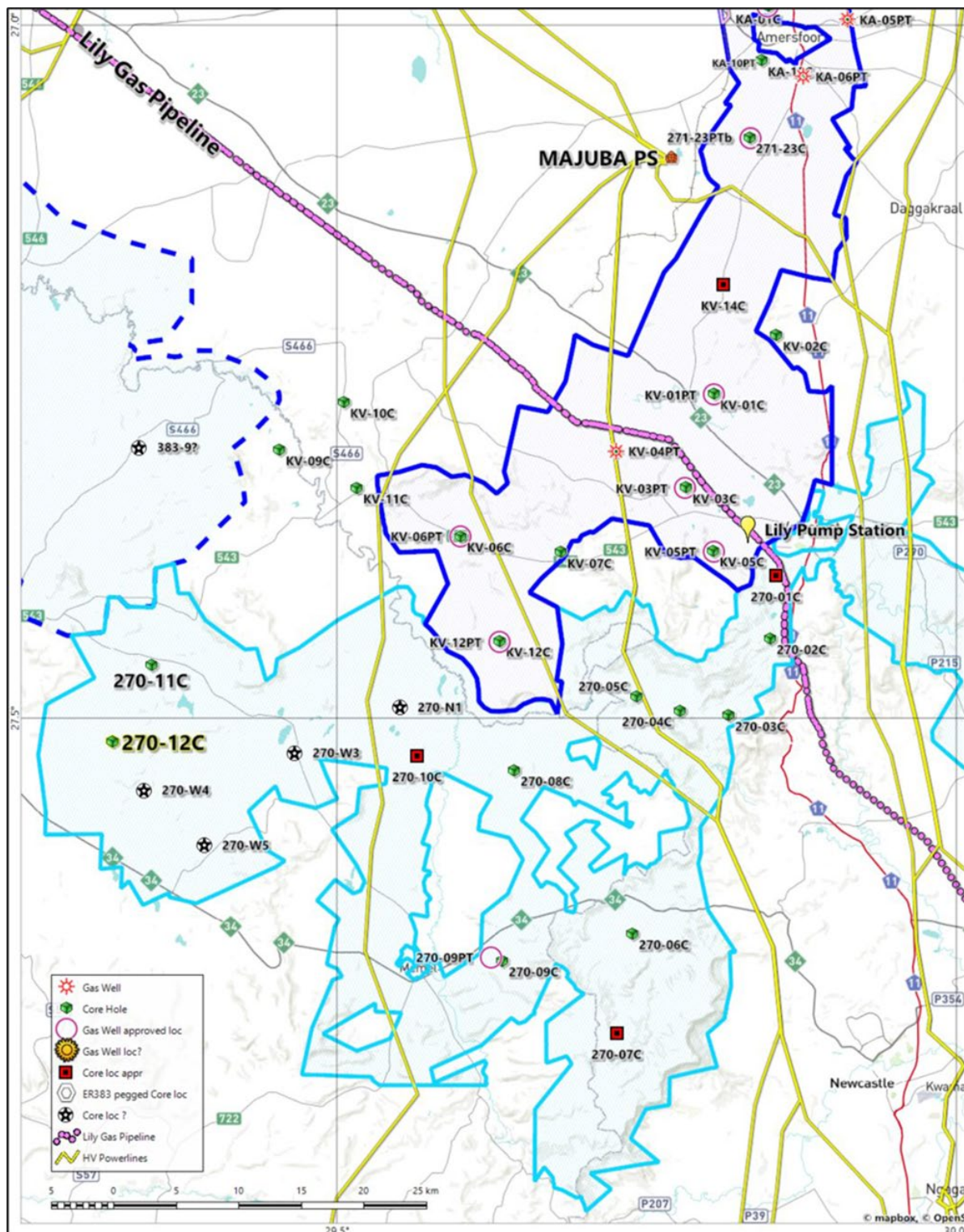


Figure 4: Map of 270-12C core hole relative to other locations

Wireline logging has been completed in core hole 270-12C with exploration core results comprising dolerite sills (green zone), carbonaceous zones, and gassy sandstones. Gas effect in sandstones was identified between 510m and 742m (broad pink cross-over shading of density/neutron porosity). This does not include carbonaceous zones or sandstone zones less than 1m thick which may also contribute gas in a producing well.

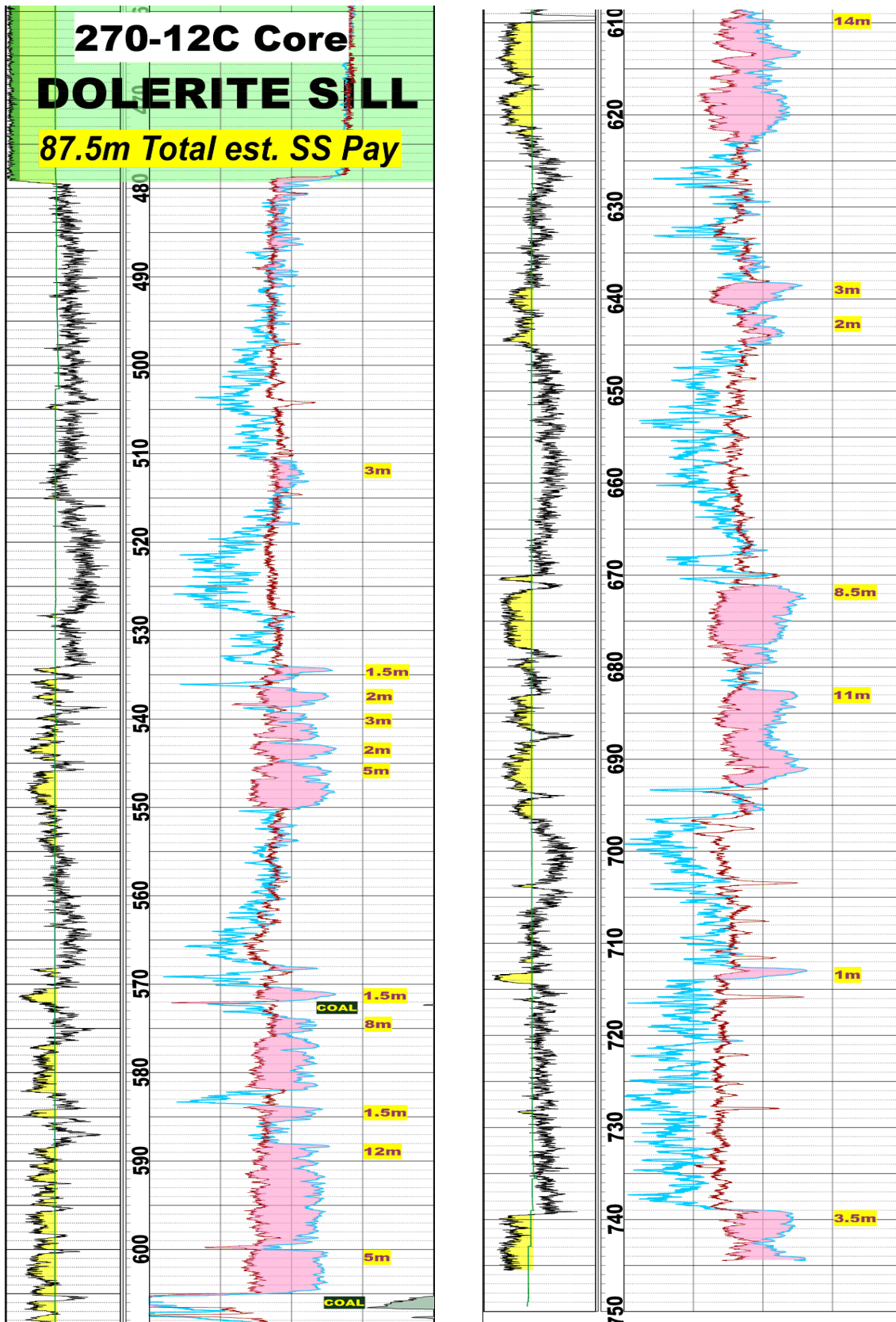


Figure 5: Logging Results from core hole 270-12C

The continued exploration success from core hole 270-12C amplifies the Company's assumption that massive gas-laden fairways exist across all of the Company's exploration rights. Further core hole exploration continues with the spudding of core well 270-11C, which occurred on 7 June 2024. This phase of exploration in ER270 with the drilling of core hole 270-11C achieves the successful conclusion of the regulator-required work program in Block ER270, and the Company's exploration focus will switch to the 5 appraisal production wells expected to be commenced within the next 4-6 weeks.

Table 1: Core hole technical details

Hole Number	Eastings (Longitude)	Northings (Latitude)	Dev	Core Size	Total Depth	Logging Depth
270-12C	E 29.31933°	S 27.51700°	0°	45mm	742.9m	0 – 745m

Table 2: Downhole Geological Summary for 270-12C

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	69	19	Dolerite	No	NQ3
69	123	54	Sandstone & carbonaceous siltstone/ mudstone	No	NQ3
123	144	19	Dolerite	No	NQ3
144	296	152	Carbonaceous siltstone/ mudstone	No	NQ3
296	479	183	Dolerite	No	NQ3
479	696	217	Sandstone & carbonaceous siltstone/ mudstone with 2 coal zones	Yes	NQ3
696	739	43	Carbonaceous mudstone	No	NQ3
739	742.9	3.9	Sandstone & tillite	Yes	NQ3

Information Required by Listing Rule 5.4.1

The Company had cash outflows for exploration and evaluation incurred during the fourth quarter of the 2024 financial year in the amount of approximately ZAR 14.62m (A\$1.19m) 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 June 2024 quarter, approximately \$45k was paid to directors and their associates for directors', company secretarial, corporate, capital raising, and legal fees.

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 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

Company	Application
Cliffe Dekker Hofmeyr	Legal services
LOG Projects	Equipment and services
OTC	Consultation
Proconics	Design and CoC

Tenure Status as at 30 June 2024

Tenement reference	Nature of interest
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 has 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.

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.

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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 Resolve IR
evy@resolveir.com

About Kinetiko Energy

Kinetiko Energy is a gas exploration company with a focus on advanced onshore shallow conventional gas opportunities in South Africa.

Kinetiko's tenements are located in South Africa's primary power-producing region, near aging coal-fired power stations and infrastructure. As South Africa shifts towards modern power solutions, the gas from Kinetiko's deposits is expected to provide base load power and act as backup to renewables as part of the country's long-term energy future.

The Company has achieved maiden gas reserves with positive economics and has 6 trillion cubic feet (Tcf) of 2C contingent resources, establishing a substantial world-class onshore gas project.

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

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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")

30 June 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	87	87
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(70)	(476)
	(e) administration and corporate costs	(138)	(710)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	65	256
1.5	Interest and other costs of finance paid	(4)	(9)
1.6	Income taxes paid	(30)	(50)
1.7	Government grants and tax incentives	-	-
1.8	Other – net GST and VAT (paid) / refunded	(9)	(32)
1.9	Net cash from / (used in) operating activities	(99)	(934)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities, net of cash acquired	-	(3,555)
	(b) tenements	-	-
	(c) property, plant and equipment	-	(478)
	(d) exploration & evaluation	(1,195)	(3,029)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal or in respect of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	12	12
	(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
2.6	Net cash from / (used in) investing activities	(1,183)	(6,883)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,056	11,556
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	(12)	(337)
3.5	Proceeds from borrowings	125	125
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)	-	-
3.10	Net cash from / (used in) financing activities	5,169	11,344

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,283	3,559
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(99)	(934)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,183)	(6,883)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,169	11,344

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	42	126
4.6	Cash and cash equivalents at end of period	7,212	7,212

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	4,074	204
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other – bank balances in Afro Gas Development Pty Ltd joint venture	3,138	3,079
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,212	3,283

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	45
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>	

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

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
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		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(100)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,195)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,295)
8.4	Cash and cash equivalents at quarter end (item 4.6)	7,212
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	7,212
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.56
	<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	

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: 31 July 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.