

## MERGER WITH BADIMO GAS TO PROCEED

### HIGHLIGHTS

- **Shareholder approval received to approve the merger and issue of 567,704,812 consideration shares**
- **The acquisition significantly de-risks the development of the South African projects and brings together all the experience and expertise of the historic joint venture parties and will streamline the exploration and development of nearly 7,000km<sup>2</sup> of the geologically and infrastructure rich land position which hosts a 4.9Tcf (2C) resource**
- **The respective boards and major shareholders of both Badimo and KKO are supportive of the acquisition, with all Badimo shareholders and two of the Company's directors executing long term escrow agreements**

Kinetiko Energy Ltd (ASX: KKO) (**Kinetiko** or the **Company**) an Australian gas explorer and developer focused on advanced shallow conventional gas and coal bed methane in South Africa, is pleased to provide the following update post the completion of the recent Annual General Meeting (**Meeting**).

### Proposed Transaction

On 24 December 2021, Kinetiko announced it had executed binding legal agreements to acquire the remaining 51% of Afro Energy (Pty) Ltd (**Afro Energy**) it did not already own from Badimo Gas (Pty) Ltd (**Badimo**), with consideration for the acquisition being 567,704,812 shares (**Consideration Shares**) in Kinetiko (the **Proposed Transaction**). Afro Energy is the incorporated joint venture (**JV**) company between Kinetiko and Badimo which holds a 100% interest in the Mpumalanga Gas Project in South Africa (**Mpumalanga Project** or **the Project**).

In order to complete the merger Kinetiko will facilitate a \$6,500,000 sell down of Badimo consideration shares at a price of no greater than \$0.15 and no less than \$0.075 per Kinetiko share (**Transaction Capital Raising**). This corresponds to a minimum of 43,333,334 Kinetiko shares (at a \$0.15 issue price) and a maximum of 86,666,667 Kinetiko shares (at a \$0.075 issue price). The Transaction Capital Raising can occur within four months now all outstanding

conditions are satisfied under the Restructure Deed and Badimo's shareholders (the **Badimo Shareholders**) will not be allowed to participate in the Transaction Capital Raising. The number of new shares issued by Kinetiko as part of the Transaction Capital Raising will ultimately be deducted from the number of Consideration Shares that will be issued to the Badimo Shareholders so the total consideration shares issued remains the same as 567,704,812.

Badimo's largest shareholder and current Afro Energy Director Chairman, Mr Donald Ncube, and another Badimo shareholder, Mr Robert Bulder, will be appointed to the board of the Company as Non- Executive Directors.

A further component of the Proposed Transaction is that the Badimo Shareholders have voluntarily agreed to place the Consideration Shares they receive in escrow (**Voluntary Escrow**), which restricts the disposal of their holdings in the Company. A portion of the Consideration Shares will be escrowed for between 12 and 27 months from issue. Two of the Company's directors have also agreed to escrow a portion of their shares on the same terms pursuant to the Proposed Transaction.

### **Proposed Indicative Capital Structure**

The indicative capital structure of the Company following completion of the Proposed Transaction and the Transaction Capital Raising (assuming no other securities are issued, and no other existing securities are exercised or converted into Shares) is set out below:

Security	Number	
	Transaction Capital Raising conducted at an issue price of \$0.15 per Share	Transaction Capital Raising conducted at an issue price of \$0.075 per Share
Existing Shares <sup>1</sup>	686,073,969	686,073,969
Placement Shares <sup>2</sup>	56,577,777	56,577,777
Transaction Capital Raising Shares <sup>3</sup>	43,333,334	86,666,667
Transaction Shares <sup>4</sup>	524,371,478	481,038,145
<b>Total Shares on issue following completion of the Proposed Transaction</b>	<b>1,310,356,558</b>	<b>1,310,356,558</b>
Options currently on issue	3,000,000	3,000,000

<b>Fully diluted capital structure</b>	<b>1,313,356,558</b>	<b>1,343,356,558</b>
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**Notes:**

- Existing Shares on issue as at the date of this notice of meeting.
- As set out at Section 2.1 of the notice of meeting, a total of 56,577,777 Shares issued pursuant to the Placement.
- The total number of Transaction Capital Raising Shares to be issued by the Company will depend on the issue price per Transaction Capital Raising Share issued under the Transaction Capital Raising. The Transaction Capital Raising Shares will be issued at an issue price per Share not greater than \$0.15 per Share and not less than \$0.075. Accordingly, a minimum of 43,333,334 Shares and a maximum of 86,666,667 Shares will be issued pursuant to the Transaction Capital Raising.
- The total number of Transaction Shares to be issued by the Company will depend on the total number of Transaction Capital Raising Shares issued under the Transaction Capital Raising (as the Transaction Shares totals the Consideration Shares less the Transaction Capital Raising Shares).

**Proposed Indicative Timetable**

The proposed indicative timetable for the completion of the Restructure is as follows:

<b>Event</b>	<b>Date</b>
Execution of the Restructure Agreement	23 December 2021
Execution of Letter Agreement (amending the Restructure Agreement)	22 September 2022
Completion of the Transaction Capital Raising	by 30 March 2023
Completion of the Afro Energy Subscription	by 27 April 2023
Settlement of Afro Energy Loan and Completion of Share Buy-Back	by 4 May 2023
Escrow Agreements entered into	by 5 May 2023
Issue of Transaction Shares	by 11 May 2023
Appointment of Donald Ncube and Robert Bulder as Directors of Kinetiko	by 22 June 2023

**Note:**

The indicative dates provided above are provided based on the latest possible date for each event as required by the Restructure Agreement (as amended by the Letter Agreement). As such, the Company is required to complete the Transaction Capital Raising by no later than 30 March 2023. If the Company completes the Transaction Capital Raising prior to 30 March 2023, the subsequent events to complete the Proposed Transaction will occur prior to the date provided above.

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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