



## Executive Chairman's Letter

Dear Shareholders,

With important milestones achieved in 2022, Kinetiko's vision to deliver South Africa's largest on shore gas field remains on track.

Our Company continued to press forward with its aggressive exploration expansion given the urgent need for gas in energy-starved South Africa. Kinetiko is also set to benefit from potential demand from active players in the mid and downstream sectors who are considering gas for power, LNG, chemical derivatives and direct pipeline offtake.

Kinetiko's recent exploration activities include the successful drilling of the Majuba core hole in November with strong gassy geology intersected to a TD of 478 metres. Core hole 271-23C, spudded in September, is in the vicinity of Majuba power station and places Kinetiko in a strong position to supply this plant and grid with baseload and/or peaking capacity. ([2 November 2022](#) and [13 October 2022](#)). In late November significant gas results from this core well again proved the productivity of the unique geology and established the potential for production wells to be drilled in the region. ([30 November 2022](#))

Approximately 60km south of the Majuba core hole, Core well 270-06C was also spudded in November, the first to be drilled in Southern Exploration Right 270 and the first of many boreholes planned for this area. These southernmost boreholes are within proximity to the energy hungry steel-smelting and manufacturing centre of Newcastle and has been successfully completed to a TD of 545m. ([8 November 2022](#)) This core well also successfully intersected significant gassy zones of carbonaceous coals and sandstones with the company eagerly awaiting the gas desorption and completed logging results early in the new year.

The consistent results the Company has achieved from its 2022 exploration has identified a potential gas fairway of over 100km in length which stretches from north of the Korhaan cluster wells, down to the recent core well 270-06C in the South. (Figure 1) Importantly this potential gas fairway is adjacent to the Majuba Power station and intersects the Lilly Gas Pipeline which could provide access to the gas for a multitude of off takers.

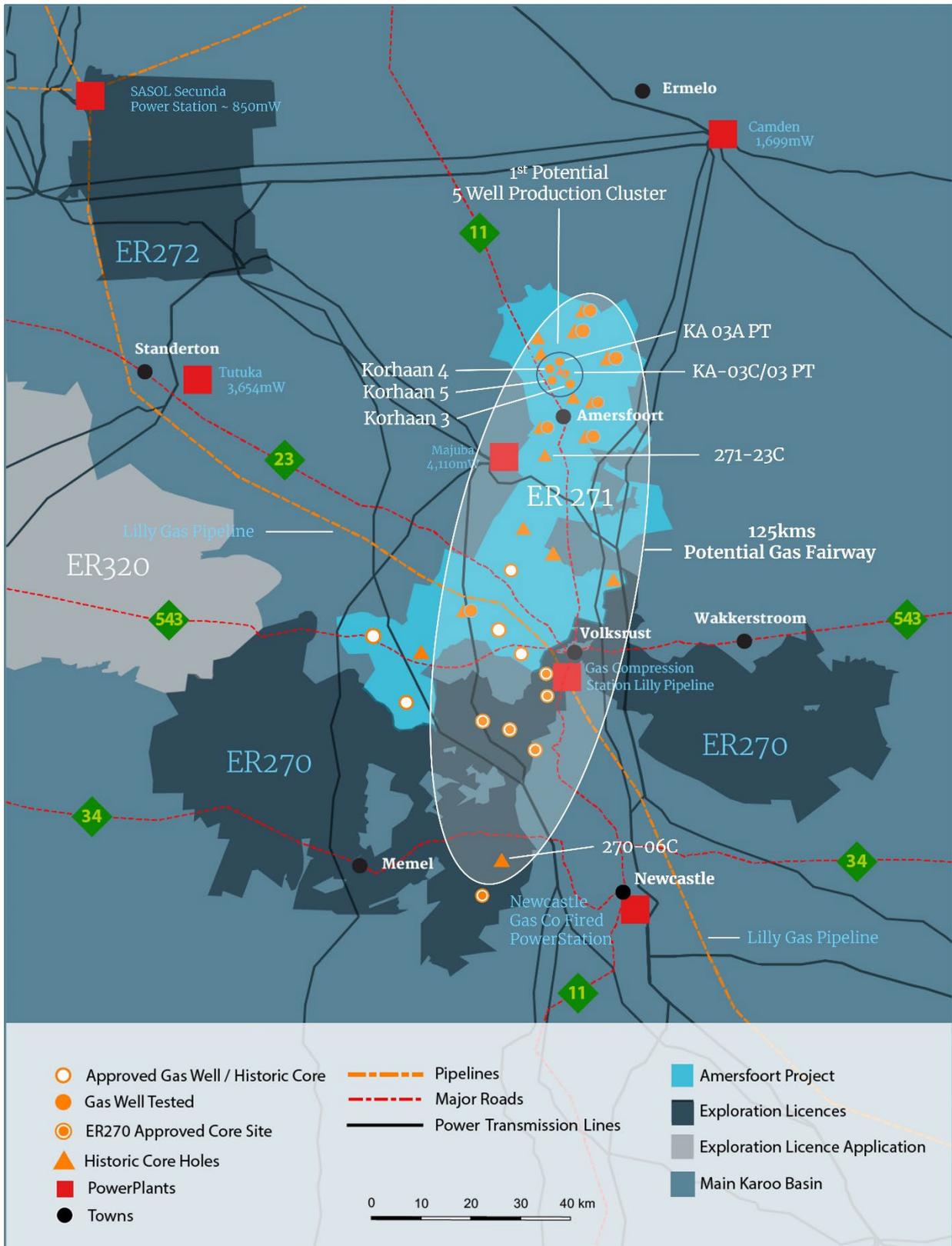


Figure 1 – 2022 exploration success establishing potential gas fairway through ER271 and ER 270

In addition, gas flow potential was successfully established from the Korhaan wells and the capacity to induce more gas from K-5 following a technical review provided even more confidence that our Company could host numerous future gas production wells. ([4 July 2022](#))

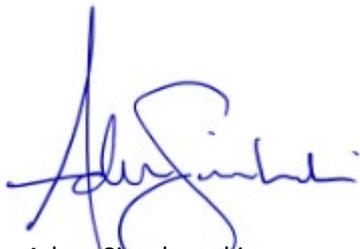
With long-term feedstock support for the Amersfoort Gas-to-Power (**GTP**) project all but assured, electricity production licences approved, and final permits expected, our first GTP project is scheduled to commence early next year. ([15 August 2022](#))

A series of successful capital raisings this year confirmed that our Company remains well-funded to pursue its ambitious goals/targets for the coming year with over A\$7m in cash and no debt to commence the 2023 year. In a vote of confidence, our strategic partner, Phefo Power, a South African energy investment institution whose stakeholders comprise leading South African oil and gas executives, participated in two placements this year. The second A\$5m placement, in October as well as exercising an option in December to provide another A\$3m, was the largest investment by a private South African institution to date. Phefo will become a substantial shareholder in Kinetiko and will strengthen our Company's Black Economic Empowerment (**BEE**) credentials. ([10 October 2022](#) and [16 December 2022](#)).

Kinetiko is looking forward to booking its maiden gas reserves, based on the GTP pilot project, early in 2023. The Company engaged independent gas certification group Sproule to provide an independent evaluation of the gas reserves and/or resources of in the GTP project region in Exploration Right 271. The Sproule report was to be delivered by November this year, however delays in securing the appropriate gas generator for the GTP and further significant technical results from the recent core wells completed have made it appropriate for the Sproule report to be delayed to consider all these matters. ([15 August 2022](#)).

Thank you to you, the shareholders of our company for your continued support.

Regards,



Adam Sierakowski  
**Executive Chairman**

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](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, widespread energy infrastructure and growing gas demand. The Company has a 4.9Tcf contingent resources and large potential exploration area, of which approximately 7000km<sup>2</sup> is granted and being explored.

The Company's vision is to continue to explore, develop, and commercialise gas production.

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