



OPERATIONS UPDATE

HIGHLIGHTS

- **Drilling resumes at Korhaan Project**
- **Logging for Korhaan 3, 4 and 5 wells to be carried-out during January**
- **Korhaan 4 Flow Test Program commencing**
- **Multi-day well testing planned to ensure accurate data for updated resource reporting**
- **Aeromagnetic survey data acquisition complete with interpretation underway**

INTRODUCTION

12 January 2022: Perth-based energy exploration company Kinetiko Energy Limited (ASX: "KKO" or "Kinetiko") is pleased to provide the following operations update on its Korhaan Project. Drill rigs B21 and B16 together with operational crews returned to site and resumed drilling development activities on 10 January 2022.

Well Korhaan-4

Having successfully completed the drilling of the production section from 130m to 443m, significant preliminary gas flows were established under choked conditions. Following a quick clean-up of the well, a suite of logging tools (including gamma ray, neutron, density and optical televiewer) will be run to establish stratigraphy, locations of water and gas ingress and coal seams.

The planned flow test on Korhaan-4 will be undertaken by running a pump into the well to pull down the water and allowing the maximum comingled gas flow. It is expected that the well-testing will be performed over a period of at least one week to enable time to establish pressure and flow stability in low-perm conditions.

From the strength of the flow rate results and groundwater fractures identified, plans will then be made to conduct a more sophisticated completion solution involving the casing and perforation of only the gassy zones which is expected to further increase flow rates and minimise or negate water ingress.

Well Korhaan-5

Drill Rig B16 will proceed to drill out the cement plug/float shoe and continue straight into the production section to terminal depth.

Similarly to Korhaan-4, the well test on Korhaan-5 will be undertaken by running a pump into the well to pull down the water and allowing the maximum comingled gas flow. It is expected that the well-testing will be performed over a period of at least one week to enable time to establish pressure stability in low-perm conditions.

From the strength of the flow rate results plans will then be made to conduct a more sophisticated completion solution involving the casing and perforation of only the gassy zones which is expected to further increase flow rates and minimize or negate water ingress.

Well Korhaan-3

Once Rig B21 is done with the clean out and stand by for logging on Korhaan 4, it will move over to well Korhaan-3 and run a clean out to current depth of 102m before completing the surface section to approx. 130m-150m.

The surface section will then be cased and cemented and a CBL (Cement Bond Log) and verticality check run will be performed. Once the cement has cured and logs are run, the plug and shoe will be drilled out and the well will be progressed by drilling to production target depth using air/percussion and not rotary mud, as originally planned, largely as a result of the penetration rate using air has been good, and for well control purposes, adequate kill weight mud products will be on standby.

Next Phase Completions

The results of the barefoot testing will provide an excellent benchmark against which to measure the results of a post-perforation flow test. The clear benefit of perforated completions is the management of water ingress and the consequent mitigation of downhole-choked gas flow.

Aeromagnetic results

After completing the data acquisition over three discrete survey areas in blocks ER270 and ER272, we have already received the basic data as well as the RTP (Reduced To Pole) information and geophysical interpretation is underway. The reporting is expected to increase our asset-wide compartmental count and a substantial uptick in the amount of recommended well locations.

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, extensive energy infrastructure and a growing gas demand, making it an attractive area for investment. The Company has a large potential exploration area, of which approximately 7000km² is granted and being explored.

Afro Energy (Pty) Ltd. was incorporated as a joint venture founded in 2015 by Kinetiko Energy Ltd (49%) and Badimo Gas (Pty) Ltd of South Africa (51%) as a JV company to own 100% of the exploration rights with required BEE (Black Empowerment Endowment) certification, and facilitate South African investment in order to continue to explore, develop, and commercialise gas production.

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