

Kinetiko Energy Ltd

ABN: 45 141 647 529

Interim Financial report for the half-year ended
31 December 2025

Interim Financial report for the half-year ended 31 December 2025

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Corporate Directory

DIRECTORS

Adam Sierakowski
(Executive Chairman)

Donald Mzolisa Jones Ncube
(Non-Executive Director)

Dirk Robert Bulder
(Interim Chief Executive Officer)

Robert Scharnell
(Non-Executive Director)

Mxolisi Mgojo
(Non-Executive Director)

COMPANY SECRETARY

Simon Whybrow

PRINCIPAL OFFICE

Level 24
44 St Georges Terrace
PERTH WA 6000

REGISTERED OFFICE

Level 24
44 St Georges Terrace
PERTH WA 6000

AUDITORS

BDO Audit Pty Ltd
Level 9
Mia Yellagonga Tower 2
5 Spring Street
PERTH WA 6000

SHARE REGISTRY

Automic Registry Services
Level 5, 191 St Georges Terrace
PERTH WA 6000

STOCK EXCHANGE LISTING

Australian Securities Exchange
Home Exchange: Perth, Western Australia
Code: KKO

Directors' report

The directors of Kinetiko Energy Ltd (ASX:KKO) ("Kinetiko" or "the Company") and its controlled entities ("the Group") submit herewith the consolidated financial report for the half-year ended 31 December 2025. In order to comply with the provisions of the *Corporations Act 2001*, the directors report is as follows:

Directors

The names of the directors of the company during or since the end of the half-year are:

Adam Sierakowski
Donald Mzolisa Jones Ncube
Dirk Robert Bulder
Robert Scharnell
Mxolisi Mgojo (appointed 3 October 2025)

Directors have been in office since the start of the period to the date of this report unless otherwise stated.

Operating results

The operating loss of the Group for the six months amounted to \$2,600,559 (31 December 2024: loss of \$3,838,763).

Review of operations

Overview

During the half-year ended 31 December 2025, Kinetiko Energy Limited ("Kinetiko" or "the Company") advanced its transition from exploration to staged commercial development of its 100%-owned shallow conventional gas projects in Mpumalanga Province, South Africa.

Operational progress during the period centred on extended production testing at Brakfontein, execution of a binding Joint Development Agreement ("JDA") with FFS Refiners, renewal of key exploration rights, commencement of trading on the OTCQB market in North America, and completion of a capital raising to support Phase 1a of Project Alpha.

HALF-YEAR HIGHLIGHTS

Health, Safety and Environment

- No accidents, injuries, health or environmental incidents were reported during the half year.
- During the period, more than 11,500 person-hours were recorded without reportable safety incidents, supported by pre-shift safety meetings and active site supervision.

EXPLORATION UPDATE

Kinetiko Energy Ltd is developing an energy transition solution for South Africa, focused on commercialising advanced shallow conventional gas projects in the Mpumalanga Province. During the half year ended 31 December 2025, the Company continued to advance its exploration and appraisal activities at Brakfontein within Exploration Right ER271, with a particular focus on extended production testing and reservoir performance analysis to support field development planning under Project Alpha.

The work undertaken during the period has materially strengthened the technical and commercial foundation of the proposed initial production cluster.

Production Test Wells, Brakfontein Cluster

The primary operational focus during the half-year was the extended production testing of wells 271-KA03PT06 and 271-KA03PT10 within ER271 at Brakfontein.

Directors' report

Review of operations (continued)

- Both wells form part of a planned seven-well production cluster intended to supply gas to the proposed micro-LNG pilot plant.
- These wells are located within 500 metres of historical production test wells and target the Lower Karoo formation, characterised by interbedded sandstones, carbonaceous siltstones, mudstones and coal seams overlain by dolerite sills.
- The geological setting is consistent with the Company's shallow conventional gas model and supports scalable cluster-style development.

Well 271-KA03PT06

- KA03PT06 was drilled to a total depth of 405 metres and intersected 141.5 metres of net pay sandstone between 175 and 388 metres.
- The well was drilled using optimised drilling protocols developed earlier in the year, including reduced water use, elimination of high-volume foam, and controlled downhole pressure management.
- These refinements were designed to minimise formation damage and improve permeability preservation.
- A choke test recorded a peak gas flow rate of 1,600 Mscfd, materially exceeding historic test results at Brakfontein and more than three times earlier historical peak rates recorded in the field. Extended flow testing delivered:
 - 14-day continuous testing recovering 2,273 Mscf at average rates of approximately 162 Mscfd, with methane purity of approximately 98.5%
 - 27-day continuous testing recovering 4,432 Mscf at an average rate of 164 Mscfd
- High methane purity, consistently exceeding 98%, supports favourable gas processing economics and reduces anticipated treatment requirements for LNG feedstock.
- Data collected during extended testing, including pressure drawdown behaviour and depletion trends, is being incorporated into reservoir modelling to refine production forecasting and cluster well spacing assumptions.

Well 271-KA03PT10

- KA03PT10 was drilled to a total depth of 417 metres and confirmed 144 metres of net pay within the Lower Karoo sandstones between 199 and 395 metres.
- A choke test recorded a peak flow rate of 370 Mscfd. Extended production testing was then undertaken to assess sustainable flow performance.
- Extended testing delivered:
 - 16-day continuous testing recovering 1,422 Mscf at sustained rates of approximately 92 Mscfd
 - 40-day continuous testing recovering 3,522 Mscf at an average rate of 91 Mscfd
- KA03PT10 showed no discernible production decline after 40 days of continuous flow testing.
- Methane purity remained consistently above 98%, further reinforcing the commercial quality of the produced gas.

Joint Development Agreement, Project Alpha

In October 2025, Kinetiko executed a binding Joint Development Agreement with FFS Refiners to co-develop Project Alpha at Brakfontein.

Phase 1a provides for:

- Co-funded drilling of five additional production wells
- Upgrades to existing wells
- Gas testing and reserve certification

Directors' report

Review of operations (continued)

- Preparation of an LNG business case
- Application for a production right

Total Phase 1a funding is approximately R64.3 million, with staged contributions from both parties.

In November 2025, FFS advanced the first tranche of funding of R6.2 million, net of fees, to Afro Energy (Pty) Ltd, Kinetiko's wholly owned subsidiary. This advance forms part of FFS's total Phase 1a funding commitment of approximately R28.7 million.

The JDA establishes a Joint Development Steering Committee and contemplates progression to:

- Phase 1b, 5,000 tpa LNG proof-of-concept plant
- Phase 2, 25,000 tpa LNG production
- Phase 3, potential expansion to 125,000 tpa across additional tenements

Execution of the JDA represents a significant milestone in the Company's commercialisation pathway.

CORPORATE

North American OTCQB Listing

On 23 December 2025, Kinetiko commenced trading on the OTCQB Market in the United States under ticker KKOFB. The OTCQB quotation enhances visibility with North American investors and broadens access to gas-focused capital markets. The Company continues to comply with ASX reporting requirements, which satisfy OTCQB standards.

Strategic Appointment

Highly credentialed former Exxaro CEO, Mr Mxolisi Mgojo, was appointed as a Non-Executive Director (effective 3 Oct 2025), strengthening the Board as Kinetiko advances its South African gas commercialisation strategy.

TENURE AND REGULATORY STATUS

During the period, Exploration Rights ER270, ER271 and ER272 were granted second-term renewals for two years by the Petroleum Agency of South Africa.

The renewals secure tenure across 5,366 km², including ER383, and underpin the Company's accelerated development strategy.

A production right application over ER271 remains in progress.

FUNDING

Cash

As of 31 December 2025, Kinetiko maintained an effective financial position with no debt and approximately \$2.353m in available funds comprising:

- \$1.96m in cash
- \$247k in Afro Gas Development, an entity incorporated to commence a joint venture with the IDC
- \$146k of funds advanced by FFS Refiners as part of the joint venture agreement

Cash position was significantly lifted by a capital raise executed in November 2025.

Directors' report

Review of operations (continued)

Capital Raising

The Company completed a placement raising approximately \$3.15 million before costs through the issue of 48,507,262 new fully paid ordinary shares at \$0.065 per share, cornerstoned by key South African and Australian investors.

Funds raised are being applied primarily toward:

- Phase 1a gas production development at Brakfontein
- Drilling and commissioning of the production cluster
- Production right application
- Gas testing and reserve certification
- Additional exploration activities
- Working capital

The placement complemented funding advanced under the Joint Development Agreement (JDA).

OTHER

Commitment to Domestic Employment

Kinetiko 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.

During the period, Kinetiko employed South African specialist companies for various exploration activities. Some of the major suppliers are:

Company	Application
SLR Consulting	Environmental Practitioners
Imbuzie Consulting & Training	Safety Management Systems
Environmental Drilling Remediation Services	Safety Management Systems
Ubuntu Rock Drilling	Core and Production drilling rig, casing and related services
Interwaste Environmental Solutions	Water and Waste Management
NSDV Law Ins	Legal services
Norton Rose Fulbright	Legal services
LOG Projects	Surface and Downhole Equipment and services
Oilfield Technologies	Consultation
Geoline Wireline	Wireline Logging

Directors' report

Review of operations (continued)

Tenure Status as at 31 December 2025

Tenement reference	Nature of interest
ER383	The company is awaiting the decision with respect to submissions made by interested and affected parties.
ER 270	The second renewal application was granted by the Petroleum Agency of South Africa (PASA) on 29 August 2025.
ER 271	The second renewal application was granted by the Petroleum Agency of South Africa (PASA) on 29 August 2025. Production Right application is ongoing.
ER 272	The second renewal application was granted by the Petroleum Agency of South Africa (PASA) on 21 August 2025.

Events Occurring After The Reporting Period

There are no matters or circumstances that have arisen since 31 December 2025 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial periods.

Dividends Paid or Recommended

No dividends were paid during the period and no recommendation is made as to payments of future dividends.

Auditor's independence declaration

The auditor's independence declaration is included on page 9 of the half-year financial report.

Signed in accordance with a resolution of directors made pursuant to s.306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Adam Sierakowski
Executive Chairman

Date: 11 March 2026

DECLARATION OF INDEPENDENCE BY DAVE ANDREWS TO THE DIRECTORS OF KINETIKO ENERGY LTD

As lead auditor for the review of Kinetiko Energy Ltd for the half-year ended 31 December 2025, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Kinetiko Energy Ltd and the entities it controlled during the period.



Dave Andrews

Director

BDO Audit Pty Ltd

Perth

11 March 2026

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Kinetiko Energy Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Kinetiko Energy Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- i. Giving a true and fair view of the Group's financial position as at 31 December 2025 and of its financial performance for the half-year ended on that date; and
- ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

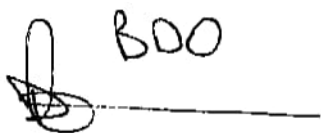
The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is true and fair and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd



Dave Andrews

Director

Perth, 11 March 2026

Directors' declaration

The directors of the Company declare that:

1. The financial statements and notes set out on pages 13 to 29 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the company's financial position as at 31 December 2025 and of its performance, as represented by the results of its operations and its cash flow, for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Adam Sierakowski
Executive Chairman

Date: 11 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 31 December 2025

	Note	Half-year ended 31 Dec 2025 \$	Half-year ended 31 Dec 2024 \$
Revenue			
Other income	2(a)	113,112	327,537
Total revenue		<u>113,112</u>	<u>327,537</u>
Expenses			
Consultancy and professional costs	2(c)	(349,599)	(313,935)
Employee and contractor expenses		(527,951)	(332,017)
Occupancy expenses		(17,388)	(17,025)
Depreciation	2(b)	(102,208)	(50,656)
Interest expense and finance charges		(1,888)	(10,318)
Administration expenses		(206,466)	(273,111)
Travel expenses		(83,078)	(76,109)
Exploration and evaluation expenditure	7	(1,248,046)	(2,696,857)
Share based payments	16	(145,463)	(297,513)
Other expenses		(31,584)	(35,087)
Total expenses		<u>(2,713,671)</u>	<u>(4,102,628)</u>
Loss before income tax expense		<u>(2,600,559)</u>	<u>(3,775,091)</u>
Income tax expense		-	(63,672)
Loss after income tax expense for the period		<u>(2,600,559)</u>	<u>(3,838,763)</u>
Other comprehensive loss			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign balances		3,394,438	2,577,809
Other comprehensive loss for the period		<u>3,394,438</u>	<u>2,577,809</u>
Total comprehensive income/(loss) for the period net of tax		<u>793,879</u>	<u>(1,260,954)</u>
Total loss for the year attributable to:			
Owners of Kinetiko Energy Ltd		(2,605,669)	(3,869,466)
Non-controlling interest		5,110	30,703
		<u>(2,600,559)</u>	<u>(3,838,763)</u>
Total comprehensive loss attributable to:			
Owners of Kinetiko Energy Ltd		788,769	(1,291,657)
Non-controlling interest		5,110	30,703
		<u>793,879</u>	<u>(1,260,954)</u>
Loss per share attributable to equity holders of Kinetiko Energy Ltd:			
Basic loss per share (cents)		(0.17)	(0.27)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

as at 31 December 2025

	Note	31 December 2025 \$	30 June 2025 \$
CURRENT ASSETS			
Cash and cash equivalents	3(a)	2,352,905	1,885,237
Receivables	4	91,753	168,206
Other assets	5	217,637	504,047
TOTAL CURRENT ASSETS		2,662,295	2,557,490
NON CURRENT ASSETS			
Property, plant and equipment	6	1,403,862	727,472
Capitalised exploration and evaluation assets	7	72,849,672	69,455,234
TOTAL NON CURRENT ASSETS		74,253,534	70,182,706
TOTAL ASSETS		76,915,829	72,740,196
CURRENT LIABILITIES			
Trade and other payables	8	725,159	720,196
Income tax		-	11,224
Borrowings	9	126	109,984
TOTAL CURRENT LIABILITIES		725,285	841,404
TOTAL LIABILITIES		725,285	841,404
NET ASSETS		76,190,544	71,898,792
EQUITY			
Contributed equity	10(a)	108,272,305	104,919,895
Reserves	11	8,865,829	5,325,928
Accumulated losses		(41,058,783)	(38,453,114)
Equity attributable to owners of Kinetiko Energy Ltd		76,079,351	71,792,709
Non-controlling interest		111,193	106,083
TOTAL EQUITY		76,190,544	71,898,792

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity for the half-year ended 31 December 2025

For the period ended 31 December 2024	Attributable to equity holders				Total Equity
	Ordinary Shares	Reserves	Accumulated Losses	Non- controlling Interests	
	\$	\$	\$	\$	\$
At beginning of period	103,037,676	1,992,263	(32,892,633)	87,853	72,225,159
Profit/(loss) for the period	-	-	(3,869,466)	30,703	(3,838,763)
Movement in foreign currency translation reserve	-	2,577,809	-	-	2,577,809
Total comprehensive loss for the period	-	2,577,809	(3,869,466)	30,703	(1,260,954)
Transactions with owners in their capacity as owners					
Issue of shares during the period (refer to Note 16)	4,200	-	-	-	4,200
Release of foreign currency translation reserve	-	-	-	-	-
Share based payments (refer to Note 16)	-	293,313	-	-	293,313
Share issue costs	-	-	-	-	-
Total contributions by owners	4,200	293,313	-	-	297,513
At end of period	103,041,876	4,863,385	(36,762,099)	118,556	71,261,718

For the period ended 31 December 2025	Attributable to equity holders				Total Equity
	Ordinary Shares	Reserves	Accumulated Losses	Non- controlling Interests	
	\$	\$	\$	\$	\$
At beginning of period	104,919,895	5,325,928	(38,453,114)	106,083	71,898,792
Profit/(loss) for the period	-	-	(2,605,669)	5,110	(2,600,559)
Movement in foreign currency translation reserve	-	3,394,438	-	-	3,394,438
Total comprehensive loss for the period	-	3,394,438	(2,605,669)	5,110	793,879
Transactions with owners in their capacity as owners					
Issue of shares during the period (refer to Note 10)	3,462,971	-	-	-	3,462,971
Share based payments (refer to Note 16)	-	145,463	-	-	145,463
Share issue costs	(110,561)	-	-	-	(110,561)
Total contributions by owners	3,352,410	145,463	-	-	3,497,873
At end of period	108,272,305	8,865,829	(41,058,783)	111,193	76,190,544

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows for the half-year ended 31 December 2025

	Note	Half-year ended 31 Dec 2025 \$	Half-year ended 31 Dec 2024 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,256,353)	(855,339)
Interest received		10,050	141,982
Interest and other costs of finance paid		(11,751)	(10,318)
Payments of exploration and evaluation expenditure		(1,208,495)	(2,213,293)
Payment of taxes		(11,405)	-
Net cash used in operating activities	3(b)	(2,477,954)	(2,936,968)
Cash flows from investing activities			
Payments for property, plant and equipment		(162,050)	(434,737)
Deposit paid on property, plant and equipment		(153,990)	(253,623)
Funds advanced from joint venture partner (refer to Note 9)		145,938	-
Net cash used in investing activities		(170,102)	(688,360)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		3,332,971	-
Repayment of borrowings		(100,000)	(125,115)
Repayment of contributions from joint venture partners		-	(1,117,610)
Share issue costs		(117,247)	(57,239)
Net cash provided /(used in) by financing activities		3,115,724	(1,299,964)
Net increase in cash and cash equivalents		467,668	(4,925,292)
Cash and cash equivalents at the beginning of the half-year		1,885,237	7,211,726
Cash and cash equivalents at the end of the half-year	3(a)	2,352,905	2,286,434

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the interim financial statements for the half-year ended 31 December 2025

1. Basis of Accounting and Statement of Compliance

This consolidated half-year financial report includes the financial statements and notes of Kinetiko Energy Ltd (“Kinetiko” or “the Company”) and its controlled entities (“the Group”).

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Accounting Standards including AASB 134 *Interim Financial Reporting* and other mandatory professional reporting requirements. The interim financial statements were approved by the Board of Directors on 11 March 2026. The accounting policies applied by the Group in this interim financial report are the same as those applied by the Company in its financial report for the year ended 30 June 2025.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2025, together with any public announcements made during the following half-year in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

Basis of consolidation

The consolidated financial statements comprise of the financial statements of Kinetiko Energy Ltd (“Kinetiko” or “the Company”) and its controlled entities (“the Group”) as at 31 December 2025.

Subsidiaries are all those entities (including special purpose entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-company transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and cease to be consolidated from the date on which control is transferred out of the Company.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired, and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

Foreign Currency

The financial statements are presented in Australian dollars, which is the Company’s functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Notes to the interim financial statements for the half-year ended 31 December 2025

1. Basis of Accounting and Statement of Compliance (continued)

Going Concern

For the half-year ended 31 December 2025 the Group recorded a loss of \$2,600,559 (31 December 2024: \$3,838,763) and had net cash outflows from operating and investing activities of \$2,648,056 (31 December 2024: \$3,625,328). At 31 December 2025, the Group had a working capital surplus of \$1,937,010 (30 June 2025: \$1,716,086).

After reviewing the Group's cash flow forecasts for the 12 months from the date of this report, the Directors consider that additional funding will be required to enable the Group to continue its operations and exploration activities. The ability of the Group to continue as a going concern is therefore dependent on securing additional funding through equity or debt.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Directors believe they can raise additional funding through debt or equity which is actively pursued;
- The Company has a recent proven history of successfully raising capital; and
- Cash spending can be reduced or slowed below its current rate if required.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Exploration and evaluation costs

The ultimate recoupment of the value of exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively sale, of the underlying mineral exploration properties. The consolidated Group undertakes at least on a bi-annual basis, a comprehensive review for indicators of impairment of those assets. Should an indicator of impairment exist, there is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

Notes to the interim financial statements for the half-year ended 31 December 2025

1. Basis of Accounting and Statement of Compliance (continued)

New accounting standards and interpretations

In the half-year ended 31 December 2025, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2025.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and therefore, no material change is necessary to the Group's accounting policies.

Notes to the interim financial statements for the half-year ended 31 December 2025

2. Loss from continuing operations

	31.12.2025 \$	31.12.2024 \$
Loss from continuing operations before income tax includes the following items of income and expenses		
(a) <u>Other Income</u>		
Interest income	10,050	141,982
Foreign currency gain	103,062	171,634
Other income	-	13,921
Other income from ordinary activities	113,112	327,537
(b) <u>Operating Expenses</u>		
Depreciation of plant and equipment	102,208	50,656
(c) <u>Significant Expenses</u>		
Consulting and professional costs		
- Accounting fees	43,195	53,250
- Auditing costs	68,050	45,478
- Legal fees	87,596	25,414
- Consulting fees	67,500	140,879
- Other professional fees	83,258	48,914
	349,599	313,935

3. Cash and Cash Equivalents

(a) Reconciliation of Cash

For the purposes of the Consolidated Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts and restricted cash. Cash at the end of the half-year as shown in the Consolidated Statement of Cash Flows is reconciled to the related items in the Consolidated Statement of Financial Position, as follows:

	31.12.2025 \$	30.06.2025 \$
Cash at bank	1,959,705	1,638,198
Restricted cash – Afro Gas Development SA (Pty) Ltd ¹	247,262	247,039
Restricted cash – FFS Refiners (Pty) Ltd ²	145,938	-
	2,352,905	1,885,237

¹ Represents monies held in Afro Gas Development SA (Pty) Ltd, a joint development entity incorporated to pool the interests of Afro Energy (Pty) Ltd and the Industrial Development Corporation of South Africa for the development of gas fields to produce gas for industrial, commercial, transportation or power generation applications.

² Represents monies contributed by FFS Refiners (Pty) Ltd as part of a joint development agreement to co-develop a pilot LNG plant at Brakfontein.

The cash and cash equivalents disclosed above and in the Consolidated Statement of Cash Flows includes restricted cash however these funds are not available for general use by the other entities within the Group.

Notes to the interim financial statements for the half-year ended 31 December 2025

3. Cash and Cash Equivalents (continued)

(b) Reconciliation of Operating Loss After Income Tax to Net Cash Flow from Operations

	31.12.2025 \$	31.12.2024 \$
Loss for the half-year	(2,600,559)	(3,838,763)
Depreciation	102,208	50,656
Share based payment	145,463	297,513
Changes in assets and liabilities:		
Trade and other receivables	71,733	215,317
Trade and other payables	(91,414)	426,328
Prepayments	(121,442)	(77,082)
Provisions	16,057	(10,937)
Net cash used in operating activities	(2,477,954)	(2,936,968)

4. Receivables

	31.12.2025 \$	30.06.2025 \$
<u>Current</u>		
Other receivables – VAT refundable	38,162	82,498
Other receivables – GST refundable	38,173	26,815
Other receivables	15,418	58,893
	91,753	168,206

5. Other Assets

	31.12.2025 \$	30.06.2025 \$
<u>Current</u>		
Prepayments	143,557	22,115
Deposits paid	74,080	481,932
	217,637	504,047

6. Property, Plant and Equipment

	31.12.2025 \$	30.06.2025 \$
Opening net book value	727,472	191,772
Additions	778,598	681,935
Depreciation charge	(102,208)	(146,235)
Closing net book value	1,403,862	727,472
Cost or fair value	1,774,220	1,025,229
Accumulated depreciation	(399,196)	(296,988)
Foreign exchange differences	28,838	(769)
	1,403,862	727,472

Notes to the interim financial statements for the half-year ended 31 December 2025

7. Capitalised Exploration and Evaluation Assets

	31.12.2025 \$	30.06.2025 \$
Opening balance	69,455,234	66,446,657
Foreign exchange differences	3,394,438	3,008,577
Closing balance	72,849,672	69,455,234

During the half-year ended 31 December 2025, the Group incurred \$1,248,046 (2024: \$2,696,857) in exploration and evaluation related expenditure that was expensed through the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Accounting Policy

Exploration and evaluation costs

Exploration and evaluation expenditures are written off as incurred, except for acquisition costs.

Exploration assets acquired from third party are carried forward provided that either i) the carrying value is expected to be recouped through the successful development and exploitation or sale of an area of interest or ii) exploitation and/or evaluation activities in the area have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, active and significant operations in relation to the area are continuing and the rights of the tenure are current. If capitalised exploration and evaluation costs do not meet either of these tests, they are expensed to profit and loss.

Each area of interest is reviewed at least bi-annually to determine whether it is appropriate to continue to carry forward the capitalised costs.

Upon approval for the development of an area of interest, accumulated expenditure for the area of interest is transferred to capitalised development expenditure.

8. Trade and Other Payables

	31.12.2025 \$	30.06.2025 \$
Trade payables and accruals	466,359	547,923
Trade payables and accruals – related parties	112,862	172,273
Other payables – FFS Refiners (Pty) Ltd ¹	145,938	-
	725,159	720,196

¹ Refer to Note 14(iii) for further details. Other payables represents the balance of FFS Refiner (Pty) Ltd's advance of ZAR 1.62 million as part of its ZAR 6.5 million Tranche 1 commitment to co-development the first phase of a pilot gas plant.

9. Borrowings

	31.12.2025 \$	30.06.2025 \$
Opening Balance	109,984	1,467,441
Loan – Other	-	500,000
Repayment	(100,000)	(1,525,849)
Conversion of debt to equity	-	(400,000)
Accrued interest payable	(9,863)	9,863
Foreign exchange differences	5	58,529
	126	109,984

Notes to the interim financial statements for the half-year ended 31 December 2025

10. Issued Capital

(a) Ordinary Shares

	31.12.2025 Shares	30.06.2025 Shares	31.12.2025 \$	30.06.2025 \$
Fully paid ordinary shares	1,536,167,355	1,479,910,103	108,272,305	104,919,895
	<u>1,536,167,355</u>	<u>1,479,910,103</u>	<u>108,272,305</u>	<u>104,919,895</u>

Period ended 31 December 2025

		Issue Price	Fully Paid Ordinary Shares	\$
1 July 2025	Opening balance		1,479,910,103	104,919,895
18 September 2025	Issue of shares to Directors following shareholder approval	\$0.04	7,750,000	310,000
21 November 2025	Issue of shares pursuant to placement	\$0.065	33,122,637	2,152,971
3 December 2025	Issue of shares pursuant to placement	\$0.065	15,384,615	1,000,000
	Share issue costs		-	(110,561)
31 December 2025	Closing balance		<u>1,536,167,355</u>	<u>108,272,305</u>

Year ended 30 June 2025

		Issue Price	Fully Paid Ordinary Shares	\$
1 July 2024	Opening balance		1,432,535,103	103,037,676
21 November 2024	Issue of shares to employee as part of remuneration package	\$0.084	50,000	4,200
24 June 2025	Issue of shares pursuant to placement	\$0.04	35,325,000	1,413,000
24 June 2025	Issue of shares to satisfy trade payables	\$0.04	2,000,000	80,000
24 June 2025	Issue of shares in lieu of repayment of borrowings	\$0.04	10,000,000	400,000
	Share issue costs		-	(14,981)
30 June 2025	Closing balance		<u>1,479,910,103</u>	<u>104,919,895</u>

Notes to the interim financial statements for the half-year ended 31 December 2025

10. Issued Capital (continued)

(b) Options

Movements in options during the six months to 31 December 2025 were as follows:

Period ended 31 December 2025

Exercise price Expiry date	12c 31 December 2026	7c 30 June 2027	12c 23 August 2028
Opening balance	26,750,000	47,325,000	-
Issued during the period	2,000,000 ¹	7,750,000 ²	3,000,000 ³
Expired during the period	-	-	-
Closing balance	28,750,000	55,075,000	3,000,000

¹ Refer to Note 16 for further details.

² The unlisted options were issued as part of the Company's June 2025 Share Placement. Refer to Note 17 for further details.

³ The unlisted options were issued to Mr Robert Scharnell, a Director of the Company, as part of his remuneration package. Refer to Note 16 for further details.

(c) Performance Rights

Movements in performance rights during the six months to 31 December 2025 were as follows:

Period ended 31 December 2025

Expiry date	6 December 2029
Opening balance	20,000,000
Issued during the period	-
Expired during the period	-
Closing balance	20,000,000

Notes to the interim financial statements for the half-year ended 31 December 2025

11. Reserves

	31.12.2025 \$	30.06.2025 \$
Share based payments reserve	1,913,855	1,811,343
Options issue reserve	258,035	215,084
Foreign currency translation reserve	6,693,939	3,299,501
	<u>8,865,829</u>	<u>5,325,928</u>
<i>(i) Share based payments reserve</i>		
Opening balance	1,811,343	1,486,255
Movement in reserve	102,512	325,088
Closing balance	<u>1,913,855</u>	<u>1,811,343</u>
<i>(ii) Options issue reserve</i>		
Opening balance	215,084	215,084
Movement in reserve	42,951	-
Closing balance	<u>258,035</u>	<u>215,084</u>
<i>(iii) Foreign currency translation reserve</i>		
Opening balance	3,299,501	290,924
Movement in reserve	3,394,438	3,008,577
Closing balance	<u>6,693,939</u>	<u>3,299,501</u>

(iv) Nature and purpose of reserves

Share based payments reserve

The share based payments reserve is used to recognise the fair value of shares and options granted as remuneration and in satisfaction of loans advanced to the Company.

Options issue reserve

The options issue reserve is used to recognise the fair value of options issued during the period.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign investments in subsidiaries and previously associates.

12. Segment Information

The Group currently does not have production and is only involved in exploration. As a consequence, activities in the operating segments are identified by management based on the manner in which resources are allocated, the nature of the resources provided and the identity of service line manager and country of expenditure. Discrete financial information about each of these areas is reported to the executive management team on a monthly basis.

Based on the above, management has determined that the company has one operating segment being gas exploration in South Africa undertaken in its own right or through its interest in Afro Energy (Pty) Ltd. As the Group is focused on gas exploration, the Board monitors the company based on actual versus budgeted exploration expenditure incurred by area of interest. These areas of interest meet aggregating criteria and are aggregated into one reporting sector. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

Notes to the interim financial statements for the half-year ended 31 December 2025

13. Investment in Controlled Entities

For the half-year ended 31 December 2025, the consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name of entity	Country of incorporation	Equity holding	
		2025 %	2024 %
Afro Energy (Pty) Ltd ¹	South Africa	100%	100%
Afro Gas Development SA (Pty) Ltd ²	South Africa	55%	55%

¹ The entity was incorporated in 2015.

² The entity was incorporated on 12 October 2021 of which Afro Energy (Pty) Ltd holds a 55% interest in the entity. The remaining 45% interest is held by the Industrial Development Corporation of South Africa.

14. Commitments and Contingencies

(i) Exploration and Evaluation Expenditure

In order to maintain current rights of tenure to exploration tenements, Afro Energy is required to outlay rental and other associated expenditures to meet minimum expenditure requirements.

The minimum expenditure requirements committed at the reporting date but not recognised as liabilities is as follows:

	31.12.2025 \$	30.06.2025 \$
Within one year	3,508,781	1,153,213
One to five years	8,063,817	16,821,295
	11,572,598	17,974,508

(ii) Afro Gas Development SA (Pty) Ltd

During the financial year ended 30 June 2022, Afro Energy (Pty) Ltd (“Afro Energy”) entered into a joint development agreement (“JDA”) with the Industrial Development Corporation of South Africa (“IDC”). The JDA involves the development of gas fields to produce gas for industrial, commercial, transportation or power generation applications.

The parties agreed to pool their interests in a joint development entity incorporated in South Africa, Afro Gas Development SA (Pty) Ltd (Afro Gas), which will maintain the interest share of 55% Afro Energy and 45% IDC.

(iii) FFS Refiners (Pty) Ltd

On 1 July 2025, the Company announced that it had executed a non-binding term sheet with FFS Refiners (Pty) Ltd (“FFS Refiners”) for the proposed co-development of a pilot gas liquefaction plant for the production of liquefied natural gas (LNG).

On 13 September 2025, the Company announced that its subsidiary, Afro Energy (Pty) Ltd (“Afro Energy”), had executed a binding joint development agreement (“JDA”) with FFS Refiners (“Parties”).

The JDA also recognised the collaborative framework to scale Project Alpha to further phases that was established under the non-binding terms sheet, noting key phases of potential development and proposed activities as follows:

Notes to the interim financial statements for the half-year ended 31 December 2025

14. Commitments and Contingencies (continued)

Phase 1a – Gas Field Development

The JDA establishes development initiatives in commencing Phase 1a of Project Alpha, including, but not limited to:

- Co-funded drilling of five additional production wells and upgrading of existing production wells at Brakontein;
- Gas testing and appointment of a competent person for certification of gas reserves;
- Compilation of an LNG business case proposal for further gas field development;
- Co-funded application for a production right; and
- Creation of a JDA Steering Committee for supervision and direction of the proposed development activities.

Phase 1b – LNG Proof of Concept 5,000 tpa

The JDA Steering Committee preparing an LNG business case agreeable to the Parties, the execution of special purpose vehicle agreements and incorporate Project Alpha SPV entity with the Company and FFS each holding 50% of the issued capital. The SPV will be responsible for the ordering and commissioning of an LNG liquefaction plant cryobox of 5,000tpa capacity and design and construction of gas, water and power reticulation systems, as well as the marketing and distribution of LNG to customers. The outcomes of the Phase 1b will be incorporated in the full-scale LNG production business case required by the joint venture Parties to scale up LNG production.

Phase 2 – Full LNG Production

Subject to the objectives of the Phase 1b production being met, the Parties intend to scale up the potential production of LNG over an expanded production right area, envisioned to be significantly larger than the Phase 1b development, scaling liquefaction capacity fivefold to 25,000tpa capacity.

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 the Company beyond the Brakfontein area, envisioned to be significantly larger than the Phase 2 development, of up to 125,000tpa capacity.

The Parties have agreed to an aggregate funding commitment to Phase 1a of approximately ZAR 64.312 million (AUD \$5,675,000) with the first ZAR 20 million with respect to the Phase 1a budget comprised of a 67.50% contribution (ZAR 13.5 million) from Kinetiko and a 32.50% contribution (ZAR 6.5 million) from FFS Refiners.

For the remaining balance of approximately ZAR 44.312 million, the funding will be split equally, 50% by Kinetiko and 50% by FFS Refiners.

Further funding of Phases 1b, 2 and 3 will be subject to the success of Phase 1a and will recognise historic exploration costs incurred by Afro Energy and may include third party equity or debt investment.

There has been no other significant changes to the Group's contingent assets or liabilities since 30 June 2025.

15. Events Occurring After The Reporting Period

There are no matters or circumstances that have arisen since 31 December 2025 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial periods.

Notes to the interim financial statements for the half-year ended 31 December 2025

16. Share Based Payments

During the half-year ended 31 December 2025, the following transactions were recognised as share based payments by the Group:

	31.12.2025	31.12.2024
	\$	\$
Employee remuneration package (Note 16(a))	5,617	30,883
Director and management options (Note 16(b))	-	266,630
Director options (Note 16(c))	96,895	-
Corporate advisor options (Note 16(d))	42,951	-
	<u>145,463</u>	<u>297,513</u>

(a) Employee Remuneration Package

During the half-year ended 31 December 2024, 50,000 ordinary shares and 2,000,000 unlisted options were issued to an employee as part of their remuneration package.

The total fair value of the shares and options granted to the employee was \$4,200 and \$64,074 respectively, with the fair value of the options granted calculated using the Black-Scholes option valuation methodology and applying the following inputs:

Weighted average exercise price	\$0.12
Weighted average life of the options	2.42 years
Weighted average underlying share price	\$0.08
Expected share price volatility	77.50%
Risk-free interest rate	3.81%
Expiry date	31 December 2026
Value per option	\$0.03204

For the half-year ended 31 December 2025, the remaining fair value of \$5,617 (31 December 2024: \$26,683) was recognised as a share based payment.

(b) Director and Management Options

Pursuant to shareholder approval granted at the Company's 2023 Annual General Meeting on 24 November 2023, the following unlisted options were issued to Directors and Management personnel:

Director Options	No. of Options	Management Options	No. of Options
Mr Adam Sierakowski	4,000,000	Mr Nicholas de Blocq	5,000,000
Mr Dirk Robert Bulder	3,000,000	Other management personnel	3,750,000
Mr Donald Ncube	3,000,000	Total	8,750,000
Mr Thomas Fontaine	3,000,000		
Mr Geoffrey Michael	3,000,000		
Total	16,000,000		

During the half-year ended 31 December 2024, all remaining Director and Management options vested in full and a final amount of \$266,630 was recognised as a share based payment.

(c) Director Options

Pursuant to shareholder approval granted at a General Meeting held on 17 September 2025, 3,000,000 unlisted options were issued to Mr Robert Scharnell.

The total fair value of the options granted was \$96,895 which was calculated using the Black-Scholes option valuation methodology and applying the following inputs:

Notes to the interim financial statements for the half-year ended 31 December 2025

16. Share Based Payments (continued)

Weighted average exercise price	\$0.12
Weighted average life of the options	2.93 years
Weighted average underlying share price	\$0.077
Expected share price volatility	79.64%
Risk-free interest rate	3.402%
Expiry date	23 August 2028
Value per option	\$0.03230

(d) Corporate Advisor Options

During the half-year ended 31 December 2025, 2,000,000 unlisted options were issued to a corporate advisor for the provision of corporate advisory services.

The total fair value of the options granted was \$42,951 which was calculated using the Black-Scholes option valuation methodology and applying the following inputs:

Weighted average exercise price	\$0.12
Weighted average life of the options	1.32 years
Weighted average underlying share price	\$0.085
Expected share price volatility	77.95%
Risk-free interest rate	3.40%
Expiry date	31 December 2026
Value per option	\$0.02148

17. Related Party Transactions

June 2025 Placement

Pursuant to shareholder approval allowing the Company's Directors to participate in the June 2025 Placement, 7,750,000 shares at \$0.04 each and 7,750,000 free attaching unlisted options were issued to the Directors on 18 September 2025, representing a contribution of \$310,000.

Director Options

Refer to Note 16(c) for further details.