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**ASX: KKO**

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### **ASX ANNOUNCEMENT**

## **Kinetiko Energy spuds first pilot production well at the Amersfoort Project, South Africa**

- **Kinetiko Energy Ltd ("Kinetiko") spuds its first gas pilot production well at hole KA-03, Amersfoort Project;**
- **The rig will initially complete three pilot production wells on the northern tenement (56ER) by early 2013, then complete three more on the southern tenement (38ER);**
- **Pilot production wells determine “gas flow rates and recoverability”, with the potential to enable the company to define gas “Reserves” early 2013;**
- **The pilot production well results should be determined within 4-6 weeks.**



**Photograph 1: Gas Production rig spudding well KA-03PT, Amersfoort Project, Mpumalanga, South Africa**

Kinetiko is pleased to announce the first pilot production well has commenced drilling at its Amersfoort joint venture with Badimo Gas Ltd ("Badimo") to test gassy sandstones and CBM horizons identified in the exploration core holes drilled to date.

Each well is anticipated to have a total depth of <450m (tested in one or two stages) to assess gas flow rates and ultimately well gas recovery within 4-6 weeks. See Figure 1 below for an illustration of pilot production well design.

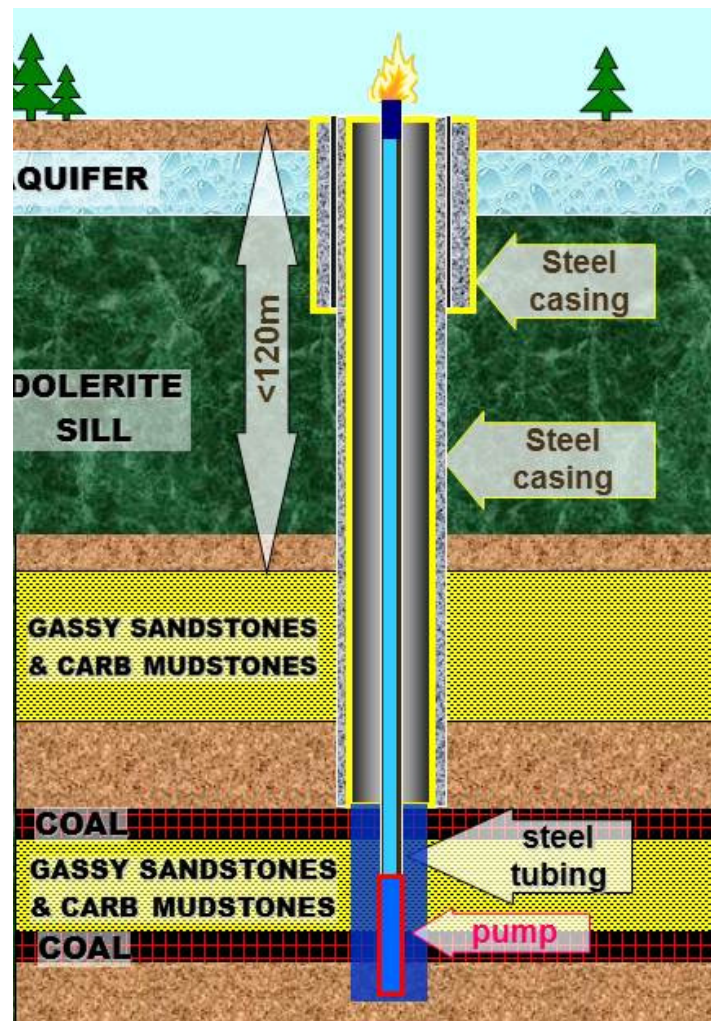


Figure 1: Illustration of gas pilot production well

Due to the extensional geological structures in the region, the coals have relatively high permeability. Preliminary studies indicate that low volumes of produced water are expected from the production wells, given the geological and climatic characteristics of the region. Produced water will, where possible be reused locally.

The company aims to book gas Reserves (3P & 2P) early 2013.

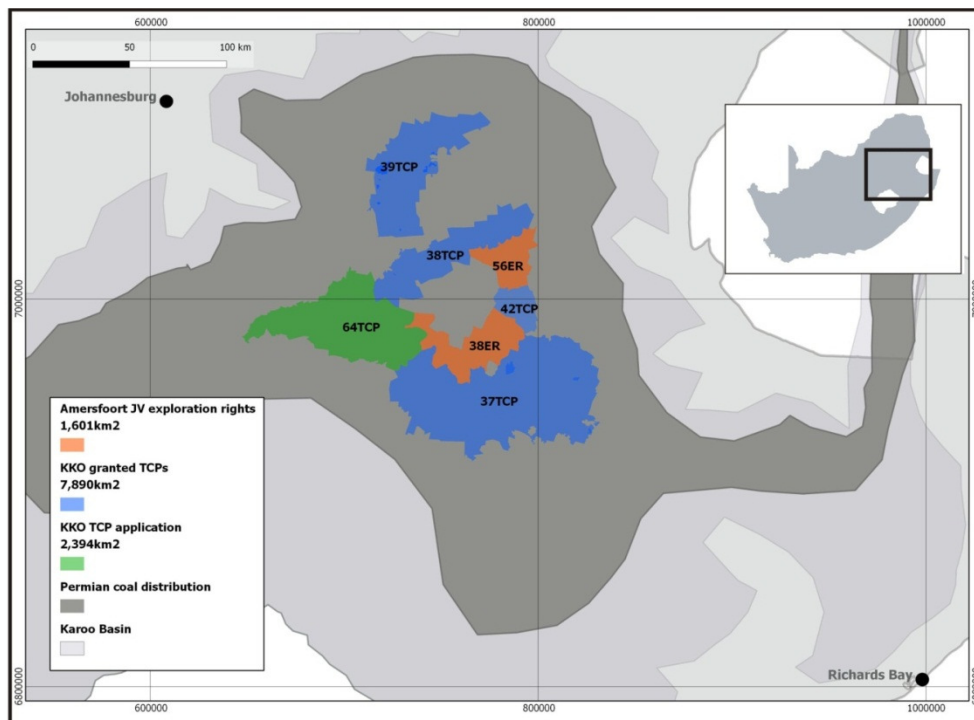


Figure 2: Kinetiko's exploration tenure; granted and under application. (Amersfoort 49% interest, TCP's 100% interest)

### 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 BEE 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 increase Resource and 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.

## 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 Permit) 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 early evaluation and a unique right to apply for exploration licenses.

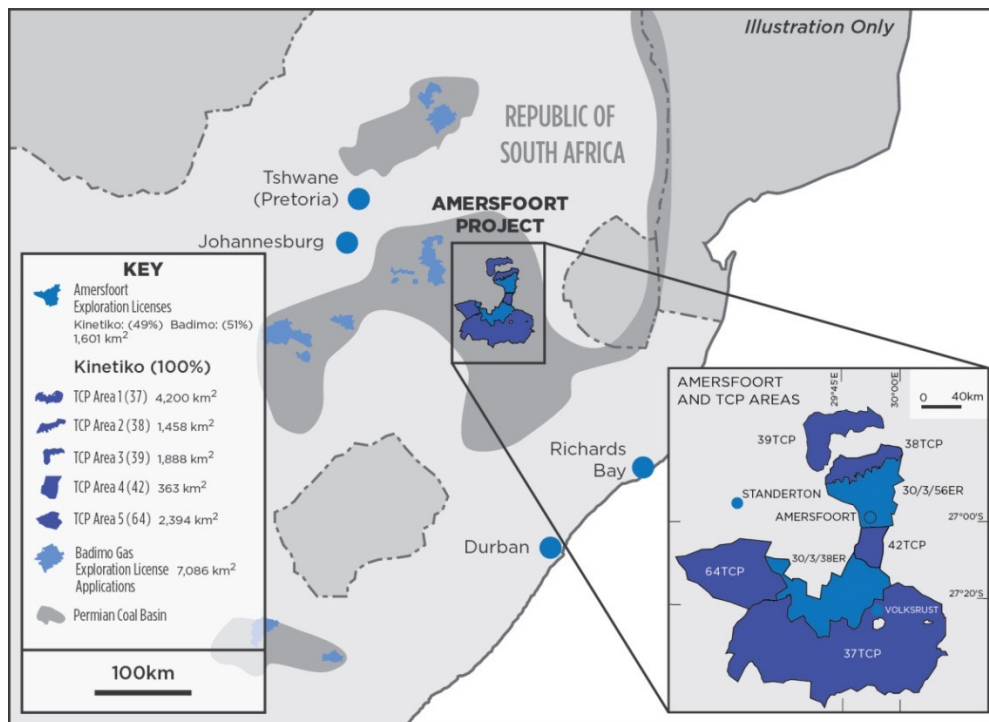


Figure 3: Kinetiko's exploration tenure; granted, under application and MOU with Badimo Gas

For more information visit: [www.kinetikoenergy.com.au](http://www.kinetikoenergy.com.au)

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