

QUARTERLY ACTIVITIES REPORT ENDING 30 JUNE 2025

HIGHLIGHTS

- **Health, Safety and Environment**
 - No accidents, injuries, health, or environmental incidents reported during the quarter.
 - 2,997 person-hours recorded this quarter without reportable safety incidents, with safety meetings conducted before each shift at well sites.
- **Production Test Well Update: Third Gas Production Test Well Spudded**
 - Drilling commenced at 271-KA03PT10, the third of five production test wells in Kinetiko's program at Brakfontein.
 - Revised procedures from Oilfield Technologies optimisation studies are being applied to enhance gas recovery and reduce formation damage.
 - The well forms part of a cluster to supply gas to a planned pilot LNG plant in 2026, with first gas flow results expected August 2025.
- **Projected Resource Growth**
 - Kinetiko's five-well production testing program is targeting deeper gas-rich zones and applying advanced drilling techniques, including remediation trials on underperforming wells, to significantly grow its existing 6 TCF (2C) contingent resource - equivalent to 1 billion barrels of oil - and convert part of the 5.8 TCF 2U prospective resource.
 - Each well is strategically located based on prior exploration success, with the program expected to de-risk future drilling and accelerate Kinetiko's shift from exploration to production, positioning the Company as a key contributor to South Africa's energy future.
- **Non-Binding Term Sheet Signed with FFS to Accelerate Pilot Gas Production**
 - Kinetiko signed a non-binding term sheet with FFS Refiners for the proposed co-development of a pilot LNG plant, aiming to accelerate small-scale gas production from existing wells at Brakfontein.
 - Proposed initiatives include co-funded drilling, production right application, and gas testing to certify reserves.
 - A binding Joint Development Agreement is expected in August 2025, with further phases planned to expand gas production and supply.

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- **Successful Capital Raising**

- Kinetiko successfully completed a \$2.2 million Share Placement in June, supported by Directors and top shareholders, to fund exploration, production testing, and working capital.

- **Cash**

- As of 30 June 2025, Kinetiko maintained a strong financial position with no debt and approximately \$1.88m in available funds comprising \$1.64m in cash and \$247k in Afro Gas Development, an entity incorporated to commence a joint venture with the IDC.

Kinetiko Energy Ltd (ASX: KKO) (Kinetiko or the Company) is developing an energy solution for South Africa focused on commercialising 100% owned 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 2025 quarter.

Gas Production Test Well Update

T271-KA03PT10: Third Gas Production Test Well Spudded

In May, Kinetiko announced the spudding of well 271-KA03PT10, the third well in the Company's production well test program (Figure 1). (Refer [ASX Announcement 14 May 2025](#).)

The well design and drilling procedures are being incorporated in line with detailed recommendations from Oilfield Technologies Australia Pty Ltd (OT), based on laboratory testing of formation core, drilling fluids, and foam samples from earlier wells. (Refer [ASX Announcement 23 April 2025](#).)

This program is expected to provide significant insights into the reservoir characterisation of Kinetiko's 100% owned gas fields. With South Africa urgently needing alternative energy solutions, this program is a critical step toward unlocking the potential of the Company's 6 TCF (2C) contingent resource, discovered across Kinetiko's expansive onshore tenement package.

Drilling commenced on 9 May 2025 with the placement of the conductor casing. The well is located at Brakfontein near historic production test wells and is expected to, when connected with these historic wells with gathering facilities, create a field development with the potential to drive a micro-LNG plant (Figure 2). The big rig has been mobilized and further drilling commenced on 23rd July 2025

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Figure 1: Drilling rig on site for spudding well 271-KA03PT10



Figure 2: Production Test Well location

Projected Resource Growth and Future Plans

Kinetiko's existing 6 TCF (2C) contingent resource, equivalent to 1 billion barrels of oil, is expected to grow significantly as a result of the current five-well testing program, all of which will be hundreds of meters deeper than completed tests to the north.

The updated drilling techniques are also expected to unlock additional gas in previously underperforming wells, with remediation trials planned using surfactants and water removal protocols.

Each well has been carefully positioned based on successful results from prior exploration, which identified extensive gassy pay zones. The results of this program will also aid in converting a portion of the Company's 5.8 TCF of 2U Prospective Resources into contingent resources¹.

The success of this program is expected to further de-risk future drilling campaigns and accelerate Kinetiko's transition from exploration to production, positioning the Company as a key contributor to South Africa's energy future.

¹ The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both a risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially recoverable hydrocarbons.

Non-Binding Term Sheet Signed To Accelerate Pilot Gas Production

In early July, Kinetiko announced that it had executed a non-binding term sheet with FFS Refiners (Pty) Ltd (FFS), outlining the framework under which Kinetiko and FFS intend to collaborate to secure the supply of liquefied natural gas (LNG) to the South African market (Term Sheet). (Refer to [ASX Announcement 1 July 2025](#).) The Term Sheet sets out a phased approach towards LNG production, beginning with the execution of the JDA between Kinetiko and FFS and co-development of a pilot gas production field at Brakfontein.

Key Details of the Term Sheet

The Term Sheet is non-binding and sets out the mutual understandings and intentions of Kinetiko and FFS (Parties) to pursue the proposed joint venture and enter into formal, and legally binding documentation in due course.

The collaborative framework established under the Term Sheet focuses on the key phases of potential cooperation and proposed activities as follows:

- **Phase 1a – Gas Field Development**

The execution of the binding JDA for the first phase during which the Parties will:

- provide funding of R20m (Funding split - FFS 32.5% and Kinetiko 67.5%) for new wells and the upgrade of two existing wells at the Brakfontein site, and

- compile the LNG business case proposal ahead of further gas field development, and
- complete the submission of a production right application.

- **Phase 1b – LNG Proof of Concept**

Subject to a successful outcome of the initial Gas Field development and production right, the Parties intend to conclude a Joint Venture (JV) agreement and incorporate the JV entity, recognising historic exploration costs incurred by Kinetiko. During this phase, the JV will be responsible for the design and construction of a larger gas field and reticulation system, the procurement and commissioning of a small-scale gas liquefaction plant, and the marketing and distribution of LNG to customers. The outcomes of the Proof of Concept Phase will be incorporated in the full scale LNG production business case required by the JV Parties to scale up LNG production.

- **Phase 2 – Full LNG Production**

Following the approval of the final business case, the Parties intend to scale up production of LNG over an expanded production right area, expected to be 5 times larger than the Phase 1b development.

- **Phase 3 – LNG Production Expansion**

During the final phase, the parties intend to collaborate on the further expansion of LNG production over additional tenement areas held by Kinetiko beyond the Brakfontein area. The expanded LNG production target is assumed to be 4 times larger than in Phase 2 over the life of the applicable production rights.

The Term Sheet provides the basis for further binding commercial agreements to be negotiated in good faith, beginning with the JDA, which is intended to be formalised and executed in August 2025.

Information Required by Listing Rule 5.4.1

The Company had cash outflows for exploration and evaluation incurred during the final quarter of the 2025 financial year in the amount of approximately ZAR 1.88m (A\$162k) 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 2025 quarter, approximately \$159k was paid to directors and their associates for directors', company secretarial, corporate, capital raising, legal fees and other reimbursements.

Successful \$2.2m Capital Raising

In June, KKO received firm commitments from professional and sophisticated investors to raise up to \$2,203,000 (before costs) through a placement (“Placement”). (See [ASX Announcement 12 June 2025](#).) The Placement was not underwritten and was strongly supported by the largest Shareholders and Directors. As part of the Placement, the Company has also negotiated a debt conversion of a loan in the amount of \$500,000 via the issue of new fully paid ordinary shares in the Company (“Debt Conversion Shares”) on the same terms as the Placement (“Loan”).

Kinetiko’s successful \$2.2 million capital raise underscores strong ongoing support from its major stakeholders as the Company advances its strategy to deliver a world-class onshore gas development. The funds will support the production test well currently underway at the Brakfontein site, with initial results expected in July 2025, marking a key step toward establishing commercial gas flowrates and depletion curves.

Details of the Placement and the Loan

The Company received firm commitments for a Placement to professional and sophisticated investors (“**Placement Participants**”) to raise approximately \$2.2 million (before costs) through the Placement of approximately fifty five million and seventy five thousand (55,075,000) new fully paid ordinary shares in the Company at an issue price of \$0.04 per share (“**Placement Shares**”), together with one free attaching unlisted option for every one (1) Placement Share subscribed for and issued, exercisable at \$0.07 per option on or before 30 June 2027 (“**Placement Options**”).

The Company’s Directors subscribed for a total of up to seven million seven hundred and seventy five thousand (7,750,000) Placement Shares in the Placement (“**Director Placement Shares**”), representing a contribution of up to \$310k. The issue of Director Placement Shares and free attaching Placement Options (together, the “**Director Placement Securities**”) are subject to shareholder approval, which will be sought at a general meeting to be held by the Company in August 2025.

The Placement will be completed in the following two tranches:

- Tranche 1 will consist of the issue of 47,325,000 Placement Shares to unrelated Placement Participants within the Company’s placement capacity under ASX Listing Rule 7.1, together with the issue of

47,325,000 Placement Options within the Company's placement capacity under ASX Listing Rule 7.1 ("Tranche 1 Placement Securities"); and

- Tranche 2 will consist of the issue of the Director Placement Securities, being 7,750,000 Director Placement Shares and 7,750,000 Placement Options ("Tranche 2 Placement Securities"), which will be subject to shareholder approval pursuant to ASX Listing Rule 10.11.

Use of Funds

The Company intends to use the funds raised under the Placement in accordance with the table below:

Allocation of funds	Amount	Percentage
Exploration and Development	\$1,483,000	67.3%
Corporate costs	\$350,000	15.9%
Working capital	\$350,000	15.9%
Capital raising costs	\$20,000	0.9%
Total	\$2,203,000	100.0%

Loan Conversion

The Debt Conversion Shares will be issued at a deemed issue price of \$0.04 per Share (i.e., the issue price of the Placement Shares) are to be issued for repayment of \$500k of a loan from unrelated third parties on the same terms as the Placement. For the avoidance of doubt, the unrelated third parties will be receiving free attaching options on the same terms as the Placement Options ("Debt Conversion Options").

The Debt Conversion Shares and Debt Conversion Options will be issued at the same time as the issue of the Tranche 1 Placement Securities, and utilising the Company's existing placement capacity pursuant to Listing Rule 7.1.

Indicative Capital Structure

The pro-forma capital structure of the Company prior to, and upon completion of, the Placement and the issue of the Debt Conversion Shares is set out in the table below:

Securities	Existing	Completion of Placement ¹
Shares ²	1,432,535,103	1,432,535,103
Placement Shares	-	42,575,000
Debt Conversion Shares	-	12,500,000

Undiluted Share capital	1,432,585,103	1,487,660,103
Options ³	26,750,000	26,750,000
Performance Rights ⁴	20,000,000	20,000,000
Placement Options ⁵	-	42,575,000
Debt Conversion Options		12,500,000
Fully diluted Share capital⁶	1,479,335,103	1,589,485,103

- Notes:
1. Assumes that all Placement Shares are issued under the Placement.
 2. Assumes no additional Shares are issued between the date of this Terms Sheet and completion of the Placement.
 3. Existing Options, with various exercise prices and expiry.
 4. Existing Performance Rights issued on 6 December 2024 following approval by shareholders at the Company's 2024 Annual General Meeting.
 5. Options to be issued as part of the Placement, with an exercise price of seven cents (\$0.07) each and expiring on 30 June 2027, subject to the terms and conditions set out in Annexure B.

The capital structure in the table above is indicative only and the Company reserves the right to vary the number of securities it has on issue at its absolute discretion.

Commitment to Domestic Employment

Direct and Indirect Employment from Kinetiko Energy Activities:

The table below illustrates the employment effect of our operational status across the 2025 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	1	3				6
Suppliers	6	3	5		16	2	32
Total Employment	13	5	8	4	16	2	48

Company	Application
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SLR Consulting	Environmental Practitioners
WSP	Environmental Practitioners
Environmental Drilling Remediation Services	Core and Production 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 June 2025

Tenement reference	Nature of interest
ER383	The Environmental Authorisation for Afro Energy 383 has been granted. We are currently in the process of preparing the stakeholder notification documents to inform interested and affected parties of the decision.
ER270	The renewal application has been submitted for the third renewal period and acknowledgement received.
ER271	The renewal application is currently being processed by the Petroleum Agency of South Africa (PASA).
ER 272	The renewal application is currently being processed by the Petroleum Agency of South Africa (PASA).

- ENDS-

For more information visit: www.kinetiko.com.au or contact,

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Overview of FFS Refiners

FFS is a leading hydrocarbon solutions provider with over five decades of experience in the oil and gas industry. FFS' mission is to provide specialist, innovative and sustainable hydrocarbon solutions, developed by their in-house team for industrial and commercial clients. FFS has been in the oil and gas business for 50 years. FFS is interested in further business opportunities through the natural gas value chain, with a focus on LNG, making them an ideal partner for Kinetiko in developing a regional LNG supply chain.

Further information in relation to FFS can be obtained via FFS' company web resource, accessible at <https://ffs-refiners.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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Competent Persons and Compliance Statements

Unless otherwise specified, information in this report relating to operations, exploration, and related technical comments has been compiled by registered Petroleum Geologist, Mr Paul Tromp, who has over 40 years of onshore oil and gas field experience. Mr Tromp 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.



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 2025

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	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(197)	(826)
(e) administration and corporate costs	(164)	(1,167)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	152
1.5 Interest and other costs of finance paid	(10)	(15)
1.6 Income taxes paid	(18)	(36)
1.7 Government grants and tax incentives	-	-
1.8 Other – net GST and VAT (paid) / refunded	(4)	94
1.9 Net cash from / (used in) operating activities	(388)	(1,798)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(10)	(698)
(d) exploration & evaluation	(162)	(3,400)
(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 (12 months) \$A'000
2.2	Proceeds from the disposal or in respect of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	42	42
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Loans to other entities/individuals	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(130)	(4,056)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,893	1,893
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)
3.5	Proceeds from borrowings	100	100
3.6	Repayment of borrowings	-	(125)
3.7	Transaction costs related to loans and borrowings	-	(7)
3.8	Dividends paid	-	-
3.9	Funds returned to minority shareholder in respect of contributions to the Afro Gas Development SA (Pty) Ltd joint venture	-	(1,401)
3.10	Net cash from / (used in) financing activities	1,993	431
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	441	7,212
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(388)	(1,798)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(130)	(4,056)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,993	431

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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(31)	96
4.6	Cash and cash equivalents at end of period	1,885	1,885

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	1,638	177
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other – bank balances in Afro Gas Development SA (Pty) Ltd joint venture	247	264
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,885	441

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	159
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.

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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)	(388)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(162)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(550)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,885
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,885
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.42
<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	

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: 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: 25 July 2025

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.