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ASX: KKO

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ASX ANNOUNCEMENT

Kinetiko Energy expands its African Unconventional Energy Portfolio

In line with its Corporate Strategy, Kinetiko Energy Ltd has enhanced its portfolio of unconventional energy projects in Sub Saharan Africa with applications for 10,500Km² of exploration tenure in central Botswana (Figure 1). The eleven application areas cover portions of the Permian Kalahari Karoo Basin that extends across Botswana.

- The applications are based on an initial 3 year term and have been accepted by the Department of Mines, processing and granting is expected in July.
- First year exploration commitments amounts to a minimum A\$330,000 for the 11 areas, the majority of expenditure is likely to occur H1 CY 2014 and there is significant flexibility to negotiate the terms.

Potential Frontier

No effective unconventional energy exploration has been conducted in the central areas of the Kalahari Basin targeted by Kinetiko and the region is a potential frontier. Kinetiko has researched the areas based on local and regional tectonic and lithostratigraphic history. Although early in the exploration process a likely commercialization path is via Electricity Network, which is expanding into the more remote areas (Figure 3)

A number of companies are active in unconventional energy exploration in the Botswana Kalahari Basin, but mainly in the shallower eastern portions. Tlou Energy Ltd has reported that their Central and Eastern Kalahari Basin projects (Figure 2) have gas contents in coal averaging 4m³/t over



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significant focus areas, cumulative net coal thicknesses of 25m, and coal permeabilities of 2-5Md determined by drill stem tests. Major companies exploring for CBM in the Kalahari Basin include Exxaro Coal, Anglo Coal and a Joint Venture between Origin Energy and Sasol (Figure 2).

Since 2010 Kinetiko has been involved in unconventional energy research and exploration in Sub Saharan Africa, mainly focused on the Permian Karoo Basins that occur from South Africa to Kenya. The different tectonic and lithostratigraphic histories of these basins have resulted in localized potential for unconventional energy. Since 2011 Kinetiko has been exploring and latterly flow testing coal bed methane and related conventional gas in the Ermelo-Newcastle coalfields east of Johannesburg in South Africa at its Amersfoort Project.

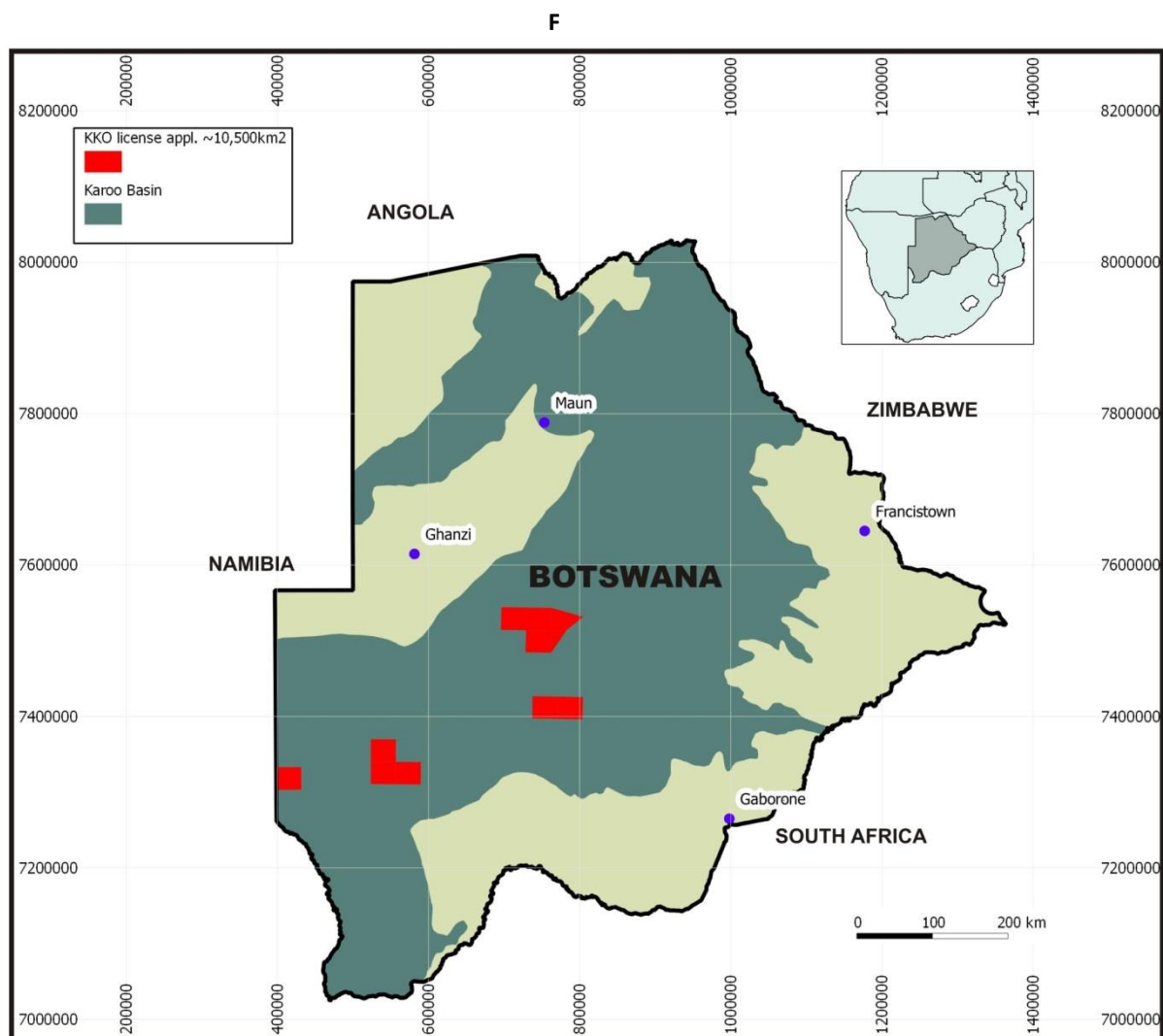


Figure 1 Location of Kinetiko Energy Ltd prospecting license applications in Botswana.

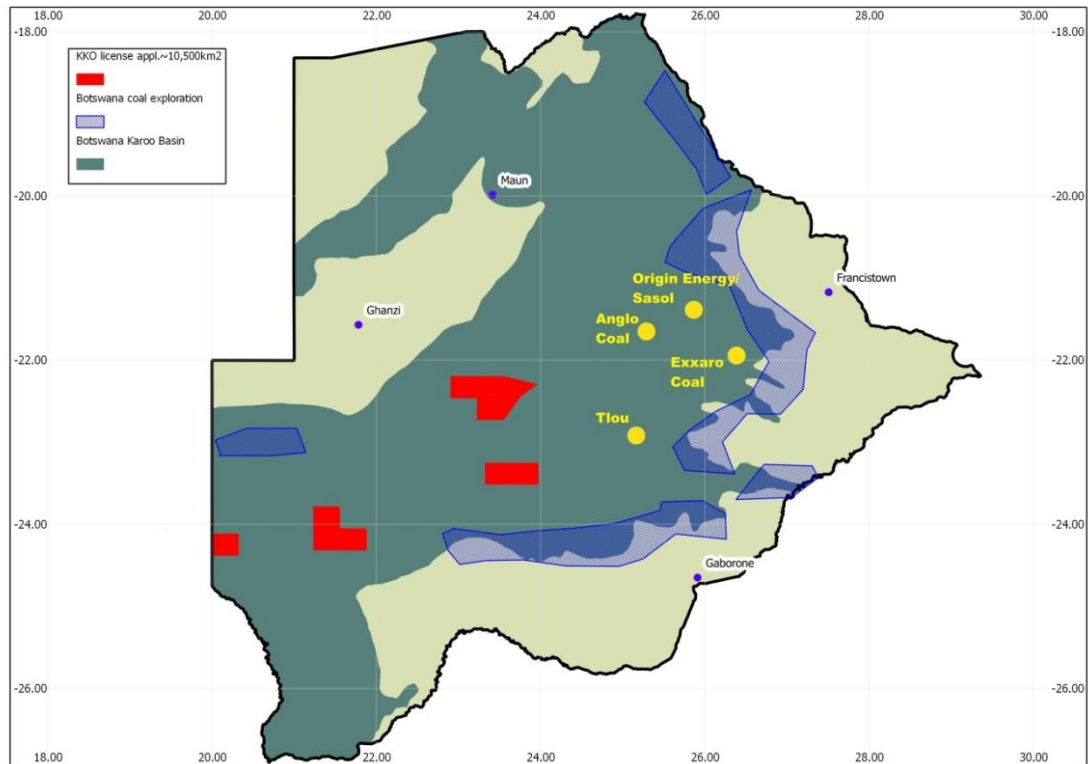


Figure 2 Areas of CBM and coal exploration in Botswana.

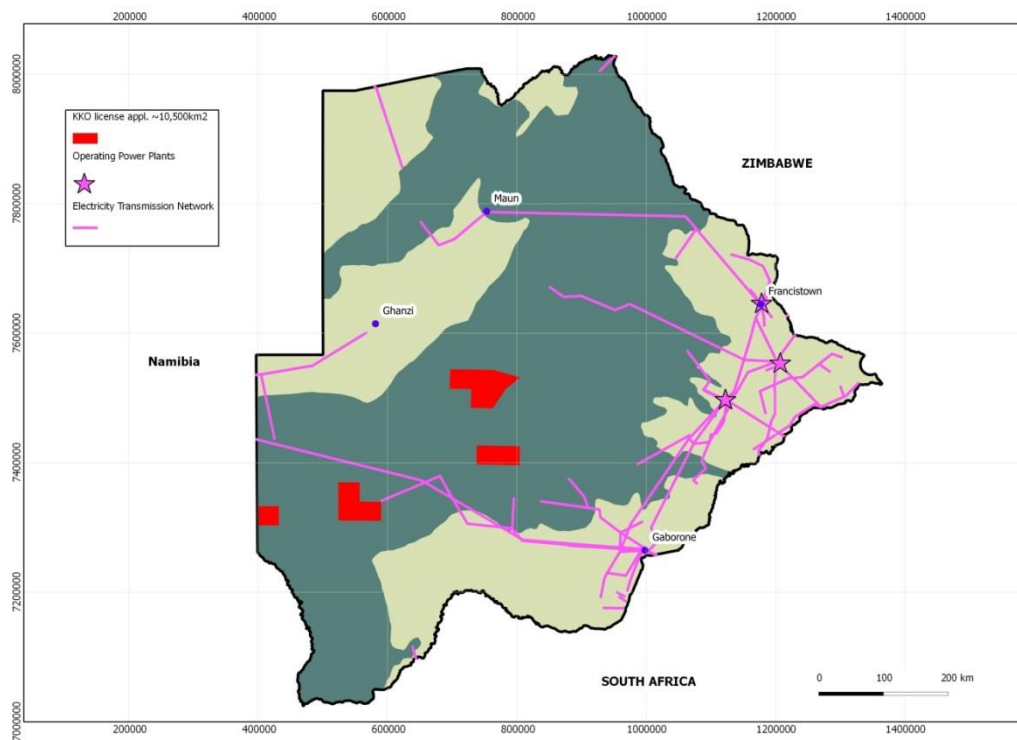


Figure 3 Electrical power infrastructure. Botswana is connected to the Southern African Power Pool (SAPP).

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 in RSA 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.

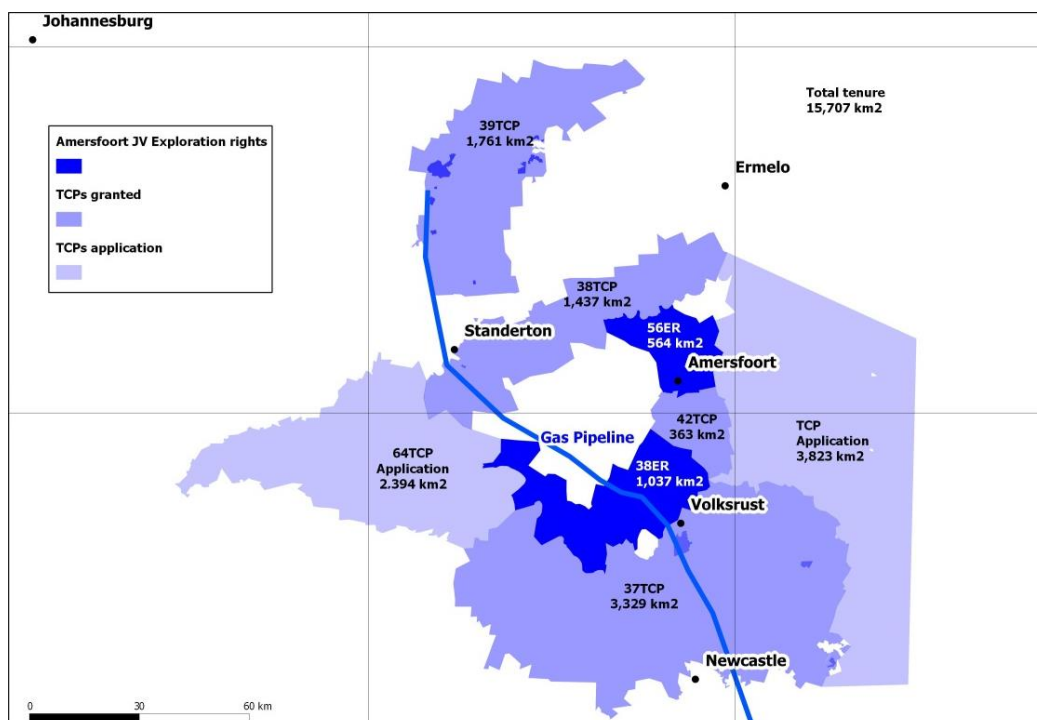


Figure 3: Kinetiko's exploration tenure; granted and under application

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