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ASX: KKO

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ASX ANNOUNCEMENT

TECHNICAL DISCOVERY ON THE AMERSFOORT PROJECT

- Following completion of the first flow rate tests (pilot test well KA-03PT) at the Amersfoort Project, Kinetiko Energy (49% interest and operator) is pleased to announce that independent oil and gas engineers: Gustavson Associates (Denver, Colorado) have reported a very encouraging stabilised flow rate of 332 Mscf/day at a flowing well head pressure of 25psi.
 - Detailed gas testing from 24th January to 3rd March produced dry methane rich gas (>95%, trace CO₂), from an unstimulated, vertical, barefoot completion that targeted coal bed methane (CBM) from sandstones, carbonaceous mudstones and coals;
 - Due to high testing pressures, the sandstones appeared to contribute most of the gas, and over the next 4 weeks engineering analysis will include the incorporation of CBM and overall estimated gas and water production curves for this single well;
 - Water production was minimal on this well;
 - The JV are working with the South African oil and gas regulator on this encouraging news;
- The JV's pilot test well program continues with a fifth pilot test well (KA-07PT) reaching a first stage depth of 285m to test sandstone gas (i.e. conventional); before a second stage to depth to test combined sandstone gas and CBM.
- In light of these exciting first well results and pilot well program progress, the Badimo/Kinetiko JV now aim to book initial 3P/2P Reserves by mid 2013, in order to maximise commercial outcomes.



Photograph of Hole KA-03PTR flaring gas

Five exploration pilot test wells have been drilled and will continue to be tested on the northern Amersfoort Project licence (56ER) by mid June 2013 (see Figure 1). These will be followed by five more on the southern licence (38ER) following final JV and regulatory approval. The pilot 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.

Testing determines gas flow rates and recoverability from which first gas reserves could be defined by Q3 2013 once commercial information is assessed; it is also anticipated that each successful pilot well could incrementally add 3P/2P reserves.

Exploration Pilot test well (permeability testing) progress report

Date of Progress Report	18th March 2013				
Tenure	Amersfoort Project (northern licence ER56)				
Interest	Kinetiko Energy 49%, Badimo Gas 51%				
Targets	Permian Middle Ecca Sandstones (conventional) and coal bed methane				
Permeability Wells/ Pilot Test	KA-03PT	KA-10PTR	KA-05PT	KA-11PT	KA-07PT
Commencement date					
Total Depth (m)	370	440	344	392	440 Est
Current Depth (m)	370	440	344	392	285
Status	Both stages tested	Await fish tool expected to resume in April	Readying for testing	Readying for testing	Readying for testing stage 1
Estimated Flow test completion	March	June	May	May	June
Aim to certify test results	As announced	June	May	May	June

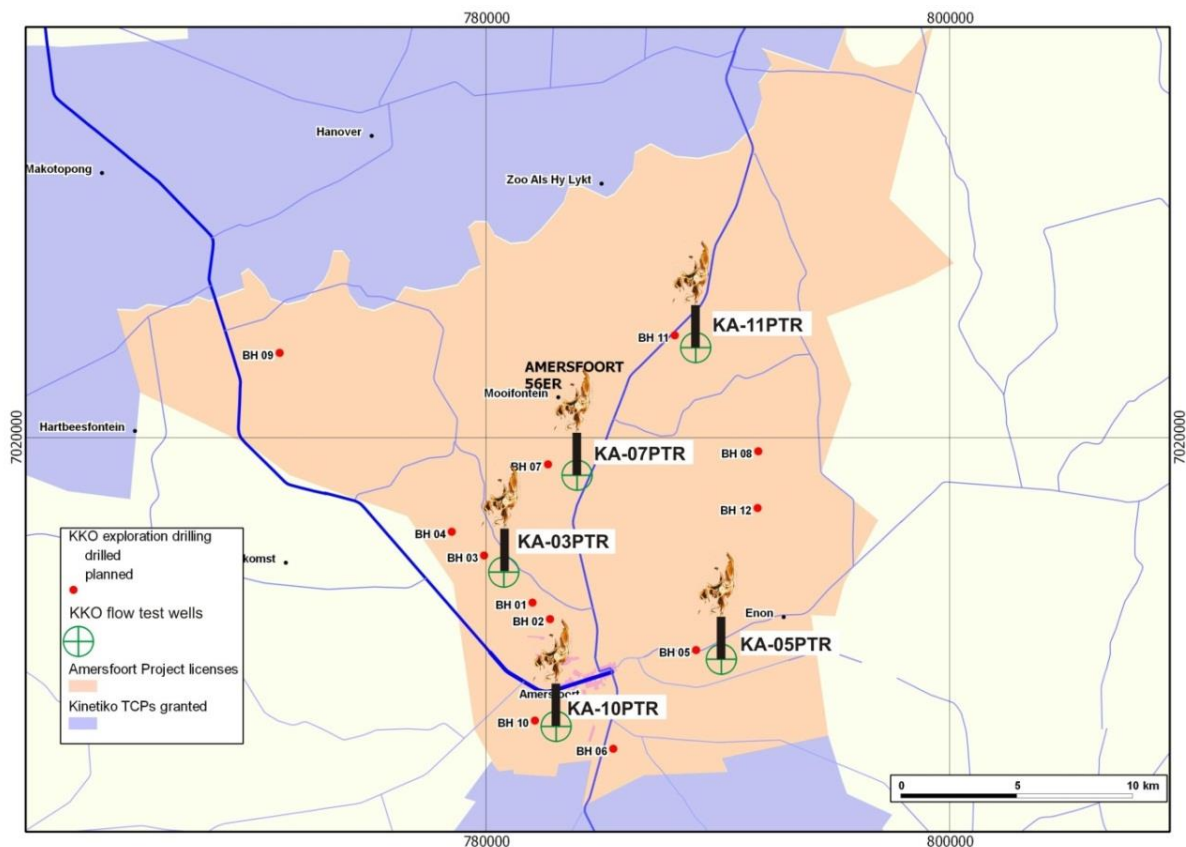


Figure 1- Location of Amersfoort Project (northern licence) pilot test wells

Managing Director Andrew Lambert stated: “We consider these impressive flow rates from our first exploration pilot test well as a significant milestone towards establishing a significant gas project. It positions the JV on a strong path to becoming a commercial gas producer within a few years. Continuing our diligent exploration approach, further analysis on our first test well plus additional pilot test well data is needed to determine the most attractive commercial outcomes for the JV”.

Competent Persons Statement:

The Competent person for this report is Michele Bishop an American Institute of Professional Geologists Certified Professional Geologist with more than 30 years’ experience in oil and gas fields. Ms Bishop is an employee of Gustavson Associates LLC. As such Ms Bishop qualifies as a competent person as defined by clause 20 of the VALMIN Code and under ASX listing rule 5.11. Ms Bishop and Gustavson Associates have consented in writing to the use of their resource estimates in the form that they appear here. The well testing engineering used in this announcement has been compiled by Mike Ratway, a Petroleum Engineer licensed in the State of California.

About Kinetiko Energy Ltd(ASX: KKO)

Kinetiko Energy is an Australian gas explorer focused on advanced 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 which make it an attractive area for a rapidly emergent industry. Kinetiko is an early mover and pursuing gas projects that will supply clean energy and create jobs.

Kinetiko has a large potential exploration area of which 9,491Km² is granted and being explored. Kinetiko has applied for two TCPs (Technical Co-operation Permits) over 6,217Km² of prospective tenure and Badimo Gas has approximately 7,086Km² of applications pending for which Kinetiko has an MOU. Gustavson Associates estimate Kinetiko’s four granted TCP areas (100% Kinetiko) to have Prospective resources, Gas In Place (GIP) of 9.3tcf. TCPs allow evaluation and a unique right to apply for exploration licences over the same area.

The Amersfoort Project

Kinetiko (49% interest) is the operator of 2 gas licences in the Amersfoort Project covering 1,601km² with South African partner: Badimo Gas Pty Ltd (51% interest). The Project is located in the heart of South Africa’s energy infrastructure in Mpumalanga, South Africa, 250Km east of Johannesburg. Mpumalanga is highly prospective area for coal-bed methane (CBM) with well documented, gassy coal measures and gassy sandstones overlying coals. 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 improve Resources and classify Reserves. Exploration drilling commenced late 2011 and programs are scheduled to continue throughout 2013. Drilling of the first pilot test wells commenced Q4 2012. Kinetiko aims to book first reserves by mid 2013.

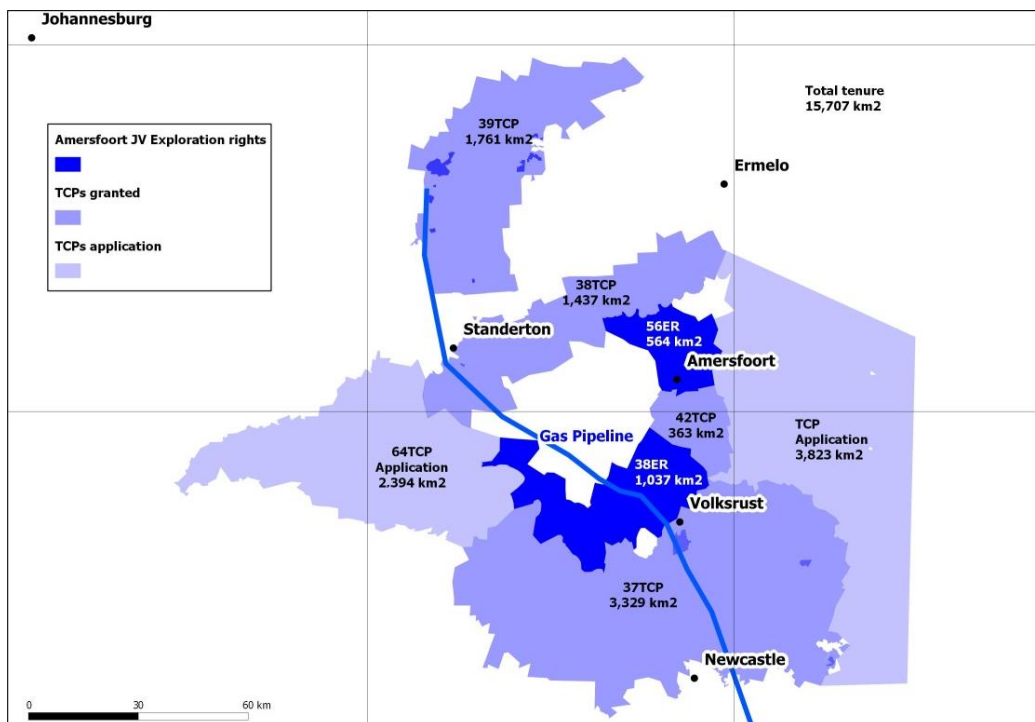


Figure 3: Kinetiko’s exploration tenure; granted and under application

For more information visit: www.kinetikoenergy.com.au or contact Investor Relations: James Harris (PPR) on +61 8 9388 0944, or Andrew Lambert, Managing Director, Kinetiko Energy Limited, +61 8 6315 3500