

SITE PREPARATION COMMENCES FOR SPUDDING OF FIRST OF FIVE PRODUCTION TEST WELLS

HIGHLIGHTS

- Site preparation has commenced for the first of five production test wells, with conductor casing and water monitor well drilling
- Preparation work will be completed within 4 weeks, with the production test drilling rig expected to be mobilised to site in late-August for spudding of the first well 271-23PT in early September
- The 9-month program involves the completion of five production test wells in sequence with the objective of extended flow testing on each of the production test wells
- Bottom hole targets planned for the five wells have been selected to interpret multiple gas reservoirs and optimise gas reserves certification. In addition, the wells are strategically located adjacent to existing energy transmission infrastructure and off-takers

Kinetiko Energy Ltd (ASX: KKO) (**Kinetiko** or the **Company**) is developing an energy solution for South Africa focused on commercialising advanced shallow conventional gas projects in the Mpumalanga Province. Kinetiko is pleased to provide the following update on its onshore gas exploration and production development activities.

Kinetiko Executive Chairman Adam Sierakowski, commented:

"The upcoming five well production test program represents a transformative step forward for Kinetiko Energy. With site preparations already underway and drilling set to commence soon, we remain poised to unlock the potential of the existing 6 TCF Contingent Resource (2C) discovery within the Mpumalanga Province which is currently equivalent to 1 BBOE and expected to grow significantly.

Each well is strategically positioned to optimise gas reserves certification and is adjacent to existing infrastructure, making this program a critical milestone towards demonstrating the commercial viability of the basin.

Core well drilling adjacent to the first production test well 271-23PT discovered 131.5m of gassy pay zones (see [ASX Announcement 30 November 2022](#)). The production testing program will provide



invaluable data on flow rates and depletion curves, essential for modelling the economics of future production clusters."

Production Well Program

Following the recent successful capital raising (see [ASX Announcement 18 June 2024](#)), a five well production test program will commence in the coming weeks. The program involves drilling five separate production wells, which will be individually flow-tested for up to 90 days. The drilling of each well is expected to take four to five weeks to be completed. Once drilling is completed, each well will undergo a dewatering process anticipated to take a few days. Once this process is complete, flow testing will then begin for each individual well, with results expected to confirm the potential of a future gas field development immediately adjacent to the test production well.

Preparation work has commenced with drilling equipment and consumables arriving on site (*Figure 1*). Site preparation conductor casing and water-monitoring well drilling is underway and expected to be completed within 4 weeks. The production drilling rig is expected to be mobilised to site in late August for spudding well 271-23PT in the first week of September.

Each of the five production appraisal wells to be drilled in sequence has been located based on previous exploration success. Each well is also situated next to existing power infrastructure (power station, pipeline, transmission lines, potential offtake customers)(*Figure 1. Mujuba Power station is approximately 9kms from the first production test well*), so each well has the potential to be the first well of a future production cluster gas field development.



Figure 1: Drilling rig and consumables arriving on site with Majuba power station in the background

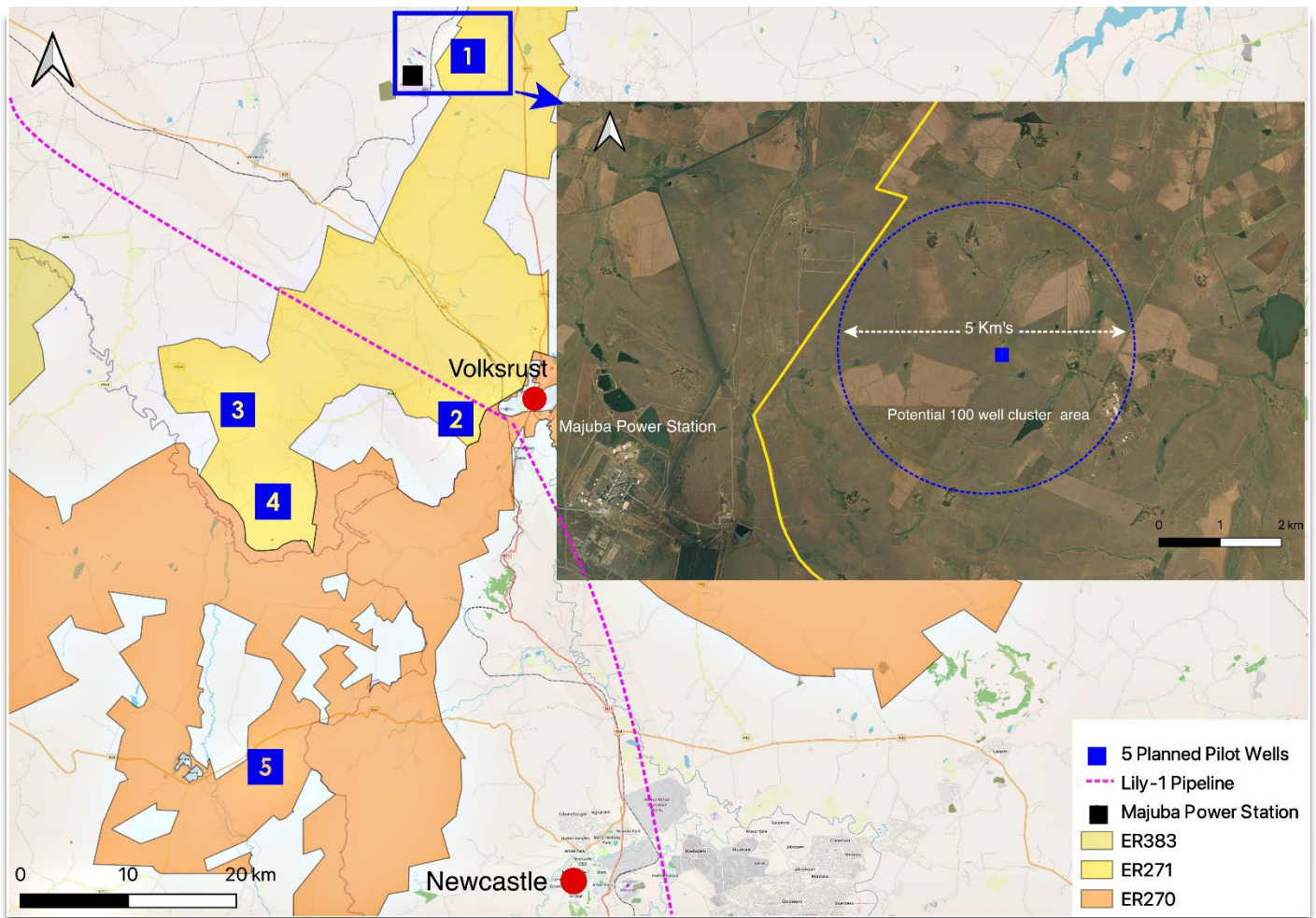


Figure 2: Indicative Production Test Well Locations

In addition, each production test well is strategically located to interpret multiple gas reservoirs and optimise gas reserves certification potential. Figure 2 shows the indicative location of each production test well, with an insert next to the initial well illustrating the scale of a potential 100 well production cluster adjacent to the Majuba power station.

To mitigate the technical risk associated with future development planning and to also provide valuable data regarding the life and size of each of potential clusters of production wells, the key information derived from the production test program will be the extended flow rates from each well and the depletion curve over an extended period of flow stability that will allow calculation of the production life of each well. This, in turn, will be used to estimate the number of production wells needed for each development cluster and how many years the clusters will produce gas before additional wells need to be added to the cluster to increase gas delivery to the end customer.

This information will be used to model the economics of each production cluster and feasibility studies. Sproule B.V.'s initial Reserve calculation assumed 50,000 SCF/day of gas from each well (see [ASX Announcement 21 August 2023](#)). Achieving extended flow rates from this appraisal program above this level should significantly improve the development economics and Reserve estimates.

The Company will regularly update the market on the drilling and flow testing results of each individual well as it progresses through the program.

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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, 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 CEO Mr. Nick de Blocq, who has over 36 years of experience in energy minerals exploration and production. He is assisted by registered Petroleum Geologist, Mr Paul Tromp, who has over 40 years of onshore oil and gas field experience. Mr de Blocq 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.