



KINETIKO
ENERGY LTD

Kinetiko Energy Ltd

**Presentation September
2012**

ASX: KKO

www.kinetikoenergy.com.au

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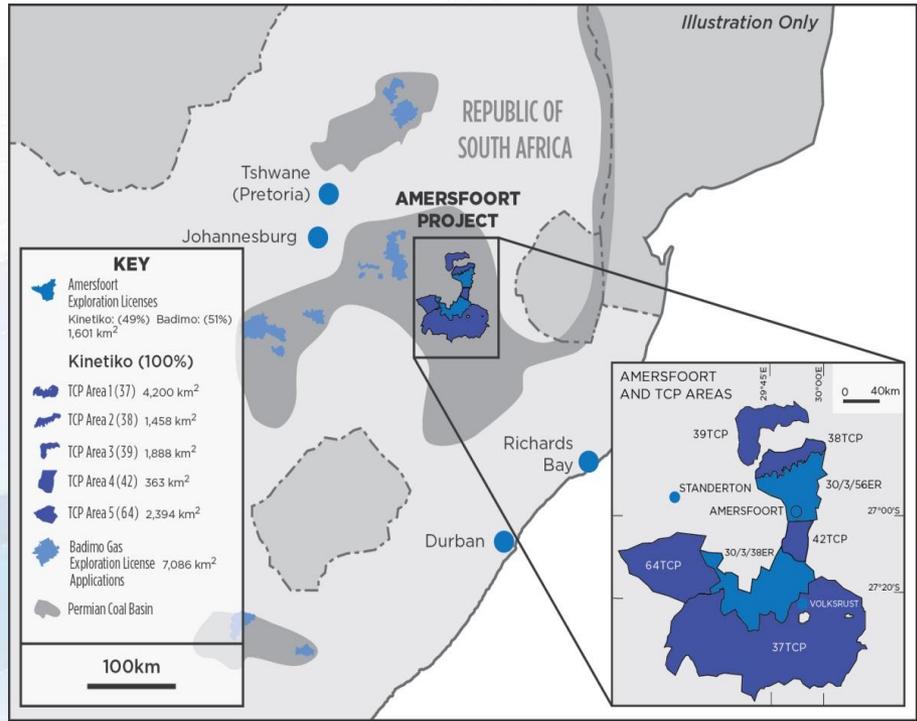
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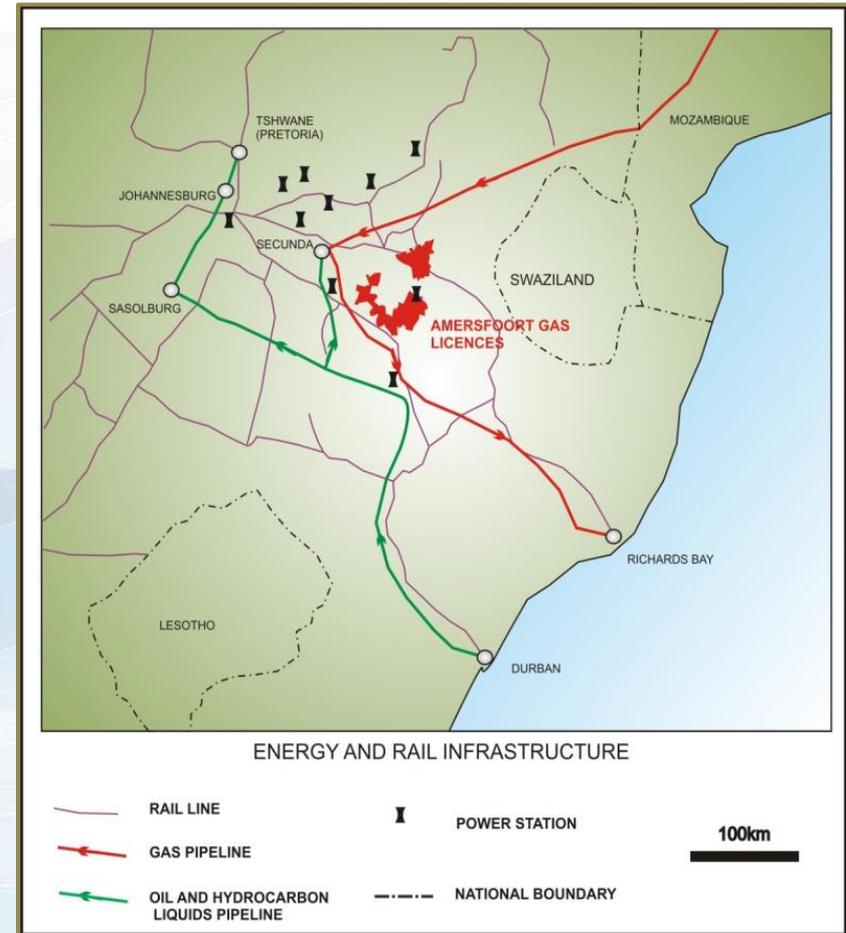
Company's Projects

- ◆ Kinetiko Energy Limited (ASX code: KKO) is an Australian listed gas company focused on the exploration and development of coal bed methane (CBM) and gas in South Africa
- ◆ Amersfoort Project (KKO 49%)
 - ◆ 1,601 km² of CBM exploration rights
 - ◆ BEE partner Badimo Gas – 51%
 - ◆ Independent resource estimate by Gustavson Associates:
 - ◆ Gas in place (GIP) - 2.4tcf 3C
 - ◆ Contingent Resource - 1.5tcf 2C
- ◆ Technical Cooperation Permits (TCP's) (KKO 100%)
 - ◆ Exclusive right to apply for exploration rights over TCP's
 - ◆ 7,909 km² surrounding the Amersfoort project, plus 2,394 km² under application
- ◆ Badimo Gas TCP's MOU
 - ◆ 7,086 km² across South Africa
- ◆ Resources to Reserve focus and pursuing new Projects as part of balanced portfolio for 2013



Great Neighbourhood

- ◆ The Amersfoort project and adjoining TCP's represent 11,904km² of contiguous land holding in the heartland of South African infrastructure and energy markets.
- ◆ The Amersfoort project is ~200kms from largest population city of Johannesburg.
- ◆ South African gas supply via Mozambique's Temane gas field, pipeline is forecast to be at capacity next year.
- ◆ Project surrounded by coal fired power stations that need flame modulation or could be co-fired by CBM gas.



Exploration Success

- ◆ 10 exploration holes completed, average total depth 400m with coal bed methane and natural gas (trapped above coals) identified in every hole.
- ◆ Desorption data indicates gas flows potential, pilot wells prove the gas flows.
- ◆ Water volumes are expected to be low and initial quality tests are promising.
- ◆ Second Exploration phase commenced at Volksrust tenement
- ◆ Resources to Reserves focus

Overall 588 % increase in GIP since IPO -1.7tcf to 11.7tcf on all projects



12 months of exceptional growth

Date	Achievement
21 Jul 2011	KKO lists on ASX – acreage of 1,864 km ² , GIP 1.7tcf (P ₅₀)
27 Sep 2011	Drilling commences on Amersfoort Project
27 Sep 2011	TCP 37 (Technical Cooperation Permit) application (4,200 km ²)
7 Oct 2011	TCP 38 application (1,458 km ²)
24 Oct 2011	TCP 39 application (1,888 km ²)
31 Oct 2011	1 st drill hole completed @ Amersfoort
29 Nov 2011	MOU with Badimo for additional exploration rights (7,086 km ²)
8 Dec 2011	Drilling encountering spontaneous methane gas flows
6 Feb 2012	Confirmed discovery of contingent resources on Amersfoort Project
1 Mar 2012	TCP 42 application (363 km ²)
12 Jun 2012	Four TCP applications are granted – GIP increase by 10.7tcf
10 Jul 2012	TCP 64 application (2,349 km ²)
13 Aug 2012	41% resource upgrade at Amersfoort project – GIP 2.4tcf (P ₅₀)



12 months of exceptional potential

Anticipated Date		Milestone* (target only)
2012	Aug	Exploration drilling on Volksrust tenement continues
	Sep	Pilot production wells commence (spud) on Amersfoort tenement
	Sep	Commercialisation studies (inc PwC & RISC reports)
	Dec	Possible Amersfoort tenement pilot well assessment
2013	Feb	Pilot production well assessment on first series of wells (target to book 3P/2P reserves)
	Mar	Volksrust tenement Pilot production drilling commences
	Apr	TCP's/Amersfoort Project – Resource/Reserve review
	May	Production field development and Project NPV
	Jun	Application for production rights & offtakes
Aug	Field Appraisal program	

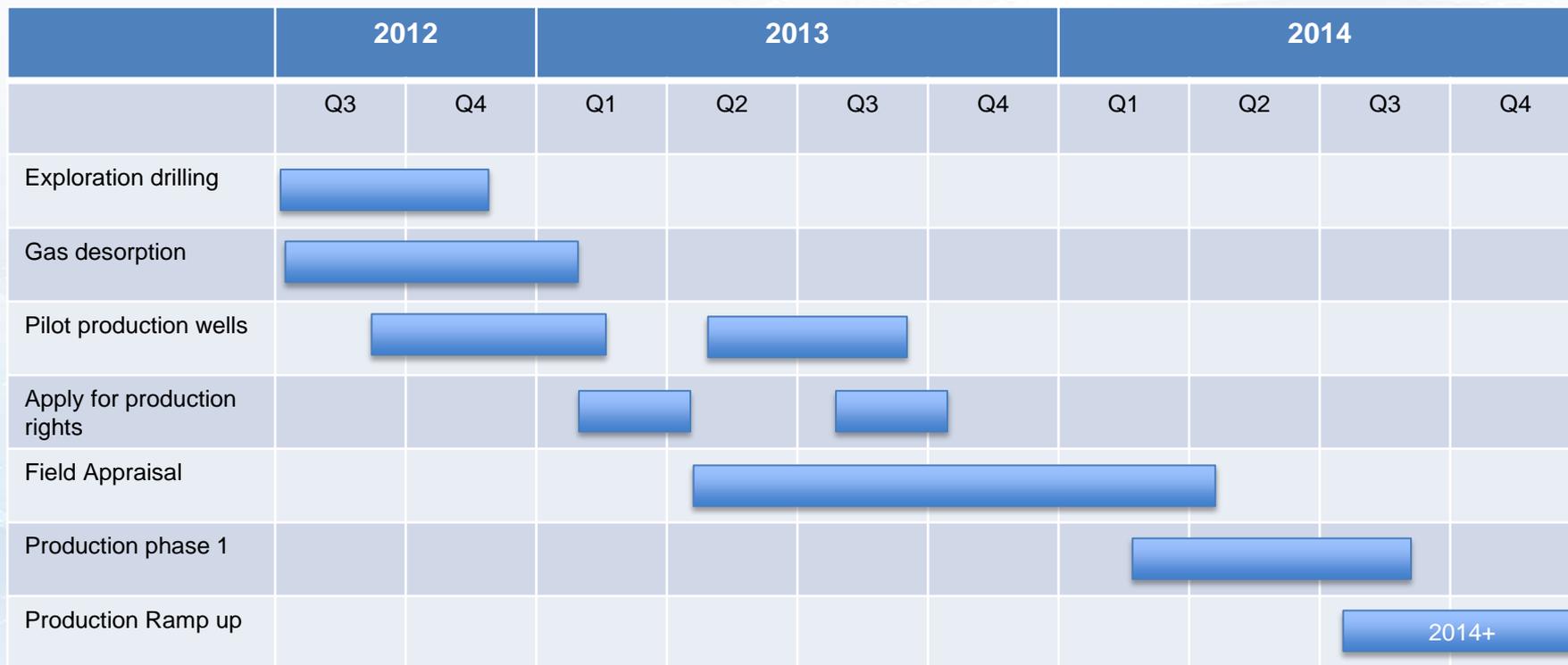


Pilot Production Drill Rig

2013: Acquisitions, additional unconventional targets & build the team
2014 +First commercial production in South Africa

Amersfoort Project Indicative Timeline

Anticipated operational activity



Amersfoort Project Upstream Team

The Amersfoort project team has grown fast

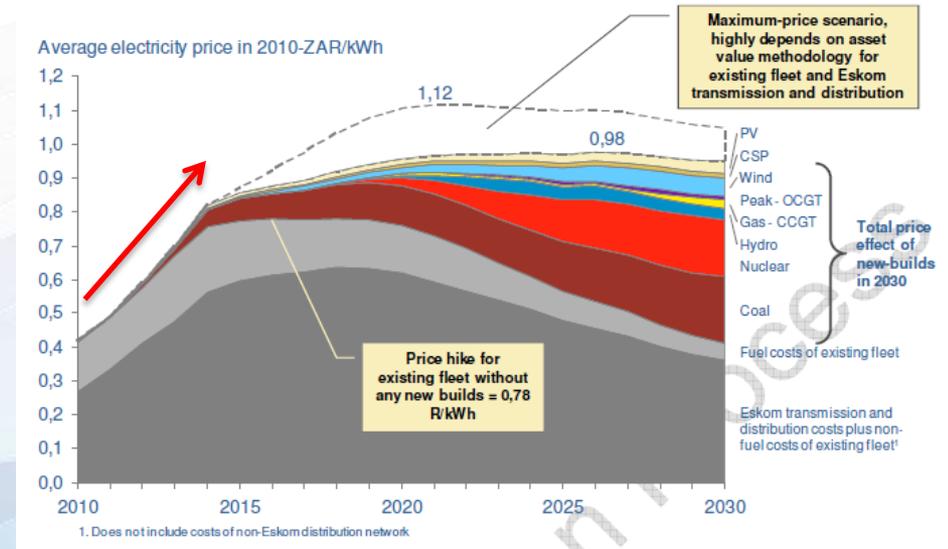
		Exploration (Technical)				Sustainability	
	Operations & JV Director	Technical Director	Geologist	Engineering	Water	Environment	Land Owner Liaison
A. Lambert	✓		✓				
J. Searle			✓				
P. Tromp		✓	✓	✓			
S. Thomson			✓				
D. Thomson				✓			
A. De Toit					✓	✓	
M. Hemming					✓	✓	
R. Saunders							✓

Commercial and downstream resourcing underway

South African gas market

- ◆ Gas sourced overland from Mozambique feeds the industrial heartland of South Africa, pipeline (~400million scf/day) near capacity.
- ◆ 90% power reliance on coal, new energy mix aims to introduce gas.
- ◆ Increasing coal cost and rapidly rising electricity generation costs – gas is a prime substitute for base load
- ◆ Rapidly developing South African industry hungry for gas

Base case gas price \$10/GJ*
&
High case of ~\$20GJ*



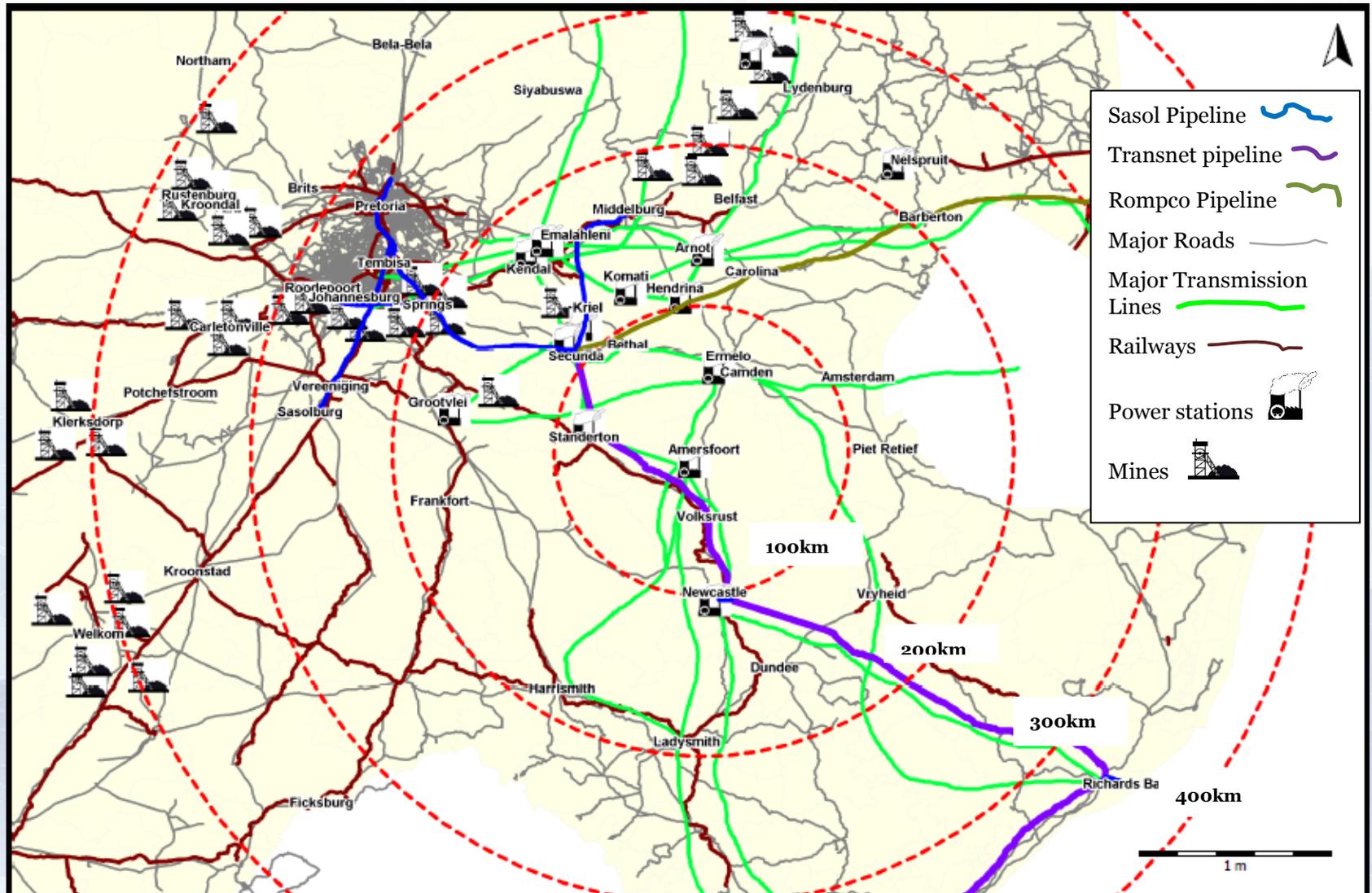
*Eskom and South Africa's Integrated Resource Plan to 2030 (dated 2011)



Sasolburg gas to liquids plant

Amersfoort Project gas market – significant large scale options

300km radius from Amersfoort Project*



* Gas Market Study, PwC, September 2012

Amersfoort Project – potential customer options

Key commercialisation options		Max scale in BCF L= >1,000 M= 100-1,000 S= <100	Speed to market months Fast= <36 Med= 36-48 Slow= >48	Enabling Factors (inc barriers)
Pipeline Gas to Eskom's Majuba Power station	State owned monopoly - requires flame modulation. Majuba is ~6kms from tenement			
Pipeline Gas to Eskom's other existing or new	Coal, gas and coal (cogeneration) facilities			
Pipeline Gas to IPP at Project	Independent Power Producers encouraged by authorities			
Pipeline Gas or CNG trucks to SASOL	Supply feed to existing gas and GTL (gas to liquids) Syn Gas plants			
Pipeline Gas or CNG trucks	Industrial/Resources, Local municipalities Dozens within 200km of Amersfoort			
Mini LNG or LPG at Project	Scalable – high value	 		
Pipeline or CNG trucks to IPP	Scalable (modular) power generation - third Party Access from 2013	 		
CNG for vehicles	Small, scalable but immediate monetisation			
Feedstock for chemicals				

* Indicative assessment not exclusive (does not show pricing or capital intensity)

South Africa - Risk Mitigation

- ◆ The need for new energy is prioritised above other sectors, annualized GDP growth is 3.2% and forecast to grow
- ◆ Existing energy sources have limited or no growth. Shale Gas moratorium expected to be lifted soon
- ◆ BEE partner Badimo Gas and its Chairman Don Ncube are South African leaders and first movers on CBM
- ◆ Regulators continue to assist KKO's endeavors to obtain access, environmental and technical approvals, granting of rights
- ◆ South Africa occupies 64th position out of 189 countries (that "participated") in the Transparency International Corruption Index and in 2012 introduced aggressive new anti-corruption measures
- ◆ Political motivation to facilitate KKO success with the whole of southern Africa continuing to be starved of clean energy.



Drilling Hole KA-03

International CBM peer comparison

	Kinetiko Energy Ltd	European Gas Limited	Far East Energy	IGas Energy	Great Eastern Energy	Green Dragon Gas
Market Cap (AUD\$m)	21	30	62	176	476	486
Tenure (km ²)	18,992	7,910	4,456	1,556	877	7,567
Location	South Africa	Europe, Australia	China	UK	India	China
Prospective GIP (tcf)	11.7	-	8.59	9.1	3.33	25.5
3C Resource (tcf)	4.06	7.46	0.462	2.39	0.299	0.068
2C Resource (tcf)	2.39	5.89	0.319	1.81	0.133	0.034
3P Reserves (tcf)	-	-	0.114	0.01	0.258	2.513
2P Reserves (tcf)	-	-	0.380	0.087	0.124	0.307



Corporate snapshot – Why Invest

Corporate snapshot	
Last Price	\$0.19
Shares on issue	110m
Market Cap.	\$19.8m
52 Week High	\$0.25
52 Week Low	\$0.15
MD incentive options (25c, 50c, 75c)	2.25m
MD performance rights	1m



Shareholders	
Vendors*	31.92%
Promoters*	13.53%
Seed investors	9.09%

- ◆ Resource to 3P & 2P Reserves focus
- ◆ First mover advantage in CBM and Gas in South Africa (poised for growth towards a balanced portfolio)
- ◆ Superior location to gas markets and infrastructure in a low cost environment and scalability with significant acreage secured
- ◆ Very strong domestic gas price with multiple commercialisation opportunities
- ◆ Operational team achieved significant milestones and growth over first fifteen months
- ◆ Despite significant achievements since IPO – no increase in share value. Short timeframe to significant value milestones

*Promoters / Vendors escrowed until July 2013

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