

STRONG GAS RESULTS CONTINUE ON ER272 NEAR LARGEST ENERGY INFRASTRUCTURE

HIGHLIGHTS

- The third and fourth core holes in ER272 near the Secunda refinery have been successfully completed
- Wireline logging results have established significant sandstone gas intervals in both wells
- Exploration continues with two further core wells expected to be spudded in ER272 this week.
- Continued core well success increases confidence of gas field development only a few kilometres from major South African energy infrastructure

Kinetiko Energy Ltd (ASX: KKO) (**Kinetiko** or the **Company**) an Australian gas explorer and developer focused on advanced shallow conventional gas and coal bed methane in South Africa, is pleased to provide the following update on its onshore gas exploration and production development activities.

Core well 272-06C and 272-08C spudded in early June and in close proximity to both Sasol's Secunda refinery (potential gas off taker) and South Africa's largest gas pipeline the Lily pipeline, have been successfully completed with logging results indicating strong potential for gas field development.

Kinetiko CEO, Nick de Blocq, commented:

"We are very excited by the fantastic log results from all four core holes to date. The second pair of core holes were drilled equidistant between Sasol's Secunda Plant and the Tutuka Power Station (about 14km away). For the shallowest core holes in our entire acreage, to achieve an average of over 147m of gas-bearing sediments from our most recent pair, is astounding. We know that a lot of the core hole stratigraphy consists of dolerites in the region, so we can safely say that a large percentage of the sub-igneous zones drilled through will contribute strongly to eventual gas flow. Now that we have

high-quality, corroborative data across a high-potential production area, we will be talking with potential off takers very soon.”

Gas Intersects in Core Wells 272-06C and 272-08C

The logging results from the first two core wells in ER272 are very promising establishing that ER272 has a higher ratio of gassy sandstone than the other areas the Company has explored. These results have yielded in both core wells with greater gas intervals than those in the first two core wells in ER272 with 130m plus net pay, just like many core wells in ER271, but with lower costs per well due to the shallower depth.

Core wells 272-06C and 272-08C were the third and fourth gas exploration wells in Northern ER272, is in between the Sasol synfuel/chemical plant at Secunda, 15 km to the NW, and the Tutuka Power Station 14 km to the SE (Figure 1).

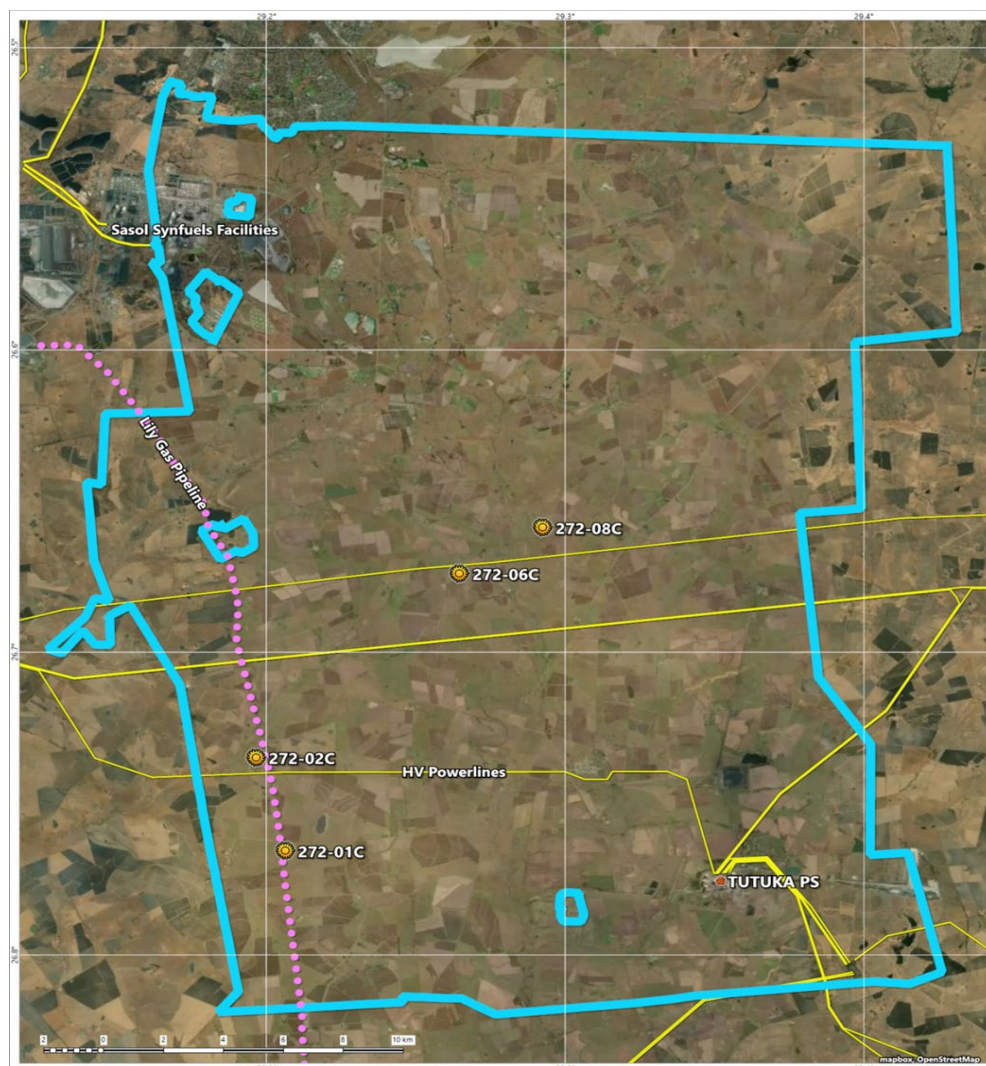


Figure 1: Locations of Core wells 272-016C and 272-028C in proximity to energy infrastructure

The wireline logging results for 272-06C shows the sandstone intervals of 166m (pink shading) identified by gas effect of cross-over between the neutron porosity curve (blue line on right track) and the density porosity curve (red line on right track). The gassy sandstones are weighted to the lower part of the hole, where the gas pressure and volume will be highest. The other formations below the capping dolerite are coals and carbonaceous sandstones, siltstones and mudstones. These are the source rocks for the gas in the porous sandstones highlighted in pink. The Dwyka sandstone development in core well 272-06C (291-343m) is the thickest seen in any of Kinetiko’s holes to date (Figure2).

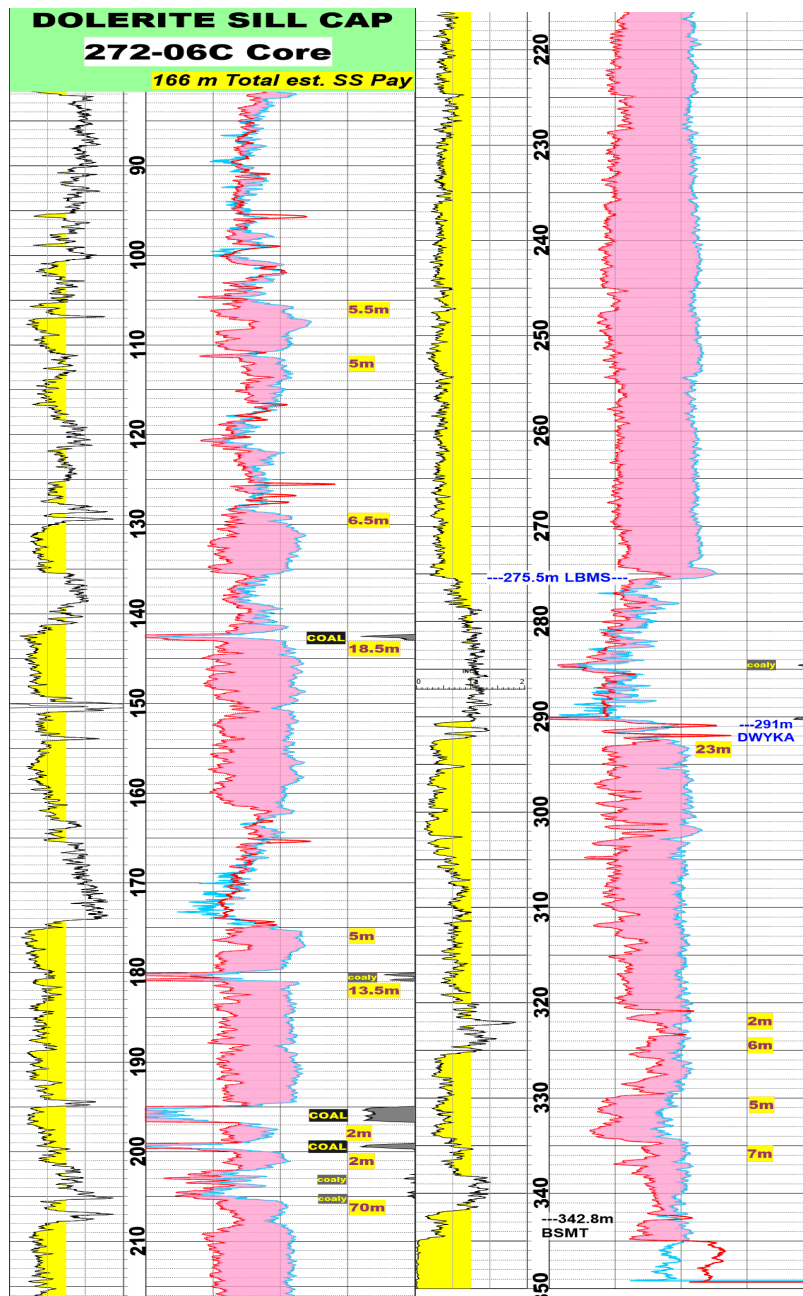


Figure 2: Core well 272-06C wire line logging results illustrating 166m gas pay zone

The logging results from core well 272-08C established sandstone intervals of 134m. Figure 3 shows (pink shading) identified by gas effect of cross-over between the neutron porosity curve (blue line on right track) and the density porosity curve (red line on right track). This is the fourth gas exploration hole in ER272.

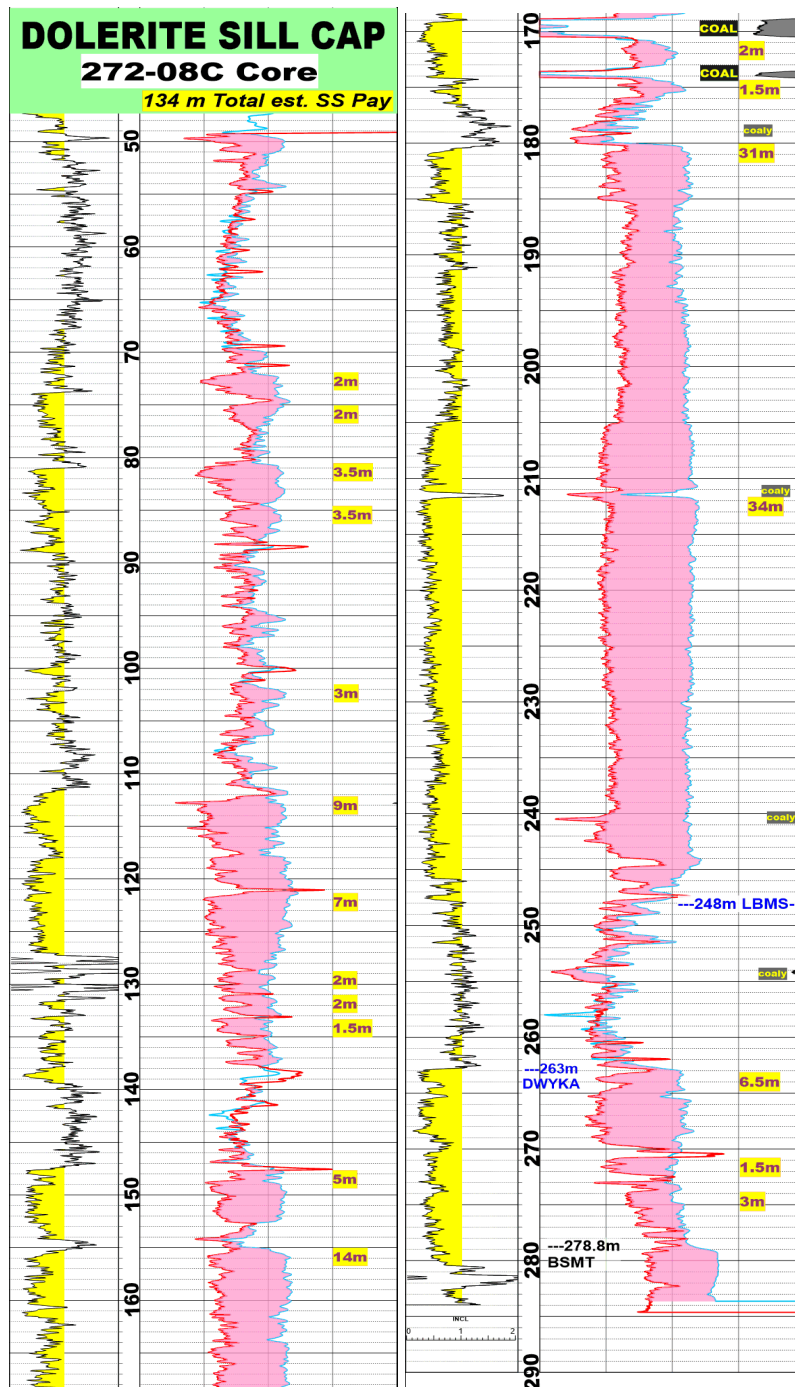


Figure 3: Core well 272-08C wire line logging results illustrating 134m gas pay zone

The Company continues with its exploration program with two further core holes expected to be spudded in ER272 next week. This will complete a series of six core wells that will have been completed on time and on budget in ER 272. Continued coring success increases confidence of potential development of a gas production field only a few kilometres from major South African energy infrastructure in search of gas.

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 a 4.9Tcf contingent resources and large potential exploration area, of which approximately 7000km² is granted and being explored.

The Company's vision is to continue to explore, develop, and commercialise gas production.

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