

## POSITIVE FLOW ASSURANCE EXPERTS REPORT COMPLETED

### HIGHLIGHTS

- Completed laboratory test results by flow assurance experts Oilfield Technologies Australia Pty Ltd (OT) have provided positive findings that drilling techniques have significantly impaired gas flow performance.
- Key findings from OT's laboratory simulations with reservoir formation core, site water and foam samples used for past drilling provided the following positive conclusions and recommendations:
  - Analyses of actual core samples from recent production test wells confirmed favorable permeability results;
  - Laboratory simulations conducted by OT replicating the effects of water and high viscosity foam (an industry standard biodegradable product used for management of drill cuttings) used on the production test wells demonstrated significant degradation in gas permeability;
  - Laboratory test results indicated gas permeability reductions of up to 85% created by water and foam invasion, establishing strong evidence of why the production test wells failed to deliver expected gas flows;
  - Recommendations provided to optimize future drilling by minimizing water invasion and reducing foam use while maintaining down-hole pressure balance.
- The Company has adopted the drilling optimisation techniques and protocols recommended in the OT report and spudding of the next production test well is planned for early May.

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.

### Oilfield Technologies Managing Director commented:

*"Exploration operations conducted by KKO have resulted in the identification of significant gas shows through both downhole geophysical logging and laboratory-based canister desorption testing. These observations were made in core holes located adjacent to production test wells 23PT and KV06PT. Stratigraphic and structural indicators, including gas-bearing lithologies and*



*continuity of reservoir facies, strongly suggested that both wells were viable candidates for gas production.*

*Subsequent laboratory analyses performed by OT confirmed that core samples exhibited favorable permeability characteristics under in-situ conditions. However, controlled laboratory simulations replicating the effects of fluid invasion during drilling—specifically water ingress and the use of high-viscosity (HV) foam—demonstrated a marked degradation in gas permeability. Results indicated permeability reductions of up to 85%, providing a strong causal link between drilling-induced formation damage and the wells' failure to deliver expected gas flows.*

*These findings support the conclusion that suboptimal drilling parameters—particularly those relating to fluid composition and pressure regimes—significantly impaired reservoir performance. It is therefore recommended that future drilling campaigns incorporate optimised practices aimed at minimizing filtrate invasion, carefully considering HV foam usage, and maintaining pressure balance to preserve formation integrity. With these mitigations in place, enhanced gas deliverability can be reasonably anticipated.*

#### **Kinetiko Executive Chairman Adam Sierakowski commented:**

*"The Company is extremely pleased with the findings from the final experts report and now has a comprehensive understanding of why the first two production test wells of the current drilling campaign failed to deliver expected gas flows and how that result can be rectified by optimising future drilling and achieve consistent and enhanced gas deliverability.*

*The Company is advanced in implementing adjustments to the drilling process to mitigate water invasion and reduce foam use while controlling down-hole pressure and anticipates spudding its next production test well in early May.*

*OT's technical work and findings provided extensive know-how and developed a strong working relationship. Kinetiko intends to continue to work with and utilize OT's expertise to develop and bring on-stream its substantial hydrocarbon resources."*

#### **Expert Report Conclusions and Recommendations**

The OT report was engaged to review relevant information, suggest potential causes for non-performance of gas flow and validate suggestions with fit-for-purpose laboratory simulation testing to address the following:

- Relevant geological factors indicated wells 23PT and KV06PT should have successfully produced gas.
- Information from the cored wells (23C and KV06C) indicated likely gas production from the similar reservoir hold:
  - Large net pay potential, although much of it may be tight; and
  - Gas emanation from the cores and shows in the mud.
- A review of the well-bore practices indicates the two key reasons for prevention of gas production were:

- Water-block; and
- Skin created by drilling foam.

The final results from the laboratory tests conducted by OT from the production test well data concluded that drilling procedures have been the primary cause of the delayed/restricted gas flows observed. Laboratory test results indicated gas permeability reductions of up to 85% created by water and foam invasion. Testing on the geological samples also determined that two common mechanisms for formation damage being swelling clays and mobility of fines into pore spaces were not evident during laboratory tests.

Several significant adjustments to the drilling process have been recommended and are being incorporated and these insights are now being integrated into Kinetiko's geological modeling including but not limited to minimizing filtrate/water invasion, limiting HV foam usage, and maintaining pressure balance to preserve formation integrity.

### Next Steps

Company has adopted the drilling optimisation techniques and protocols recommended in the OT report and spudding of the next production test well is planned for early May.

### 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 exploration program. Each well has been 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.<sup>1</sup>

**- ENDS -**

For more information visit: [www.kinetiko.com.au](http://www.kinetiko.com.au) or contact,

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<sup>1</sup> 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.

### About Oilfield Technologies Australia Pty Ltd

Oilfield Technologies Australia Pty Ltd (OTP) is a leading provider of advanced drilling optimisation, formation evaluation, and gas flow assurance solutions for the oil and gas industry. Headquartered in Perth, Western Australia, OTP specialises in enhancing well performance, optimising drilling techniques, and implementing innovative reservoir remediation strategies to maximise hydrocarbon recovery.

With a strong focus on onshore and shallow conventional gas formations, OTP integrates state-of-the-art laboratory testing, real-time drilling analytics, and proprietary reservoir stimulation techniques to deliver actionable insights that improve well productivity and long-term field development planning.

### 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 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)<sup>2</sup> 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.

<sup>2</sup> 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.