



**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**

**31st January 2013**

## DECEMBER 2013 QUARTERLY OPERATIONS REPORT

Perth- based Kinetiko Energy Ltd is an early mover, onshore gas explorer and developer in the Southern African energy markets.

- **Pilot production well testing continues to encounter significant gas indications in target coals and overlying sandstones;**
- **Exploration core drilling continues with 7 core holes completed on the southern licence and 2 more are to be drilled (8 is the minimum commitment)**
- **In January the pilot rig mobilised to the first pilot well (KA-03PTR) to drill the second stage to ~400m total depth, targeting deeper gassy sandstones and CBM beneath the shallower conventional gas, see figure 1;**
- **The second pilot well (KA-10PT) recommences testing early February;**
- **Gas flow data will be assessed by our O&G independent (Gustavson Associates) and Kinetiko aim to book 3P/2P Reserves by April;**
- **Kinetiko applied for its sixth onshore (3,823Km<sup>2</sup>) Technical Cooperation Permit (TCP) covering 14,106 Km<sup>2</sup> (Kinetiko 100%); of which four TCPS are already granted and being assessed over an area of 7,890Km<sup>2</sup>**
  - **The Amersfoort Project (Kinetiko 49%, Badimo Gas 51%) covers an area of 1,601 Km<sup>2</sup> and has Prospective Resources of 2.4tcf GIP**
  - **Kinetiko's potential exploration area is 15,707Km<sup>2</sup>**
- **On schedule and ahead of budget with approximately \$4m cash.**



Photo 1. pilot production well KA-03PT



Photo 2. pilot production well KA-10PT, December 2012

### AMERSFOORT PROJECT (Kinetiko 49% and Operator, Badimo Gas 51%)

The Amersfoort Project (Figure 1) continues to deliver excellent exploration results and the first pilot production well program commenced. The JV aims to book first reserves by Q2 2013.

#### Pilot Production Well Testing

Three pilot production wells will be drilled on the northern Amersfoort (56ER) JV license (see Figure 1) and are scheduled for completion early Q2 2013. These will be followed by two to three more on the same licence or the southern license (38ER) upon regulatory approval.

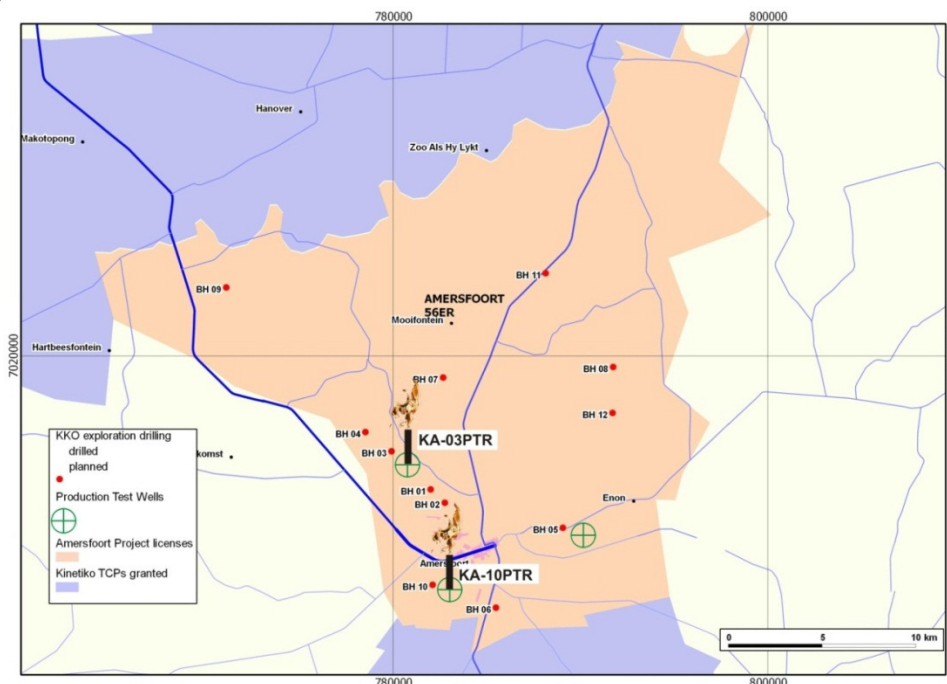


Figure 1- Location of Amersfoort Project production test wells

The pilot production wells are located in areas identified in exploration drilling to contain gassy coal measures and downhole geophysical log indications of conventional gas accumulations in the sandstones. See Figure 2 for an illustrative section.

The pilot production well program will determine gas flow rates and recoverability from which first gas reserves should be defined in Q1 2013.

Kinetiko has procured equipment locally, adjacent countries and from established specialist CBM equipment suppliers in Australia and North America. This has enabled Kinetiko to accumulate high quality equipment sets for the production testing program cost effectively. The program has been designed by experienced Australian and North American CBM and Gas consultants. Well head operations are being overseen by specialist US CBM drilling and production contractors working with our existing South African drilling teams.

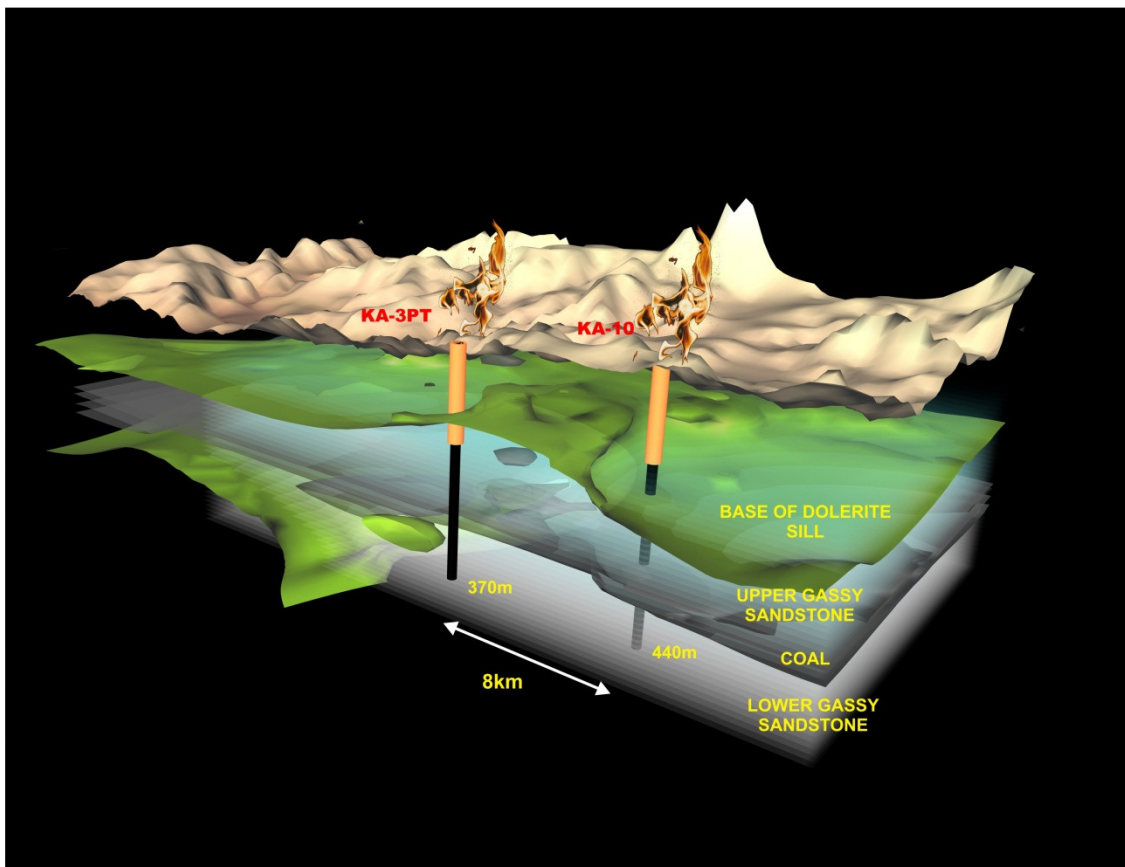
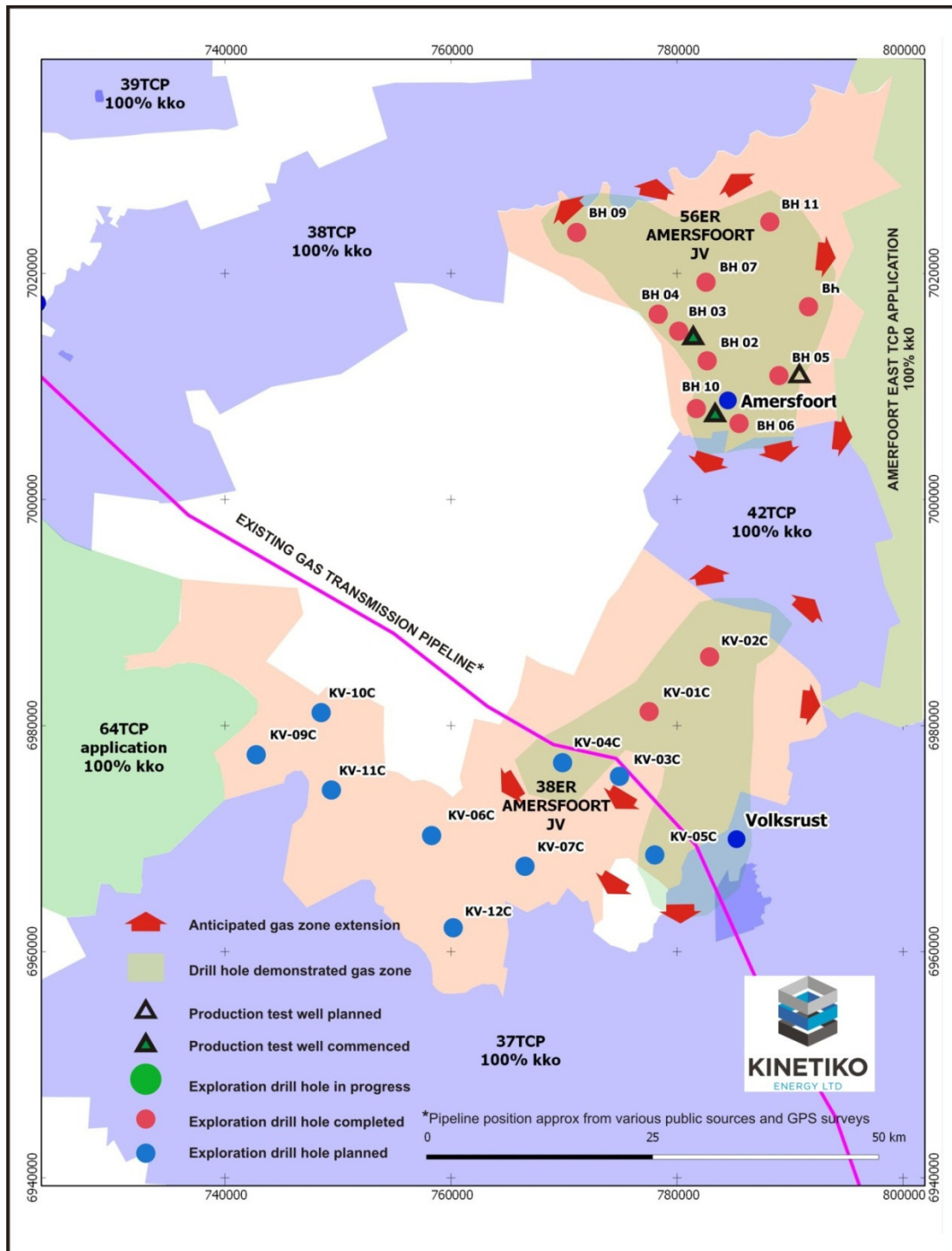


Figure 2: Schematic section of pilot production wells KA-03PT & KA-10PT

### Amersfoort Exploration

Two rigs continue to drill exploration core holes on the southern licence (ER38), 7 holes have been completed and 2 more core holes are expected to be completed early April

To date over both licences 17 exploration holes have been drilled. The purpose of the drilling is to determine the optimal location of pilot production wells.



**Figure 3- Amersfoort Project and potential gas zone extension in the area**

This exploration drilling has successfully identified substantial gas accumulations in the target coal seams and strong indications of widespread convention gas accumulations in the overlying sandstones. Spontaneous gas flows have occurred in a number of holes.

## AMERSFOORT PROJECT ANTICIPATED OPERATIONS



## TCP EXPLORATION (KINETIKO 100%)

Kinetiko has consolidated its early mover advantage in unconventional energy in Southern Africa by securing prospective tenure in its own right and developing unconventional gas exploration models applicable to all the Karoo Basins of Sub-Saharan Africa.

Kinetiko applied for its sixth onshore (3,823Km<sup>2</sup>) Technical Cooperation Permit (TCP) covering 14,106 Km<sup>2</sup> (Kinetiko 100%); of which four TCPs are already granted and being assessed over an area of 7,890Km<sup>2</sup>

- TCPs allow the holder twelve months to carry out desktop investigations and a unique right to convert areas to exploration licenses.

As reported mid 2012, Gustavson Associates estimate that Kinetiko's four granted TCP areas to have Prospective Resources of Gas In Place (GIP) of 9.3tcf (P<sub>50</sub>).

Kinetiko's TCP areas are all located adjacent to or near the Amersfoort Project and are underlain by similar coal bearing Permian Karoo sequences. Coal depths range from equivalent to the Amersfoort licences to 800+ metres. Drill hole data from historical coal and mineral exploration is being acquired and interpreted.

Kinetiko's potential exploration area (applications & granted)	Km <sup>2</sup>
Amersfoort Project JV (Kinetiko 49%)	1,601
37TCP	4,329
38TCP	1,437
39TCP	1,761
42TCP	363
64TCP application	2,394
<b>Amersfoort East TCP (new application)</b>	<b>3,823</b>
<b>Total Area potential</b>	<b>15,707</b>
<i>MOU with Badimo Gas on Exploration Right Applications</i>	<b>7,086</b>

**Competent Persons:**

*The resource estimates used in this announcement have been compiled by Michelle G. 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.*

**SUMMARY**

During the Quarter Kinetiko and its JV partner (Badimo Gas) continued to enjoy exploration success at the Amersfoort Project. Pilot production drilling and gas flow testing continues in addition two ongoing exploration rigs operating on the southern Amersfoort license (38ER).

Kinetiko aims to book first 3P/2P reserves by early Q2 2013, and is progressing gas commercialisation and production right planning..

Evaluation of Kinetiko's TCP will continue during the December Quarter with the aim of lodging exploration license applications in Q2.

Exploration and evaluation operations remain ahead of budget and the company has reserves to fund planned operations to October 2013. Kinetiko have cash reserves of \$4m.



## 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 gas industry.

Kinetiko is an early mover in the region and is pursuing gas projects that will help supply clean energy and create jobs. Kinetiko has a growing South Africa exploration footprint:

- The Amersfoort Project (Kinetiko 49%, Badimo Gas 51%) covers an area of 1,601 Km<sup>2</sup> and has Prospective Resources of 2.4tcf GIP;
- Kinetiko has four granted TCPs (7,890Km<sup>2</sup>) and two lodged applications; combined these TCPs total a potential land tenure of 14,106 Km<sup>2</sup> (Kinetiko 100%);
- Gustavson Associates estimate Kinetiko's four 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;
- Kinetiko's potential exploration or Amersfoort and the TCPs totals 15,707Km<sup>2</sup>. In addition, Badimo Gas has ~7,086Km<sup>2</sup> of applications pending for which Kinetiko has access to via an MOU.

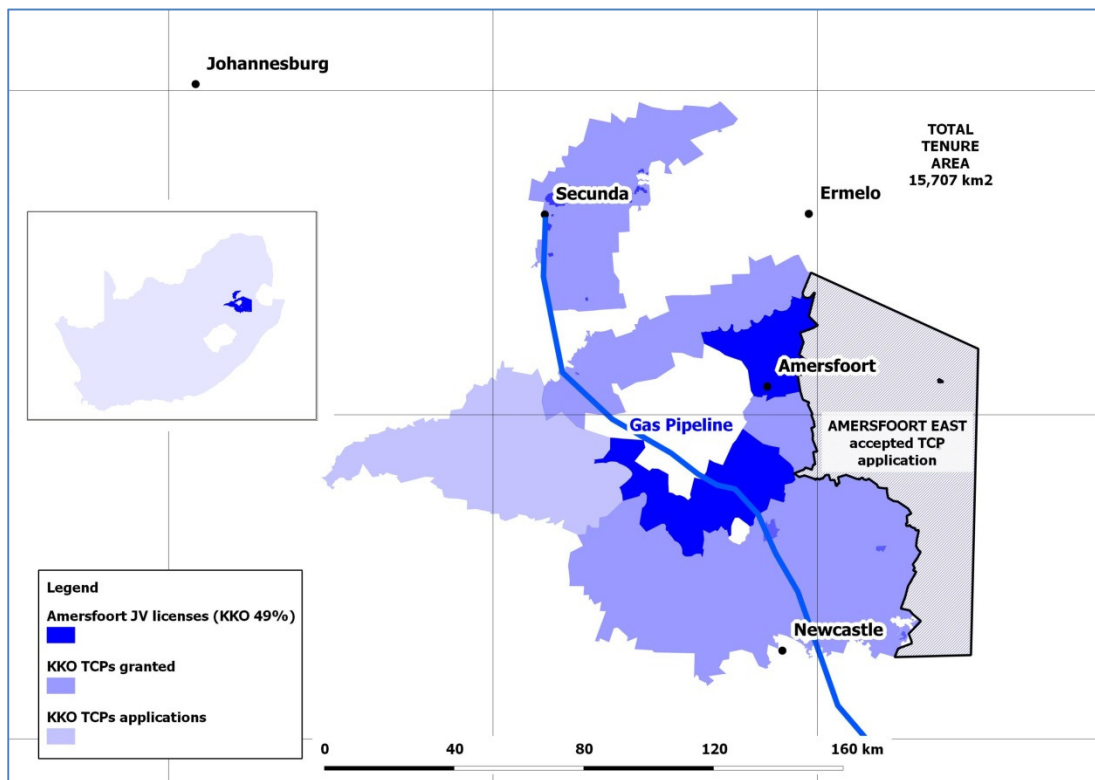


Figure 4- Kinetiko potential exploration area and potential gas field extension

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