

QUARTERLY ACTIVITIES REPORT ENDING 30 SEPTEMBER 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 by the end of this quarter, the Company recorded over 8,281 person-hours since the resumption of drilling without any reportable safety incidents.
- **2024 Core Hole Exploration Program Completed with Results from Core Hole ER270-11C Logged**
 - Core hole ER270-11C was completed in late July, intersecting multiple pay zones and deeper geology, resulting in significant gas shows.
 - Gas-bearing geological sequences totaling 90 meters were encountered, with log analysis now finalised.
 - The 5 km proximity of ER270-11C to ER 383 strengthens confidence that the gas basin extends across Kinetiko's entire tenement package, suggesting a substantial increase in the future measured resource calculation.
 - ER270-11C is the 38th core hole drilled, maintaining a 100% success rate in intersecting significant gas pay zones.
 - This drilling and logging of ER270-11C marks the completion of the 2022–2024 core hole exploration program in ER 270, fulfilling all regulatory work requirements.
- **Cash**
 - As of 30 September 2024, Kinetiko is in a strong financial position with no debt and approximately \$4.29m in available funds comprising \$1.02m in cash, in addition to a further \$1.8m 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 \$1.47m.
- **Spudding of ER 271-23PT - First Well in Five-Well Gas Production Test Program**
 - Site preparation commenced in August for the first of five production test wells, including conductor casing and water monitor well drilling.
 - The 9-month program consists of drilling five production test wells in succession, with each well undergoing extended flow testing to gather crucial data for reserve certification and future development planning.
- Targets planned for the five wells have been selected to intersect multiple gas reservoirs and



optimise gas reserves certification.

- The wells are strategically positioned near key energy infrastructure, maximising the program's commercial potential and ensuring efficient gas delivery to off-takers.
- Production test drilling rig, Prakla RB 40S, mobilised to the site in September.
- Well-pad preparation, conductor casing and water monitor well drilling completed on-site.
- Drilling at well ER271-23PT, in the five-well production test program, began in late September and was completed on 16 October 2024 at a depth of 463 meters.
- Well ER271-23PT did not yield commercial gas quantities during a choke test at terminal depth, and no flow testing followed.
- Initial geological assessments indicate that the well encountered an unusually small, well-sealed compartment, identified as a geological anomaly.
- Despite the unexpected outcome at well ER271-23PT, Kinetiko remains confident as it progresses with the next four wells, which are strategically located in geologically promising areas backed by historical data and significant gas resource potential.
- The drill rig has been mobilised to a second production test well site, 40 km southwest of ER271-23PT, adjacent to the Lily pipeline.
- 6 TCF of 2C contingent resources have already been confirmed, with the potential for significant growth through this testing program.

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 July - September 2024 quarter.

2024 Core Hole Exploration Program Completed

In August, Kinetiko announced the successful completion of its 2022 to 2024 core hole program as part of its onshore gas exploration and production development activities and the results from its ER 270-11C drillhole located on exploration right ER270 (see [ASX Announcement 8 August 2024](#)).

Core Hole ER270-011C Results

Core hole ER270-11C, with PQ/NQ collars reducing to NQ3 was spudded on 7 June 2024 and was successfully completed to a final depth of 613.8 metres. The core hole was drilled in some of the Company's southern-most geology and approximately seven kilometres from the recent successful core well ER270-12C (see *Figure 1*). The hole intersected mainly dolerite sill to 390 metres above gassy sandstones, coal and carbonaceous siltstones and mudstone zones from the Karoo Formation below (see *Figure 2, Table 2*). The added depth of the gassy zones is expected to increase the pressure and volume of the gas flow in future production well testing.

gas-bearing strata within the exploration right area and assists in further refining the Company’s geological modelling.

Across the history of the 38 core holes completed, the Company has drilled a total of 18,212 metres and intersected a total of 3,867 metres of gas pay zones greater than 1-metre thick. The continued exploration success from core hole ER270-11C amplifies the Company’s assumption that extensive gas-laden fairways exist across all of the Company’s exploration rights. This phase of exploration in ER270 with the drilling of core hole ER270-11C achieves the successful conclusion of the regulator required work program in Block ER270.

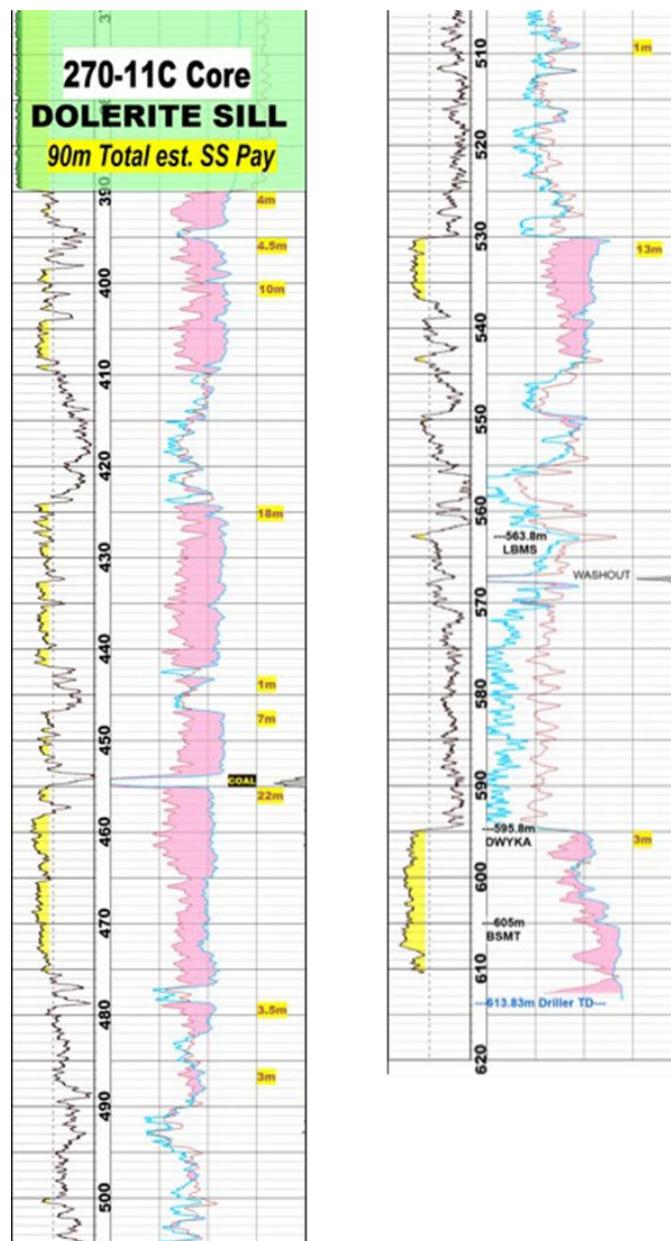


Figure 2: Logging Results from core hole ER270-11C

ER271-23PT – Spudding of First Well in Five-Well Gas Production Test Program

Production Well Program

Following the recent successful capital raising (see [ASX Announcement 18 June 2024](#)), a five well production test program commenced in August (see [ASX Announcement 1 August 2024](#)). The program involves drilling five separate production wells, which will be individually flow-tested for up to 90 days. The drilling of each well is expected to take four to five weeks to be completed.

Once drilling is completed, each well will undergo a dewatering process anticipated to take a few days. Once this process is complete, flow testing will then begin for each individual well, with results expected to confirm the potential of a future gas field development immediately adjacent to the production test well.

In mid-September, Kinetiko mobilised Prakla RB 40S rig to well ER271-23PT, the first of five production test wells (see [ASX Announcement 16 September 2024](#)). Well-pad preparation, conductor casing and water monitor well drilling was completed on-site.

Each of the five production test wells to be drilled in sequence have been located based on previous exploration success. The Company completed a core well adjacent to ER271-23PT that logging results established the intersection of 131.5m of gassy sandstone pay zones (see [ASX Announcement 30 November 2022](#)).

Each well is also situated next to existing power infrastructure (power station, pipeline, transmission lines, potential offtake customers) (*Figure 3. Mujuba Power station is approximately 9kms from the first production test well*), so each well has the potential to be the first well of a future production cluster gas field development.



Figure 3: Production drilling rig on site for spudding well ER271-23PT with Majuba power station in the background.

In addition, each production test well is strategically located to interpret multiple gas reservoirs and optimise gas reserves certification potential.

To reduce technical risks in future development planning and gather data on the lifespan and size of potential well clusters, the production test well program will focus on extended flow rates and depletion curves for each well. These results will help estimate the production life of each well and determine how many wells are needed per cluster. It will also project how long clusters can produce gas before additional wells are required to maintain gas delivery to customers.

This information will be used to model the economics of each production cluster and feasibility studies. Sproule B.V.'s initial Reserve calculation assumed 50,000 SCF/day of gas from each well (see [ASX Announcement 21 August 2023](#)). Achieving extended flow rates from this appraisal program above this level should significantly improve the development economics and Reserve estimates.

Kinetiko announced the commencement of drilling at well ER271-23PT on Friday, 27 September (see [ASX Announcement 30 September 2024](#)). Post end of quarter, the Company announced the completion of drilling at well ER271-23PT ahead of schedule on 16 October 2024 (see [ASX Announcement 23 October 2024](#)).

Observations from Well ER271-23PT

Well ER271-23PT was located 5km East of the Majuba power station. It was positioned adjacent to a core well where logging results established the intersection of 131.5m of gassy sandstone pay zones and the coals had some of the highest gas content of nearly 13 m³/tonne (see [ASX Announcement 30 November 2022](#)). However, despite logging results correlating with the core well, the production test well lacked sufficient compartment size to hold commercial volumes of gas. A choke test at terminal depth did not produce commercial gas quantities. Following the introduction of water into the well and additional testing, it was determined that the well intersected a very small, well-sealed compartment.

The shallow nature of the target geology has delivered greater water and gas saturations in each of the previous 13 test wells drilled by the Company over the past decade. As such, this result is assessed as an anomaly. Exploration has confirmed the consistent, widespread existence of gas-bearing porous sandstones throughout Kinetiko's exploration rights, and the Company remains robustly confident in its targeted remaining four production test wells intersecting commercial gas.

Kinetiko's exploration advantage lies in the low cost of drilling shallow conventional wells, allowing the company to use test drilling as an efficient method for discovering commercial onshore gas. The ER271-23PT drilling was completed without incident and below budget, costing less than AUD\$500,000. This has enabled the Company to build a multi-well exploration program at a fraction of the cost compared to traditional onshore gas exploration and development. This supports the Company's strategy to conduct expansive drilling programs in strategic locations to maximise the potential of commercial fields being developed.

The Company will continue to monitor well ER271-23PT to gather further data, providing valuable information that will inform future drilling efforts to optimise production from the wells and potentially re-working well ER271-23PT.

Next Steps and Broader Production Test Well Program

The remaining four production test wells are strategically located near key infrastructure, including gas pipelines and transmission lines, positioning Kinetiko as a potential supplier to South Africa's energy market. The program will flow-test each well for an extended period to gather critical data on flow rates, reservoir pressure, and depletion curves. This data will inform the economic modelling for future gas field developments.

Based on prior reserves, Kinetiko anticipates exceeding flow rate targets of 50,000 SCF/day for each additional well, and with drilling progressing rapidly, the company remains poised to unlock significant onshore gas resources in South Africa.

Table 1: Production Test Well technical details:

Well Name	ER271-23PT
Location	S 27.08189 E 29.83339 ELEV: 1,703m
Well Type	Vertical
Permit	ER271
Entity Holders	Afro Energy (Pty) Ltd (100% owned subsidiary)
Resource	Natural Gas - Methane
Formation	Lower Karoo
Gross Thickness	463m
Net Pay Thickness	131m
Geological Rock Types	Sandstones, siltstones, mudstones and coal overlain by dolerite sill
Depth of Zone Tested	236-455m
Type of Test and Duration	N/A
Phases Recovered	N/A
Flow Rates	N/A
Choke Size	N/A
Volume Recovered	N/A

Information Required by Listing Rule 5.4.1

The Company had cash outflows for exploration and evaluation incurred during the first quarter of the 2025 financial year in the amount of approximately ZAR 18.57m (A\$1.54m) to cover, inter alia:

- Drilling services
- Proof-of-Concept GTP project equipment and services
- 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 September 2024 quarter, approximately \$275k was paid to directors and their associates for directors', company secretarial, corporate, capital raising, and legal fees.

Commitment to Domestic Employment

Direct and Indirect Employment from Kinetiko Energy Activities:

Here below we illustrate the employment effect of our operational status across the 2024 annum to date:

	Management	Exploration	Environmental	Casual Employment	Skilled	Legal	Sub Total
Local RSA Employment	3	1	0	4			8
Expatriates	2						2
Operations Consultants	2		3				5
Suppliers	6	3	5		16	2	32
Total Employment	13	4	8	4	16	2	47

The company 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.

The company employed South African specialist companies for various exploration activities during the most recent annum; some of the major suppliers are tabulated below:

Company	Application
SLR Consulting	Environmental Practitioners
WSP	Environmental Practitioners
Infin Drilling (Pty) Ltd	Core drilling rig, casing and related services
Ubuntu Rock Drilling	Top hole and water monitoring well drilling
EDRS	Drilling rig and cementing services
Cliffe Dekker Hofmeyr	Legal services
Norton Rose Fulbright	Legal services
LOG Projects	Surface and Downhole Equipment and services
OTC	Consultation
Proconics	Design and CoC

Tenure Status as at 30 September 2024

Tenement reference	Nature of interest
ER383	Application for a new Exploration Right has been accepted by PASA and the Scoping Document in support of the EA application has been submitted by SLR
ER270	<p>Exploration Right granted on 03 September 2019. Renewal granting letter received on 16 Feb 23.</p> <p>Deed of Renewal signed on 28 June 2023 – valid to 27 June 2025.</p>
ER271	<p>Approval granted by Dept of Mineral Resources (DMR) on 19 August 2021 for consolidation with ER38 and ER56.</p> <p>Renewal granting letter received on 16 Feb 23.</p> <p>Deed of Renewal signed on 28 June 2023 – valid to 27 June 2025.</p> <p>Production Right application is ongoing.</p>
ER272	<p>Exploration Right granted on 21 August 2019</p> <p>Renewal granting letter received on 16 Feb 23</p> <p>Deed of Renewal signed on 28 June 2023</p>

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. - ENDS-

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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 September 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(259)	(259)
(e) administration and corporate costs	(319)	(319)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	82	82
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – net GST and VAT (paid) / refunded	(168)	(168)
1.9 Net cash from / (used in) operating activities	(664)	(664)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities, net of cash acquired	-	-
(b) tenements	-	-
(c) property, plant and equipment	(582)	(582)
(d) exploration & evaluation	(1,544)	(1,544)
(e) investments	-	-
(f) other non-current assets	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	Other	-	-
2.6	Net cash from / (used in) investing activities	(2,126)	(2,126)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	(29)	(29)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(125)	(125)
3.7	Transaction costs related to loans and borrowings	(7)	(7)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(161)	(161)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,212	7,212
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(664)	(664)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,126)	(2,126)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(161)	(161)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	33	33
4.6	Cash and cash equivalents at end of period	4,294	4,294

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	1,026	4,074
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other – bank balances in Afro Gas Development Pty Ltd joint venture	3,268	3,138
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,294	7,212

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	275
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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>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)	-	-
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)	(664)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,544)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(2,208)
8.4 Cash and cash equivalents at quarter end (item 4.6)	4,294
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	4,294
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.94
<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: YES	
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: YES, the Company will continue to monitor use of funds and consider its fundraising options and expects to be successful based on previous capital raises	

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: YES for the reason noted in 8.8.2

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 October 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.