

IDC FUNDING RECEIVED TO COMMENCE JOINT VENTURE DEVELOPMENT

HIGHLIGHTS

- **Industrial Development Corporation of South Africa (IDC) has advanced first funds towards its JV with Afro Energy to develop gas fields to produce gas for industrial, commercial, transportation or power generation applications**
- **Proposed gas field comprises approximately 20 wells to produce gas and IDC has a first right to participate up to 45% of the next 60 wells developed by Afro Energy**
- **Approvals are in place for the joint venture and field commencement anticipated in late 2023**
- **Continues company focus on capital efficiency to significantly grow gas resources and reserves**

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 on its onshore gas exploration and production development activities.

The Industrial Development Corporation of South Africa (**IDC**) a wholly owned subsidiary of the South African government mandated to promote economic growth and industrial development in South Africa has advanced R16,300,000 as part of its R70,000,000 commitment into its joint venture with Afro Energy (Pty) Ltd (**Afro Energy**) the proposed 100% subsidiary of Kinetiko.

Kinetiko CEO, Nick de Blocq, commented:

"The involvement of the IDC in our project at an asset level is a manifestation of the Government's confidence in the viability of our transition energy vision. Our current intention is to focus the joint venture we have created with the IDC on the development of producing fields in the southern part of Block ER271, for which we have begun the

process of converting to a multi-decade Production Right. With the ability, via this agreement, to expand the IDC's interest in our production plans going forward beyond this initial LNG development phase, the joint venture has become a launch pad to much larger field development."

IDC Funding to Prime Joint Venture Development

Afro Energy has executed a joint development agreement and supporting agreements to jointly develop commercial gas production in the Amersfoort region within Exploration Right 12/3/271. The investment and development will be conducted through an incorporated special purpose vehicle named Afro Gas Development SA (Pty) Ltd (**AGDSA Project**). (See ASX Announcement dated 4 April 2022).

The gas field development will be undertaken in two phases. The first will be the development of approximately 10 wells and the construction of a gas terminal with gas treatment and processing plant, metering station and pipeline gathering system. The second phase will comprise the commencement of gas production from existing wells and the development of a further approximately 10 wells along with the maintenance and expansion of facilities as required.

The ADGSA Project is budgeted to cost approximately R155m which will be contributed 45% (R70m) by the IDC and 55% (R85m) by Afro Energy. The contributions are to be made by shareholder loans repayable from ADGSA Project gas production revenues. Afro Energy has advanced R20,000,000 as part of its contribution for its 55% ownership of the joint venture.

The IDC has the first right to participate for up to 45% equity investment in any further special purpose vehicles relating to further gas production blocks up to a total of 60 wells.

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 or contact,

Adam Sierakowski
Executive Chairman
08 6211 5099
adam@kinetiko.com.au

Evy Litopoulos
Investor Relations
ResolveIR
evy@resolveir.com

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 7000km² is granted and being explored.

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

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