



KINETIKO
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ASX: KKO

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ASX ANNOUNCEMENT
COMPLETION OF \$3 MILLION CAPITAL RAISING

- **Placement to institutional and sophisticated investors raising approximately \$3 million**
- **Proceeds will primarily fund pilot and core hole drilling programs**
- **Offer price of 18.0 cents per share, representing a 10.5% discount to the 5 day volume weighted average price**

Kinetiko Energy Limited (ASX:KKO), a gas company focused on the exploration and development of coal-bed methane (CBM) in South Africa, is pleased to announce that it has successfully completed a placement to institutional and sophisticated investors to raise gross proceeds of approximately \$3 million. Proceeds from the placement will be used to fund the Company's pilot and core hole drilling programs at the Amersfoort Project (49% KKO interest); structural studies; and investment in the preliminary appraisal of its Technical Cooperation Permits and additional working capital.

The placement was priced at 18.0 cents per share, representing a 10.5% discount to the 5-day VWAP¹ and will result in the issue of approximately 16.5 million new shares.

Kinetiko's Managing Director, Andrew Lambert, commented, "consistent with our target of booking 3P/2P reserves by the end of March 2013 and working towards first commercial production in South Africa from 2014; this capital raising will enable Kinetiko to progress additional pilot and core hole drilling program for the Amersfoort Project as well as fund structural studies and continue to invest in 100% owned Kinetiko land (TCPs). This follows Kinetiko's recent 36% resource upgrade at the Amersfoort Project with 2C Resources of 1.5 tcf (P₅₀) (Gross) in August 2012".

Wilson HTM Corporate Finance Ltd acted as sole lead manager to the placement.

¹ 5 day volume weighted average price up to and including 12 December 2012 of 20.1 cents per share.

Settlement of the placement is expected to occur on Thursday 20 December 2012 with quotation of the new shares expected on Friday 21 December 2012.

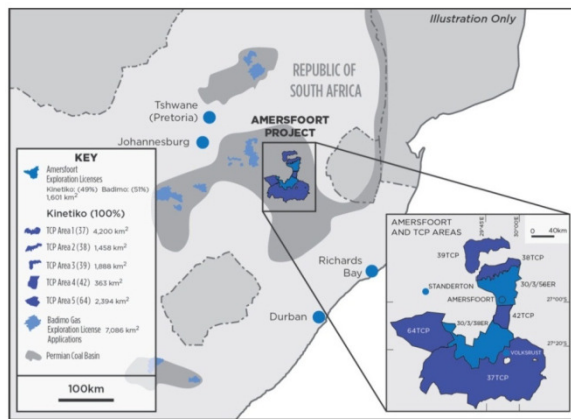
About Kinetiko Energy

Kinetiko Energy Limited (ASX: KKO) is an Australian gas explorer focused on advanced 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 which make it an attractive area for a rapidly emergent CBM industry. Kinetiko is an early mover in the region and is pursuing new gas projects that will help supply clean energy and create jobs.

Kinetiko has a potential exploration area, of which 9,491km² is granted and being explored. Kinetiko has applied for TCP 64 (Technical Co-operation Permit) over 2,394km² of prospective tenure and Badimo Gas has approximately 7,086km² of Exploration Right applications pending for which Kinetiko has an MOU. Gustavson Associates estimate Kinetiko's four (100% interest) TCP areas to have Prospective Resource of Gas In Place (GIP) of 9.3tcf (P₅₀). TCPs allow desktop evaluation and a right to apply for exploration licences.

The Amersfoort Project

The Amersfoort Project is located at the heart of South Africa's energy infrastructure in Mpumalanga in South Africa, 250km east of Johannesburg. Mpumalanga is a highly prospective area for coal bed methane with well documented, gassy coal measures and with gassy sandstones overlying the coal horizons. Kinetiko is the operator of two gas licences in the Amersfoort Project (49% interest) covering 1,601km² under an agreement with South African partner: Badimo Gas Ltd. US based independent, oil and gas consultant, Gustavson Associates, estimates the Amersfoort Project to have



Prospective Resource Gas In Place (GIP) of 2.4tcf (P₅₀) (up from 1.7tcf in 2011) and Contingent Resource of 1.5tcf. The aim of the exploration program is to classify Reserves.

Exploration drilling at Amersfoort commenced late 2011 and current programs are scheduled to continue to mid-2013. Drilling of the first production test wells commenced Q4 2012 and will continue into 2013. Kinetiko aims to book first reserves in Q1 2013.

Figure 1: Kinetiko's exploration tenure; granted, under application and MOU with Badimo Gas

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

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