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ASX ANNOUNCEMENT
INVESTOR UPDATE ON AFRO ENERGY AND AMERSFOORT PROJECT
DEVELOPMENT

- **Expression of interest to fund Amersfoort project received from South Africa's Industrial Development Corporation**
- **Regulatory approval of proposed work programme is in the process of being approved by the Petroleum Agency of South Africa**
- **Work programme represents development of less than 5% of total potential prospective geology**
- **Bulk gas sampling permit is in the process of being issued by the Department of Mineral Resources**
- **Potential for first revenues to be achieved within 6 months**
- **Potential for maiden reserves to be achieved in 2016**
- **Negotiations with potential gas off-takers on going**

Kinetiko Energy Limited (ASX:KKO) ("Kinetiko") with its major shareholder in Afro Energy Pty Ltd ("Afro Energy"), Badimo Gas Pty Ltd ("Badimo") is pleased to provide an update on the following significant milestones in the evaluation and potential development of the Amersfoort gas discovery in South Africa.

Funding Expression of Interest

By letter to Afro Energy dated 07 July 2015 the Industrial Development Corporation (“IDC”) has presented a non binding expression of interest to fund the development of the Amersfoort project through either debt and or equity. This expression of interest is subject to a number of conditions being satisfied including due diligence.

The IDC was established in 1940, and is a national development finance institution set up to promote economic growth and industrial development. The IDC is owned by the South African government and reports to the Minister of Economic Development. The IDC has a vision and a mission to contribute to the creation of balanced, sustainable economic growth in South Africa and on the rest of the continent.

Afro Energy remains in negotiations with several other interested funding parties with respect to funding the development of the Amersfoort project.

Agreed Work Programme

The stakeholders of Afro Energy have agreed to the following work program in order to develop the Amersfoort project:

- An 8-spot cluster of wells in close proximity to KA-03PT within ER56 tenement;
- An additional permeability test well to supplement the above 8 cluster of spot test wells has to be applied for;
- Two zone isolation wells in close proximity to KA-02C within ER56 tenement;
- An 8-spot cluster of permeability test wells in close proximity to KA-02C within ER56 tenement predicated on the results of the zone isolation wells; and
- A gas terminal consisting of a gas treatment plant, CNG loading facilities and metering station.

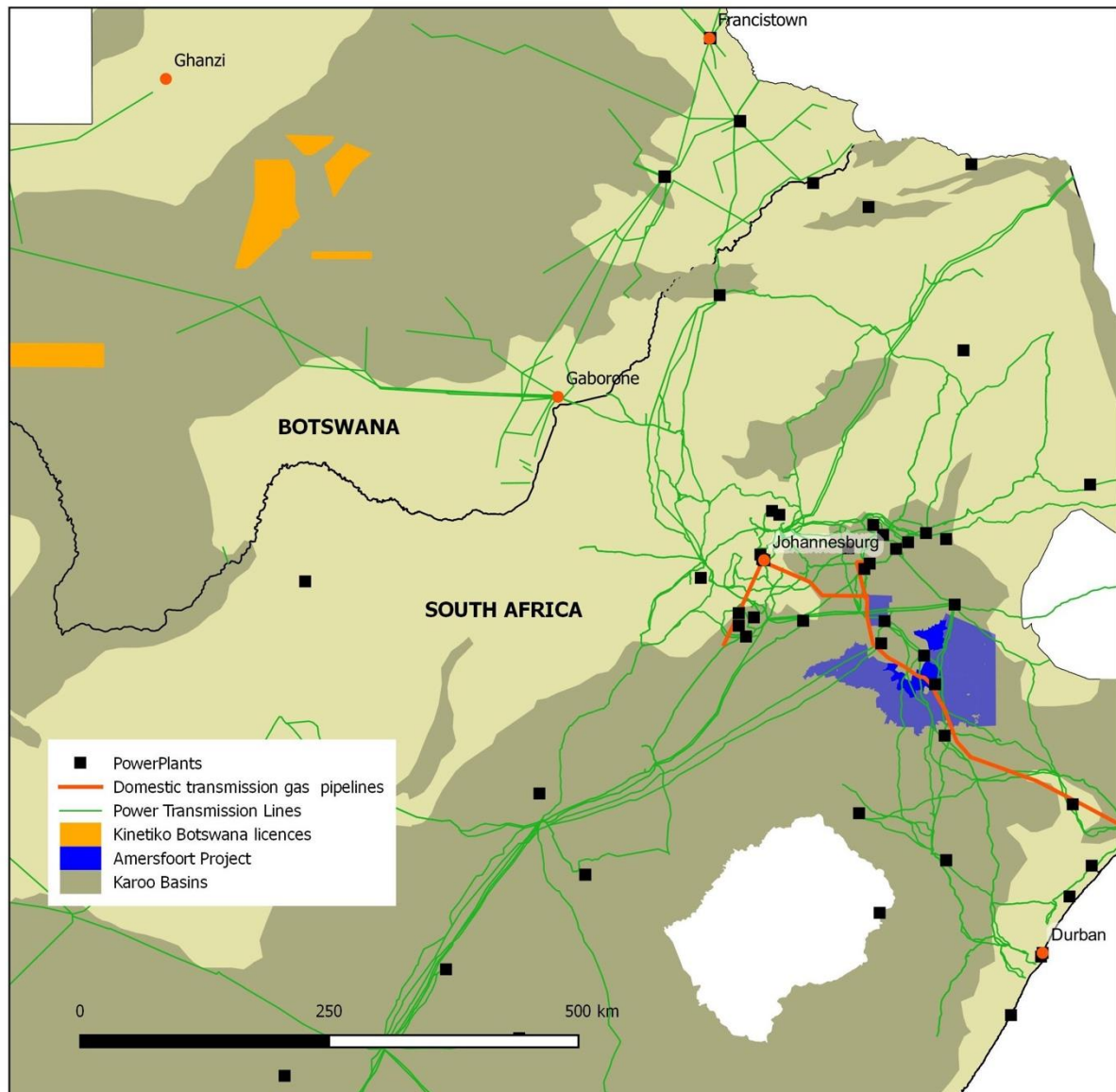
The potential outcome of completing the work programme over the next six months would enable gas sales from the Amersfoort project in terms of the approved and issued bulk sampling permit. The work programme covers only a small percentage of the total prospective geology over which KKO and Badimo have rights and successful achievements as outlined above could be recognised as first major steps to significant further field development.

Bulk Sampling Production Permit

Afro Energy is in the process of securing a bulk sampling permit from the Department of Mineral Resources. This permit will allow Afro Energy to immediately benefit from sales of gas from its existing producing wells and to proceed to drill further shallow wells to potentially increase early gas production. This initiative is a primary focus of Afro Energy in light of the approaches that it has received from several potential investors, funders and gas off takers.

About Kinetiko 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 9,491Km² is granted and being explored.



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