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ASX: KKO

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SEPTEMBER 2014 QUARTERLY OPERATIONS REPORT

Perth-based energy exploration company Kinetiko Limited (ASX: KKO) is pleased to report on corporate developments AND its activities at the Amersfoort Project in South Africa, for the September 2014 quarter.

Quarter Highlights

- **New South African based CEO engaged.**
- **Application for transfer of 51% equity in the Amersfoort Project has progressed from the Petroleum Agency to the Minister for Mines.**
- **Advanced JV negotiations in progress with several major South African BEE certified energy companies.**
- **Receipt of final designs for the next phase of well testing at the Amersfoort Project.**

CORPORATE

CEO Appointment

The Directors of Kinetiko Energy Limited ("KKO" or "Company") are delighted to announce that Johan Visagie, currently consulting to the company as Project Manager in South Africa will transition into the role of Kinetiko CEO by the end of the first calendar quarter next year. This will coincide with the planned commencement of a pilot field development at the Amersfoort Project. Johan will be based in Cape Town and will be responsible all aspects of Kinteko's gas exploration, development and production in South Africa and elsewhere in Africa. He will lead a South African based technical team fully supported by experienced Australian unconventional gas engineering and production consultants.

Johan has 30 years experience in the oil and gas industry as an engineer with senior roles in mid and downstream engineering, gas field development economics, gas sales and purchase agreements and gas to power projects. He was formerly Gas Business



Development Manager for PetroSA, South Africa's national oil company. He has also advised the Western Cape Government on major gas importation projects.

Kinetiko's Chairman Adam Sierakowski remarked *"We are delighted to have secured the services of Johan in the role of CEO. His knowledge of the Company gained during his period as a consultant enhances his ability to contribute immediately to the development of the Amersfoort project."*

Amersfoort Project Status (KKO 49%)

As previously announced Kinetiko has submitted to the Petroleum Agency of South Africa ("PASA") application for the transfer of the other 51% interest in the two Amersfoort Exploration Rights from its original JV partner Badimo Gas Ltd to Kinetiko Energy Ltd. PASA by correspondence has recently advised Kinetiko that they will proceed to process the applications and have now submitted the matter to the Minister for Mines for final determination.

Kinetiko continues to retain a 49% interest in the Amersfoort project and maintain its regulatory obligations. It continues to actively search for a new strategic partner with the assistance of Standard Bank of South Africa acting as corporate adviser whom has already made a number of introductions for this purpose.

Negotiations with Potential BEE JV Partners

Kinetiko is also pleased to advise that it is engaged in advanced discussions with several major established and well-funded South African BEE certified (Black Economic Empowerment) companies interested in participating in the development and commercialisation of the Amersfoort Project. Commercial and technical due diligence investigations have been ongoing and Kinetiko looks forward to advising the market in due course on the outcome of this process.

OPERATIONS

Following a review of work completed to date on the Amersfoort Project by gas exploration and production engineers General Petroleum Managers Services (GPMS) of Brisbane it was concluded that the next stage of evaluation of the demonstrated widespread gas distribution in sandstones and coals was to undertake interval well tests. A program of two wells and test program has been finalised by GPMS. The well designs will enable isochronous testing of individual gas charged zones in the sandstones sequences above and below the coal seams. The wells have also been designed to enable separate testing of the coal seams.

The interval test wells are likely to be sited about 1km apart and 1km from the previously operated test well KA-03PT.

Data from the proposed testing program coupled with the enhanced geological modelling derived from the geophysical interpretation will form the basis for subsequent reserve modelling in the vicinity.



This interval testing program is a precursor to the development and operation of a 5 to 8 well pilot field development. The design of the interval test well will accommodate their potential redesignation as component production wells in the pilot field. Subject to the availability of available equipment and regulatory approval, drilling of the interval test wells is being planned for commencement before the end of 2014. Up to 5 months of testing will follow.

TENURE

Area of Interest	Tenure reference	Nature of interest	Interest
Amersfoort Project South Africa	30/5/2/3/38ER	Direct participating interest	49% *
	30/5/2/3/56ER	Direct participating interest	49% *

*Note * During the June Quarter Kinetiko Energy has applied to receive the transfer of the remaining 51% interest in these exploration rights. This is subject to compliance with South African regulatory requirements and approvals giving effect to such transfer. The Petroleum Agency of South Africa has submitted the application to the Minister of the Department of Mines for final determination.*

At the end of the September Quarter Kinetiko had cash reserves of \$0.374m.

For more information visit: www.kinetikoenergy.com.au

Or contact Geoff Michael or James Searle, Joint Managing Directors, Kinetiko Energy Limited +618 6315 3500

Except where indicated by reference to previous resource announcement to the ASX, technical comments above have been compiled by James Searle BSc (hons), PhD, a Member of the Australian Institute of Mining and Metallurgy, and a Director of Kinetiko Energy Ltd with over 30 years experience in metallic and energy minerals exploration and development, including over 5 years experience in petroleum exploration. Dr Searle consents to the inclusion of this technical information in the format and context in which it appears.

About Kinetiko Energy

Kinetiko Energy is an Australian gas explorer focused on advanced 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 9,491Km² is granted and being explored.

