

PRODUCTION DRILLING PLANNED TO SUPPORT LARGE SCALE FIELD DEVELOPMENT

HIGHLIGHTS

- **Sites approved for drilling five appraisal wells in southern ER271**
- **Appraisal wells to prove viability of multiple large-scale gas field developments**
- **Extended flow tests planned to better inform financial assumptions and potential increase of gas reserve certifications**
- **Applications for a production right over ER271 and the granting of ER320 progressing**

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

Kinetiko CEO, Nick de Blocq, commented:

“We expect to commence drilling five appraisal production wells to the west and north of Volksrust in February 2024. These sites have already undergone environmental site assessments and have been approved by the Regulator. They will be appraisal wells in nature but completed for production. The objectives are to identify optimal development sites for clusters of wells for the Industrial Development Corporation (IDC) joint venture as well as to perform extended well flow testing. This data will more accurately inform our regional economic models as they will provide us with a more precise understanding of plateau flowrates and longevity.”

Appraisal Production Well Drilling:

The Company recently awarded a drilling contract to Infin Drilling to deliver five appraisal production wells in the Volksrust region to the south of ER271, (*Figure 1*). Casing and cementation hardware is being procured as imported content. These wells, scheduled to be commenced in mid-Q1 2024, are targeting a geological region in between explored areas where some of the Company’s most gassy core wells were drilled over the last 12 months. The superior sample analysis results from core wells to the south (270-03C, 270-05C, and 270-06C) achieved gas desorption rates around 10³/t and gas pay zones of approximately 150m. Slightly to the north, we achieved desorption testing on samples of 14³/t in the slightly shallower mid-block area, with stratigraphical gas-cuts in excess of 130m. The planned wells are also proximate to the Lily gas pipeline, potentially providing available infrastructure for local off takers or infield LNG plants for virtual pipelines.

The location of the five appraisal production wells are designed to be spatially diverse to test the southern region of ER271 and potentially establish the suitability for clusters of hundreds of wells that could form part of the head of agreement announced with the IDC* to co-develop South Africa’s largest on shore LNG gas production project. In addition, programmed extended flowrate testing of the appraisal production wells will potentially enable the certification of increases in gas reserves and improved economics of the Company’s commercial feasibility modelling.

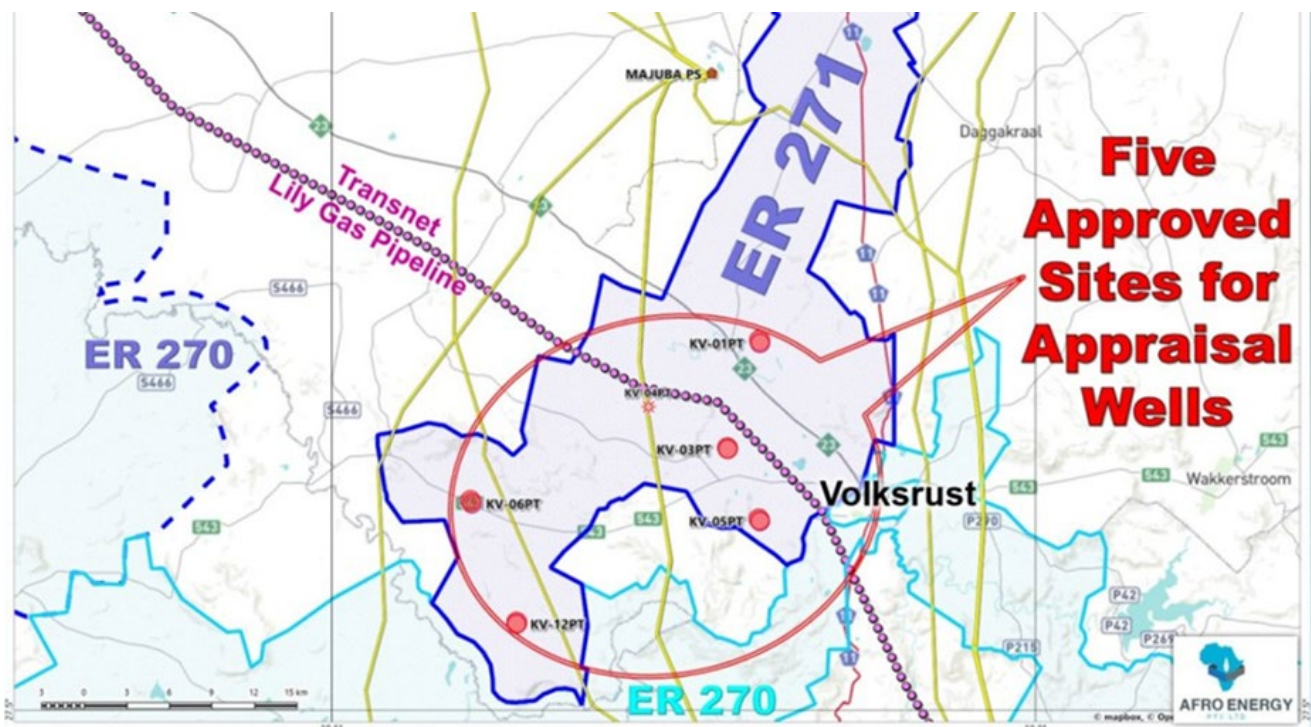


Figure 1: Map showing the locations of the appraisal well sites in southern ER271

*refer ASX announcement dated 22 August 2023.

Production Right Progress

The Company continue to progress its application for a Production Right over ER 271. The environmental impact assessment is well under way with leading environmental consultants WSP anticipating to have their report completed by late Q1 2024. The processing and grant of the Production Right by South African regulators is anticipated to take 6 months enabling the production right to be in place prior to planned first commercial production later in 2024 from the Amersfoort production cluster as part of the first IDC joint venture.

Grant of ER320 Progress

ER 320 covers an area of 2,383km² and will increase the exploration acreage of the Company by over 60%. Given the contiguous nature of the geology that has been drilled over significant portions of the granted exploration rights the Company anticipates that ER320 will add substantially to existing gas resources and reserves. The environmental impact assessment to support the application is progressing and anticipated to be completed by late Q1 2024, with the application then estimated to be assessed and granted by the South African regulators within Q4 2024. .

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This announcement is authorised for release to the market by the Board of Directors of Kinetiko Energy Limited.

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About Kinetiko Energy and Afro Energy

Kinetiko Energy is an Australian gas explorer focused on advanced shallow conventional gas and coal bed methane (CBM) opportunities in rapidly developing markets in Southern Africa. South Africa has extensive gassy coal basins, widespread energy infrastructure and growing gas demand. The Company has achieved maiden gas reserves and a 6Tcf 2C contingent resources and large potential exploration area, comprising approximately 6,000km² of granted and applied exploration rights.

The Company's vision is to commercialise an energy transition solution for South Africa.

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