INTERIM DRILL OPTIMISATION REPORT – ENHANCING GAS RECOVERY

HIGHLIGHTS

- **Interim drill optimisation testing and findings of production test wells 271-06PT and 271-23PT have been provided by Oilfield Technologies Australia Pty Ltd (OTP) following observations of gas flows from both wells.**

- **Twenty core samples from the two production test wells representing various depths were shipped to OTP's laboratory facilities. Formation and surface water samples, and foaming agents utilised during drilling were included in the comprehensive testing program to replicate the petrophysics and field conditions.**

- **The drill optimisation testing program has initially focused on:**
  - **Accurate determination of formation permeability, porosity and water saturation;**
  - **Filtration invasion rates;**
  - **Drilling techniques that have impacted gas flows;**
  - **Remediation strategies for these two-production tests which can be utilised for previously drilled wells; and**
  - **Completion strategies to enhance gas flows for future development.**

- **Key interim findings from OTP's laboratory testing of drilling core, water, and foam samples confirm positive geological permeability. However, drilling techniques introduced excessive water into the formation, temporarily impeding gas flow. Encouragingly, OTP has identified simple and effective remediation strategies that are expected to restore and enhance gas recovery.**

- **Preliminary recommendations include optimised drilling consumables and refined completion processes to maximise gas production, with these improvements set to be implemented in the next production test, scheduled for spudding in April 2025.**

- **OTP has also completed successful laboratory tests and provided initial recommendations for remediation techniques for the first two production wells to increase gas flows which will be tested in the coming months.**

- **Further testing is being conducted with respect to drill foams and drilling consumables that are expected to further improve the drilling process, which is**

expected to be concluded and comprised in a final report before the end of the month and underpin the drilling strategy for the remaining wells in the current and future drilling campaigns.

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:

"The drill optimisation program has provided significant knowledge specific to drilling shallow, low-pressure geology that is a characteristic of the Kinetiko tenements. The use of a new more powerful drill rig and aggressive drilling techniques on the first two production test wells was driven by an objective to increase drill completion rates in untested deeper geology. The preliminary results proved challenging to reconcile against the highly prospective gassy geology identified in adjacent core holes and the subsequently the Company engaged OTP, a Perth-based leader in gas flow assurance and testing.

Crucially, OTP's findings recommend easily implementable adjustments to the drilling process to mitigate water invasion—confirmed as the primary factor temporarily impeding gas flow. These refinements will directly support the Company's goal of transitioning from exploration to commercial production.

Furthermore, OTP's results indicate that remediation techniques can significantly improve gas flow from the first two production test wells, reinforcing the commercial viability of Kinetiko's gas resources.

As a first mover in South African onshore gas exploration, Kinetiko continues to unlock the potential of its vast gas resources. The insights gained from this drill optimisation program will enhance future well performance, accelerate resource conversion, and strengthen confidence in developing large-scale commercial gas fields."

Drill Process Optimisation Study

The drill optimisation program has focused on:

- Permeability and porosity of the of the carbonaceous gassy sediments;
- a detailed review of the drilling process including water volumes, pressures and drilling rates;
- Measurement of water penetration into carbonaceous gassy sediments and water removal protocols;
- Impact of drill foams potential to create a potential skin or formation damage; and
- Remediation techniques including the use of surfactants to enhance gas mobility through reservoir formations and for well remediation.

The initial results from the laboratory tests conducted by OTP from the production test well data suggests that drilling procedures have been the primary cause of the delayed/restricted gas flows observed. Evidence points to significant water invasion into the formation surrounding the wells, which is impeding gas movement.

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

Further testing is being completed regarding drill foams, surfactants for remediation and drilling pressure optimisation with results expected before the end of the month.

Next Steps

The Company is now accelerating its planning to spud the third production test well in late April 2025. Further laboratory tests are being completed to determine optimised drilling pressures and techniques including the impact of drill foams. These results and the final report of OTP is anticipated by the end of March 2025.

In addition, remediation techniques on the two recent production test wells, including the use of surfactants to enhance gas mobility, will be refined and planning progress to apply these techniques in the coming months.

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.

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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.

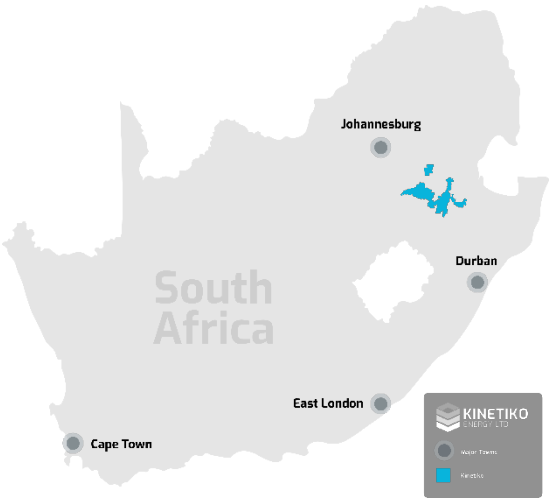
With a strong focus on onshore and shallow conventional gas formations, OTP integrates state-of-the-art laboratory testing, real-time drilling analytics, and proprietary reservoir stimulation techniques to deliver actionable insights that improve well productivity and long-term field development planning.

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 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.