



**KINETIKO**  
ENERGY LTD

**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](mailto:info@kinetikoenergy.com.au)  
Web: [www.kinetikoenergy.com.au](http://www.kinetikoenergy.com.au)

**ASX: KKO**

12<sup>th</sup> December 2012

### ASX ANNOUNCEMENT

## SECOND PILOT PRODUCTION WELL FLOWS GAS

- **Second Amersfoort pilot production test well (KA 10PTR) was completed to 440m depth and flared gas above 308m, before drilling continued to TD.**
- **Preliminary indications of gas pressures and flows are exceeding expectations. These are expected to be confirmed over the coming weeks following the installation of flow skid and pumping equipment.**
- **Second production test well drilled as one stage testing both the sandstone and coal seams.**
- **Gas flows from the first two pilot production tests 8km apart into the same target sandstones and coal seams are very positive indications for the commerciality of the Amersfoort Project.**



**Gas flaring from second Amersfoort Project pilot production well KA-10PTR 6th December 2012**

Kinetiko Energy Limited as the Amersfoort Joint Venture operator is delighted to announce that the second pilot production well (KA 10PTR) has been completed and has encountered vigorous gas flows during drilling.

Spontaneous gas flows were encountered and flared during the drilling at a depth above 308m. The drilling was then completed to total depth of 440m through a combined 264m sequence of sandstones and coal seams. Well head equipment and pumps have been installed and collection of flow data will be carried out over the next few weeks as water is extracted from the well. This second production test well has been completed as a single stage testing both sandstone and coal seams.

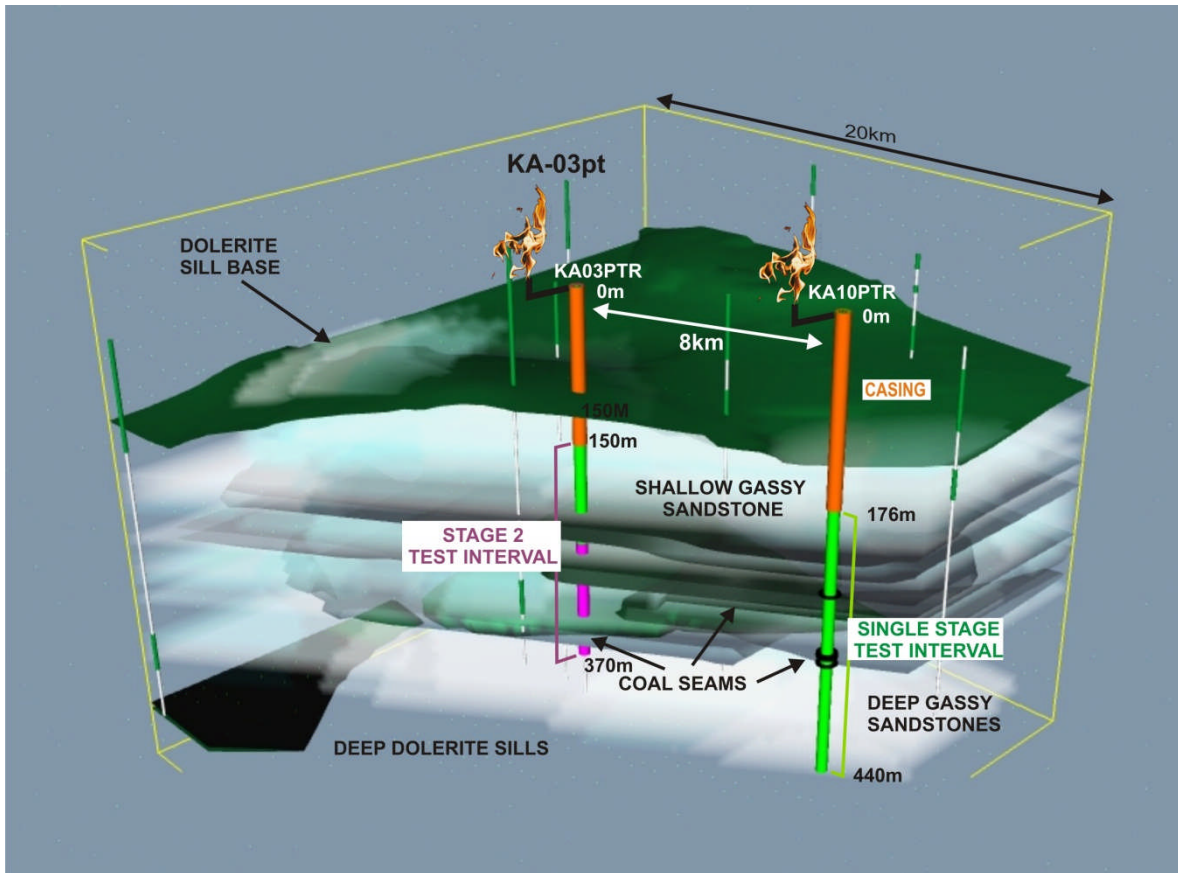
This follows the previously announced successful flaring of gas from stage 1 of the first Amersfoort Project production test well (KA 03PTR) located 8km to the NE. (Figure 1). The first production test well was drilled to test in isolation the shallow gas in sandstone target. The drilling rig will now return to complete the first well to target depth (340m) for a production test of the combined sandstone and coal intervals. This staged approach on the first well has enabled the second production test well to be drilled and tested in a single stage (Figure 2).

Gas and water production data for both wells are being collated and interpreted by independent consultants over the next few weeks.

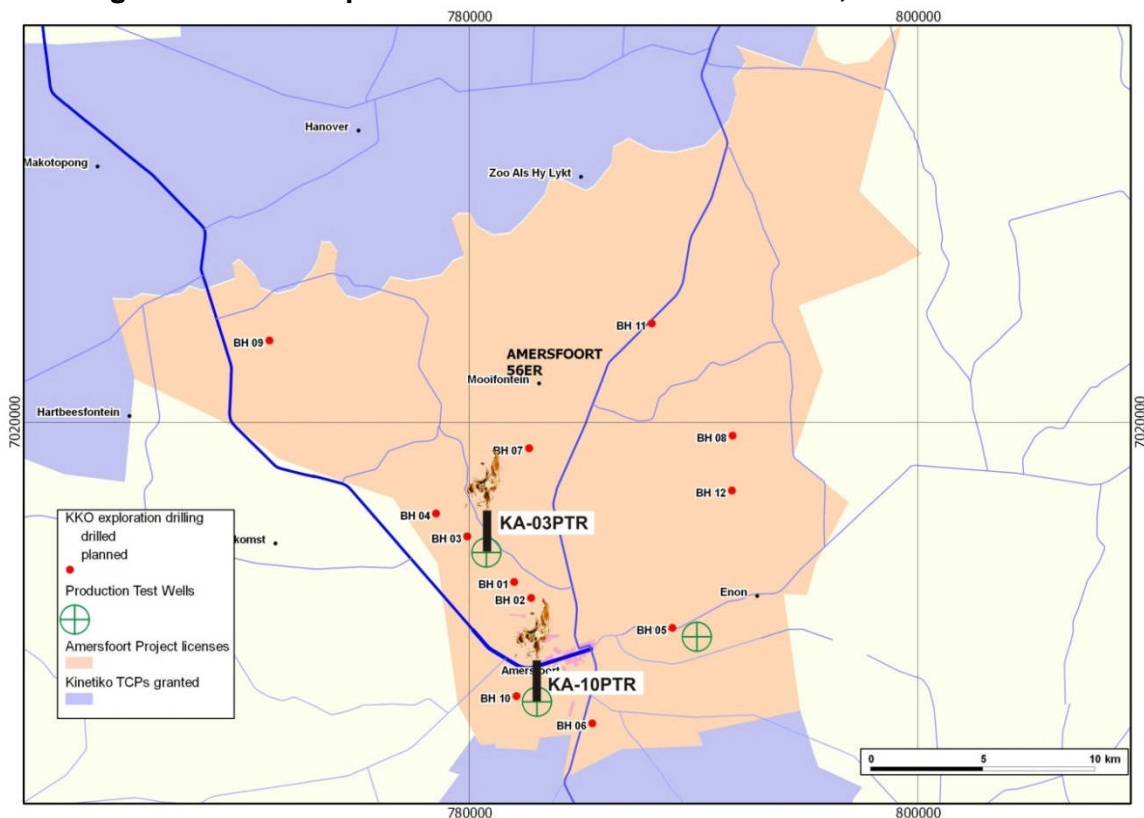
Three pilot production wells are to be drilled on the northern Amersfoort JV license (56ER) and the program is scheduled for completion in early 2013. These will be followed by two to 3 more on the southern license (38ER). The pilot production wells are being located in areas identified in exploration drilling to contain gassy coal measures and downhole geophysical log indications of conventional gas accumulations in the surrounding sandstones.

The pilot production well program at Amersfoort will determine gas flow rates and recoverability from which the first gas reserves will be defined in early 2013.

|                                      |  |
|--------------------------------------|--|
| <b>Tenure</b>                        | ER56 Amersfoort Project                |
| <b>Well</b>                          | KA-10PTR                               |
| <b>Kinetiko Interest</b>             | 49%                                    |
| <b>Date of Progress Report</b>       | 11 <sup>th</sup> December 2012         |
| <b>Total Depth</b>                   | 440m                                   |
| <b>Current Depth</b>                 | 440m                                   |
| <b>Targets</b>                       | Permian Middle Ecca sandstone and coal |
| <b>Status</b>                        | Completed awaiting flow testing        |
| <b>Flow test expected completion</b> | late December 2012                     |



**Figure 1- First two production test wells at Amersfoort, schematic section**



**Figure 2- Location of Amersfoort Project production test wells**

## OVERVIEW

### 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 large South Africa potential exploration area of which 9,491Km<sup>2</sup> is granted and actively being explored. Kinetiko has applied for TCP 64 (Technical Co-operation Permits) over 2,394Km<sup>2</sup> of prospective tenure and Badimo Gas has approximately 7,086Km<sup>2</sup> of applications pending for which Kinetiko has an MOU.

Gustavson Associates estimate Kinetiko's four (100% interest) TCP areas to have Prospective resources of Gas In Place (GIP) of 9.3tcf (P<sub>50</sub>). TCPs allow evaluation and a right to apply for exploration licenses.

### The Amersfoort Project

The Amersfoort Project is located at the heart of South Africa's energy infrastructure in Mpumalanga (formerly Eastern Transvaal) in South Africa, 250Km east of Johannesburg. Mpumalanga is a highly prospective area for coal-bed methane (CBM) 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 1,601km<sup>2</sup> 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 resources "Gas In Place" of **2.4tcf** (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 are planned in Q4 2012 and will continue into 2013. Kinetiko aims to book first reserves in Q1 2013.

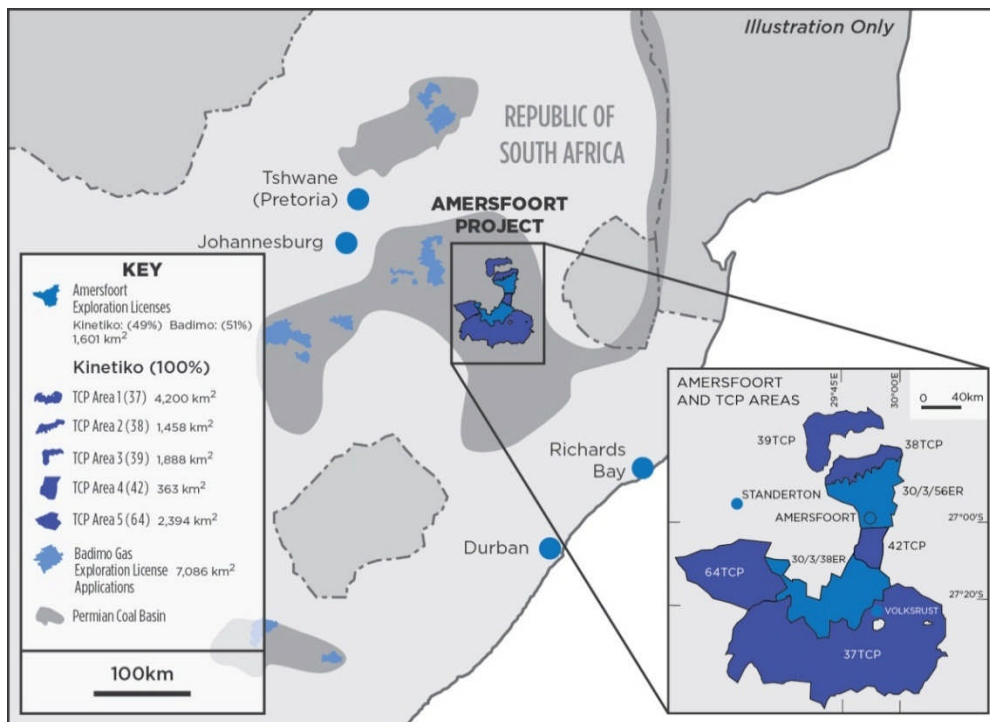


Figure 1: Kinetiko's exploration tenure; granted, under application and MOU with Badimo Gas

For more information visit: [www.kinetikoenergy.com.au](http://www.kinetikoenergy.com.au) Andrew Lambert, Managing Director, Kinetiko Energy Limited , +61 8 6315 3500