KINETIKO GAS PRODUCTION TEST
WELL PERFORMANCE UPDATE

HIGHLIGHTS

- **The second production test well 271-KV06PT successfully reached a terminal depth of 631m, confirming sustained gas presence and the well has been successfully flared**
- **The first production test well 271-23PT, initially assessed as affected by a geological anomaly, has also demonstrated increasing gas presence, disproving the initial conclusion of a limited reservoir compartment (refer ASX Announcement 23 October 2024)**
- **Observations from both wells indicate that gas flow is steadily improving over time, aligning with continuous gas indications throughout the drilling process**
- **Based on these results, Kinetiko has initiated a drilling optimization study to evaluate whether the current drilling procedures may have created a temporary gas block or "skin" effect in the well bore, which may have inhibited initial gas flow**
- **The initial drill optimisation study is expected to be completed in the coming weeks with laboratory testing to enhance gas recovery initiated immediately following completion**
- **Kinetiko maintains a 100% success rate in encountering gas across all drilled wells and it confirms the existence of gas in the southern region of its significant exploration rights**
- **The Company plans to continue the production well test program following the completion of the drill optimisation study**

Kinetiko Energy Ltd (ASX: KKO) (**Kinetiko** or the **Company**) developing an energy solution for South Africa focused on commercialising 100% owned advanced shallow conventional gas projects in the Mpumalanga Province, is pleased to provide an update on the progress of its production test wells.

Kinetiko Executive Chairman Adam Sierakowski commented:

"We start 2025 with very positive news of gas flaring from the second production test well (271-KV06PT) and stronger gas observations from the first production test well (271-23PT).

Initial assessments indicated inhibited gas production from these wells, despite intersecting gassy geology in adjacent core holes. This led us to investigate whether the drilling technique itself—not a geological anomaly—was responsible for the observed inconsistencies.

Ongoing testing at well 271-KV06PT has confirmed increasing gas production and a gas flare, supporting the hypothesis that the drilling technique may have created a gas block or skin, temporarily inhibiting gas flow. As elements of this skin begin breaking down, gas production is increasing.

To validate these findings and optimise future drilling, we have engaged industry experts to independently assess the drilling and testing results. The lessons learned from this unique, previously untested southern geology will enhance our ability to optimise future drilling programs and increase successful flow rate tests.

The findings reaffirm that gas is present in every well drilled in the history of the Company and support the thesis that the gas bearing geology is ubiquitous through the exploration rights which supports the development of multiple future gas fields."

Figure 1: Gas flaring from well 271-06PT

Second Production Well - 271-KV06PT

Drilling at well 271-KV06PT commenced on 24 October 2024 and reached its planned terminal depth in December. Gas flaring observed during the ongoing testing and dewatering process supports the assumption the drilling technique used has inhibited gas flow (Figure 1). Further testing is being undertaken to determine whether the amount of gas being produced from the well is continuing to increase.

Production Well 271-23PT Retest and Update

The first production test well (271-23PT) was located 5km East of the Majuba power station. It was positioned adjacent to a core well where logging results established the intersection of 131.5m of gassy sandstone pay zones and the coals had some of the highest gas content of nearly 13m^3/tonne. However, despite logging results correlating with the core well, the well did not initially produce commercial volumes of gas. The Company continued to monitor well 271-23PT to gather further data.

The initial conclusion was that it was determined that the well intersected a very small, well-sealed compartment. Further testing of the well as well as data retrieved through the completion of the second well 271-06PT suggests that this conclusion was premature and, in fact, incorrect.

This is highly positive news and confirms the continuation of the 100% success rate of gas flows from every hole drilled in the Company's exploration history.

Drill Process Optimisation Study Initiated

The latest data from both production test wells suggests that drilling procedures may have temporarily restricted gas flow. Evidence points to water blockages or a residual skin effect lining the wells, potentially impeding gas movement. However, as these blockages gradually dissipate, further testing has observed a periodic increase in gas production.

These insights are now being integrated into Kinetiko's geological modeling to refine decision-making for subsequent wells. To further optimise gas extraction, the company is implementing a drill optimisation study, which will evaluate:

- Water volume, pressure, and drilling chemicals used in well drilling.
- Continuous drilling and water removal protocols to minimize skin and potential formation damage.
- Optimized drilling formulations to improve well performance.
- Use of surfactants to enhance gas mobility through reservoir formations and for well remediation.

This optimisation is a key milestone before implementing full-scale production drilling and ensures that all future wells are engineered for maximum gas flow efficiency.

Next Steps

The drill optimisation study and analysis has commenced with relevant core samples and data arriving in Perth, Western Australia on 31 January 2025 for planned laboratory testing.

Variables including:

- Testing of samples to investigate the existence of, and potentially deleterious effects of water block and foam; and
- Optimisation of future drilling protocols including continuous drilling, continuous water removal, a properly engineered drilling mud and the proactive use of surfactants.

Drill techniques will then be tested prior to recommencement of drilling which is expected to occur in April 2025. Completion strategies will also be implemented following the results of the laboratory testing.

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. 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 resources.

Following the completion of the drilling optimisation study and recommencement of production test well drilling, Kinetiko's focus will return to the Amersfoort region in the north of tenement ER271, where drilling will commence as part of the joint venture with the South African government's premier infrastructure investment fund, the Industrial Development Corporation to develop a producing gas field at the Amersfoort site.

Table 1: **Production test well technical details:**

Well Name	271-KV06PT
Location	S 27.36886 E 29.59969 ELEV: 1,755m
Well Type	Vertical
Permit	ER271
Entity Holders	Afro Energy (Pty) Ltd (100% owned subsidiary)
Resource	Natural Gas - Methane
Formation	Lower Karoo
Gross Thickness	247m
Net Pay Thickness	93m
Geological Rock Types	Sandstones, siltstones, mudstones and coal overlain by dolerite sill
Depth of Zone Tested	366-613m
Type of Test and Duration	N/A
Phases Recovered	N/A
Flow Rates	N/A
Choke Size	N/A
Volume Recovered	N/A

- ENDS-

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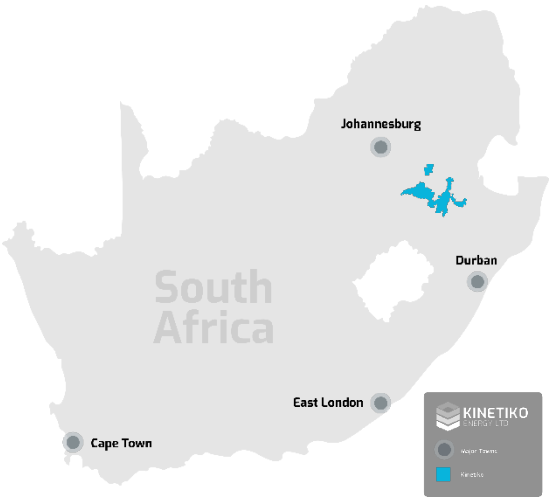
About Kinetiko Energy

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 (alternatively described as having 2.8 Tcf of 1C contingent resources),[1] establishing a substantial world-class onshore gas project.
Kinetiko's vision is to commercialise an energy 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.

[1] Refer to the Company's announcement dated 21 August 2023 titled '*Maiden Gas Reserves & Major Increase in Contingent Resource Confirms Positive Economics & Enormous Scalability*'. The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement dated 21 August 2023 and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.