



Kinetiko Energy Limited
ACN:141 647 529

283 Rokeby Rd
SUBIACO WA 6008

Phone: +61 8 6315 3500
Fax: +61 8 9481 1947

Email: info@kinetikoenergy.com.au

Web: www.kinetikoenergy.com.au

ASX: KKO

21 April 2015

ASX ANNOUNCEMENT

KINETIKO AND BADIMO EXECUTE AGREEMENT TO RESOLVE ALL DISPUTES AND POOL ASSETS INTO AN INCORPORATED JOINT VENTURE IN SOUTH AFRICA

- **Kinetiko Energy Limited (“KKO”) and Badimo Gas (Pty) Limited (“Badimo”) execute an agreement to resolve all existing disputes between the parties.**
- **A South African incorporated JV (called “Afro Energy”) shall house the Amersfoort project and surrounding applications.**
- **Afro Energy will be owned 51% by Badimo and 49% by KKO.**
- **This new structure is designed to strengthen the ability of the parties to develop the Amersfoort project and surrounding applications.**
- **Mandate executed with AC2 Solutions (Pty) Limited (“AC2”) to facilitate the dispute resolution and secure the next round of funding.**
- **Afro Energy is now strategically placed to seek funding to enable potential pilot production, maiden reserves certification and further exploration.**

Kinetiko Energy Limited (ASX:KKO) along with its partner in South Africa Badimo are pleased to announce that the parties have executed a dispute resolution agreement (the “Agreement”) facilitated by AC2 and dated 17 April 2015.

The Agreement in particular resolved the issue of all alleged outstanding cash calls made against Badimo. In addition, the application made by KKO in relation to the deemed transfer of Badimo’s 51% right in the Amersfoort project has been withdrawn.

The key terms of the Agreement are summarised as follows:

Claims and Farm Out Agreement

1. That all claims or alleged breaches by either party are waived, irrevocably abandoned and extinguished;
2. The Farm Out Agreement dated 14 June 2010 has been terminated; and
3. Any deemed transfer by one party to another prior to the execution of the Agreement is abandoned or extinguished.

Executive Chairman of Badimo and Afro Energy Mr Don Ncube commented *“The resolution of this dispute provides a golden opportunity to monetise the Amersfoort project and to achieve proof of concept. The successful commercialisation of the project will encourage us to accelerate the development of a clean gas resource play and enable us to move up the value curve. Above all this is an opportunity to demonstrate that we are a true first mover in the production of on-shore natural gas in South Africa. This is a potential game changer at a crucial point in time when South Africa is facing enormous energy challenges and constraints”*

In response chairman for KKO Mr Adam Sierakowski stated *“Kinetiko is delighted to again progress the Amersfoort project with Badimo in a new structure designed to induce further investment and expedite development”*

New Structure

1. A new joint venture is established in relation to Afro Energy with a Memorandum of Incorporation to capture the principles of the Agreement;
2. The initial two directors of the joint venture shall be a representative from Badimo and a representative from KKO;
3. A joint operating committee shall be established and constituted by Afro Energy with a representative from Badimo and a representative from KKO;
4. The objective of the new structure is to maximise the long term value of the assets of the joint venture, with a recognition that funding from outside sources will be required.
5. Subject to KKO (if necessary) obtaining any and all required shareholder or Australian regulatory approval and the parties obtaining all South African regulatory approvals the Amersfoort project assets shall be transferred into Afro Energy.

Joint Operating Committee

1. The joint operating committee shall operate by mutual consent unless there is a dispute on technical matters in which case an independent expert shall be retained to adjudicate the dispute and decision will be final.

Funding of Afro Energy

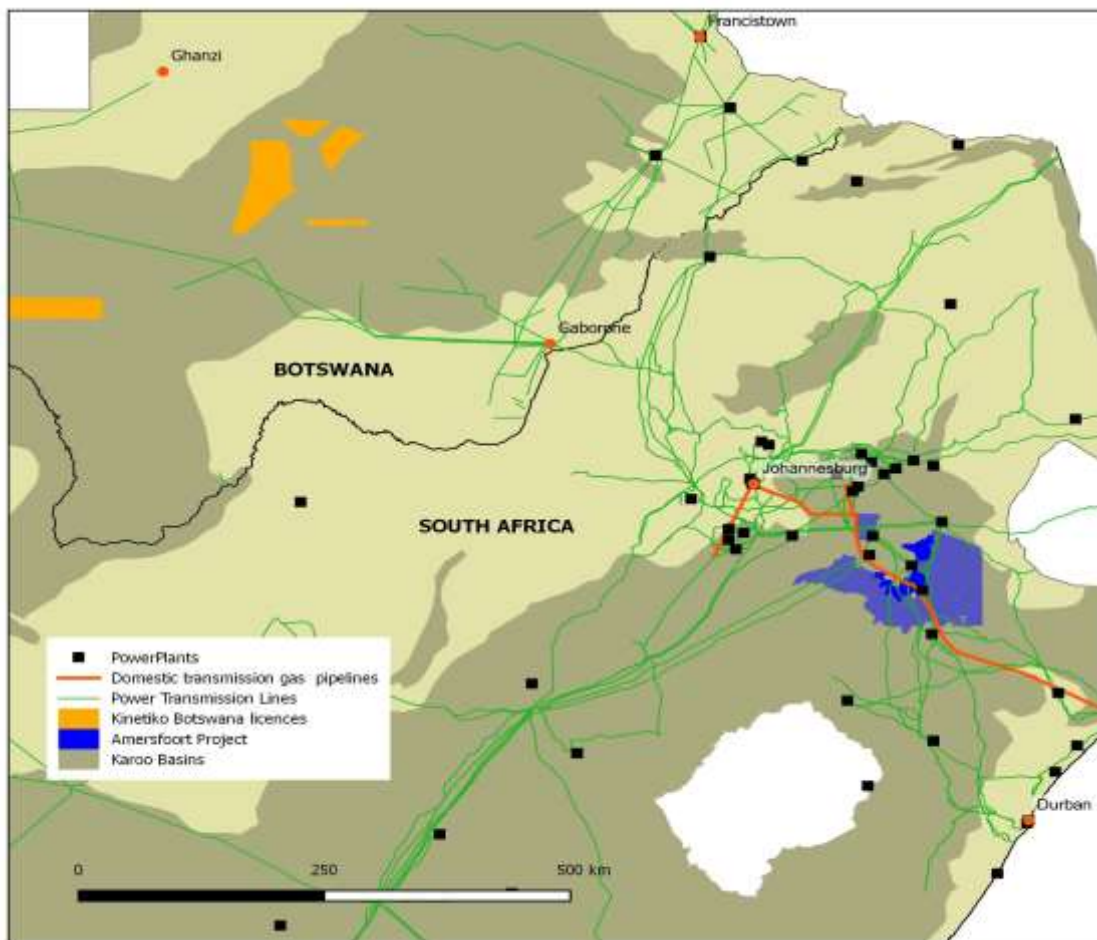
1. AC2 has been mandated by both parties to secure funding for the exploration, development and commercialisation of the Amersfoort project.

Work Plan

1. The parties agreed as a starting point to commercialise current gas resources and embark upon a pilot drilling program to enhance resource certification and to optimise economic returns.

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. Its flagship Amersfoort project which is conducted through afro energy and its co shareholder Badimo gas is being developed around the infrastructure rich and energy starved industrial region of South 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.



For more information visit: www.kinetikoenergy.com.au or contact, Kinetiko Energy Limited on 08 6315 3500