

14th November 2012

ASX ANNOUNCEMENT

Kinetiko Energy Limited's Volksrust exploration encounters significant gas indications

- Exploration drilling on the southern licence of the Company's Amersfoort project (Volksrust) encounters best gas indications to date in coal samples (hole KV-05);
- This indicates the potential for high gas prospectivity of the southern tenement and the area in between both of the Amersfoort Project licences;
- The southern licence is closer to pipelines and the total hole depth is deeper than northern licence and may contain higher volumes of gas;
- Increases the potential exploration potential to north and south of Amersfoort Project – (KKO's 100% owned Technical Cooperation Permits) see Figure 2;
- In addition to the exploration coring rigs, a specialised rig is drilling the first pilot production wells on the northern licence of the Amersfoort project.

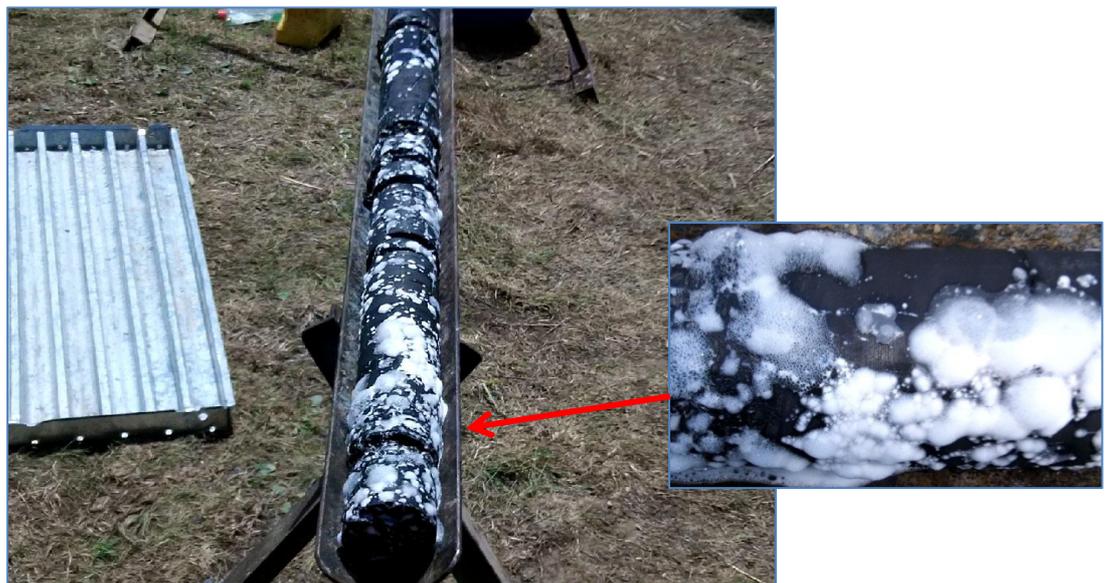


Figure 1: Gassy coal sample to date from Volksrust core hole KV-05 (196- 199m)

PERTH-based gas exploration company Kinetiko Energy Limited (ASX: KKO) has recovered its strongest initial CBM core sample to date in its Volksrust licence, Amersfoort Project, Mpumalanga, RSA.

Volksrust (38ER, 1,037Km² in area) is a larger area than the northern licence 56ER (564 Km²) - see Figure 2 and 3. In addition the gas zones are occurring deeper in the core holes; this could translate to greater gas volumes than originally assessed.

Figure 1 shows the gassiest coal sample to date (prior to desorption) recently retrieved being ~3 meters of coal from hole KV-05. Figure 2 outlines a map of the exploration drilling program to date and the evidence of a gas fairway emerging:

- All exploration holes completed to date have had encouraging gas encounters (from core samples and/or wire line logs responses).
- Continued exploration drilling and assessment is developing a potential gas zone area across the Amersfoort Project. This gas zone also has the potential to stretch into Kinetiko's (100% owned) granted TCPs representing 7,890 km².

Kinetiko has completed 3 core holes and 2 more are nearly complete (see Table 1). A total of 8 exploration core holes are planned on the Volksrust licence which is expected to complete in Q1, 2013. The collected core samples are undergoing gas desorption in sealed canisters to improve certainty on gas resources and to plan the location of pilot production wells.

As expected, the Volksrust drill holes are ~150m deeper than the Amersfoort tenement to the north, with a current average depth of ~600m. See Table 1.

The first of three pilot production wells commenced recently as announced and results will be assessed in Q1 2013, whereby the company is aiming to book Reserves (3P & 2P) by Q2 2013.

On completion of both drilling phases in Q1 an Independent assessment will be conducted to confirm the likelihood and extent of the gas area.

Hole ID	Status	Start Date	Depth (m)	# Samples
KV-02	Completed	04-Jul-12	623	18
KV-01	Completed	03-Sep-12	542	5
KV-06	Completed	29-Aug-12	662	7
KV-05	Commenced	13-Oct-12	505	5
KV-04	Commenced	17-Oct-12	481	5

Table 1: Latest exploration drilling progress on the Volksrust licence, Amersfoort Project

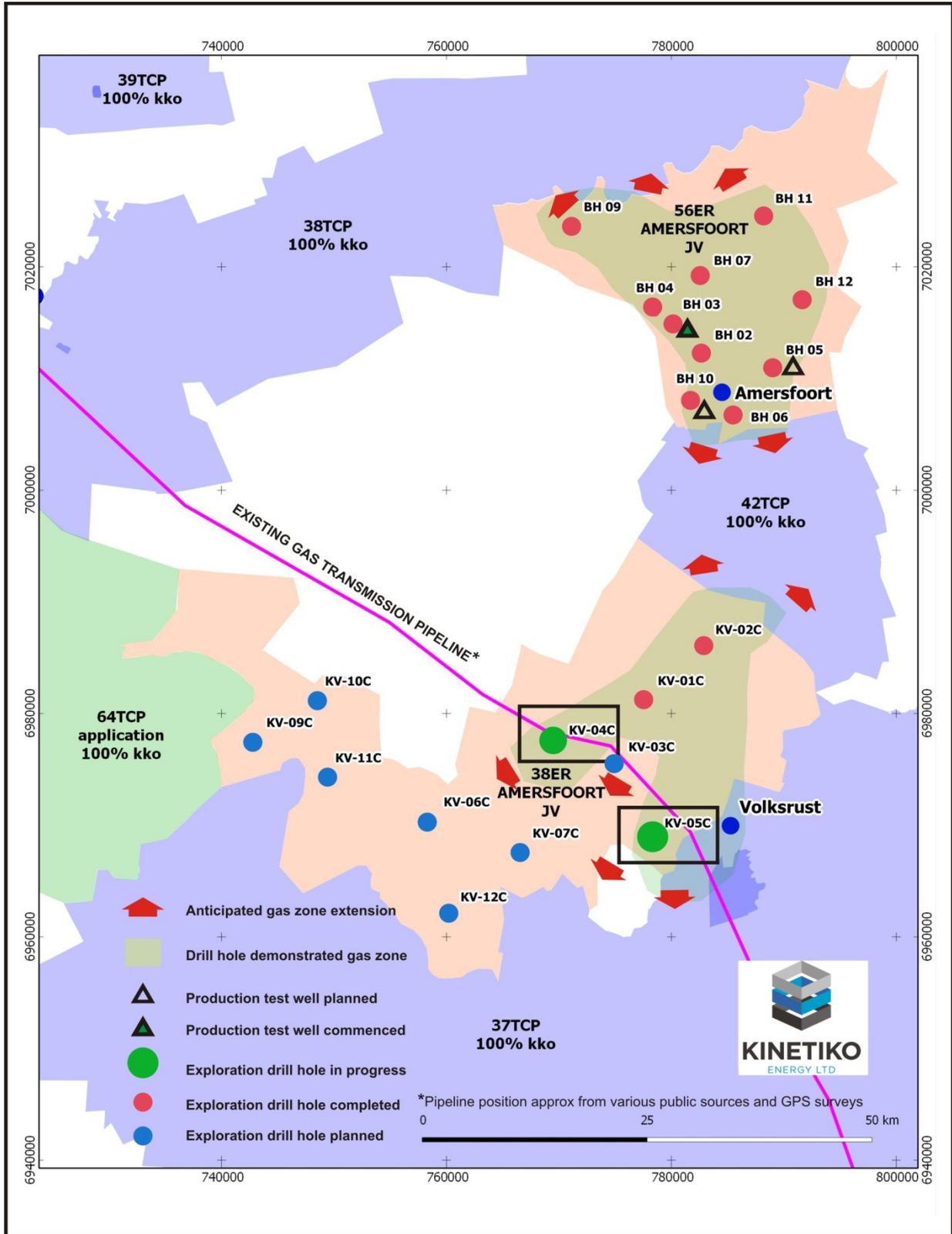


Figure 2: Volksrust (southern licence in Amersfoort Project). Note drilling progress and potential gas zone extension in the area.

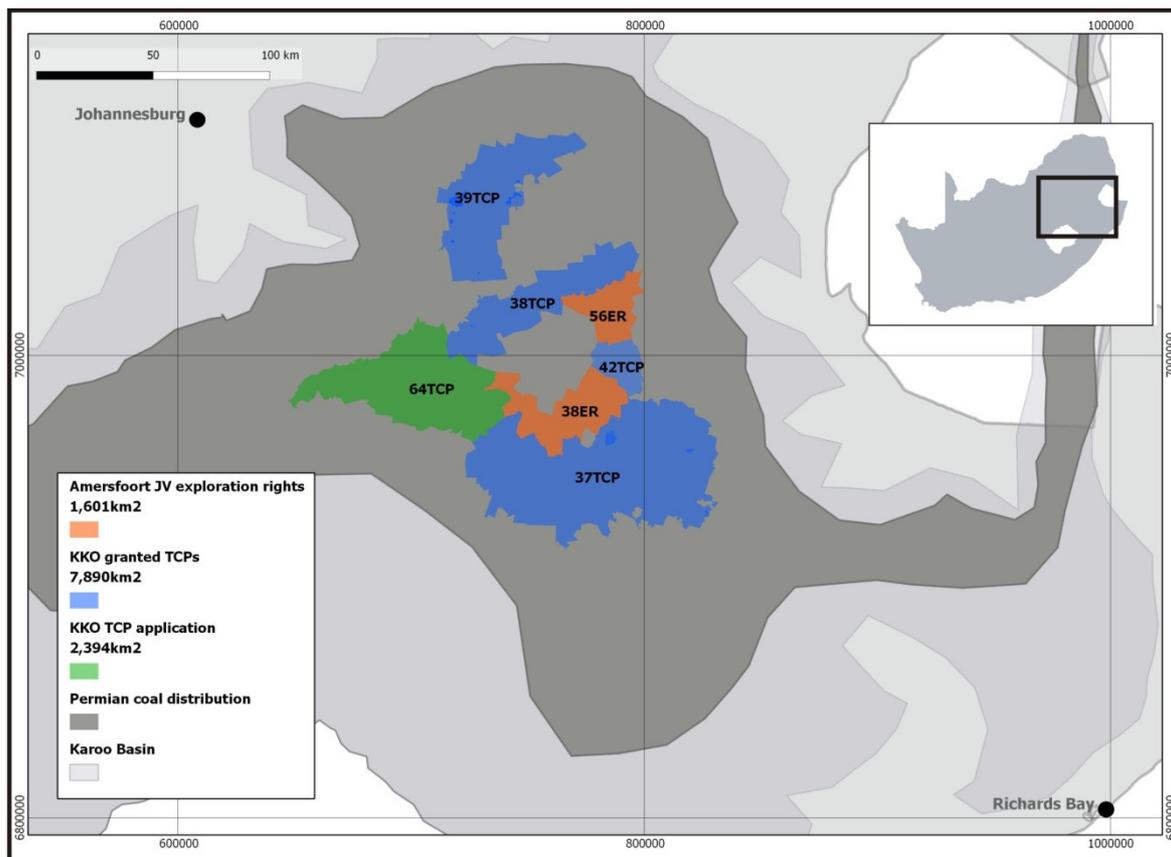


Figure 3: Kinetiko's exploration tenure; granted and under application. (Amersfoort 49% interest, TCP's 100% interest)

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 1,601km² under an agreement with South African 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 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 9,491Km² is granted and actively being explored. Kinetiko has applied for TCP 64 (Technical Co-operation Permits) over 2,394Km² 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 (100% interest) TCP areas to have Prospective resources of Gas In Place (GIP) of 9.3tcf (P₅₀). TCPs allow evaluation and a right to apply for exploration licenses.

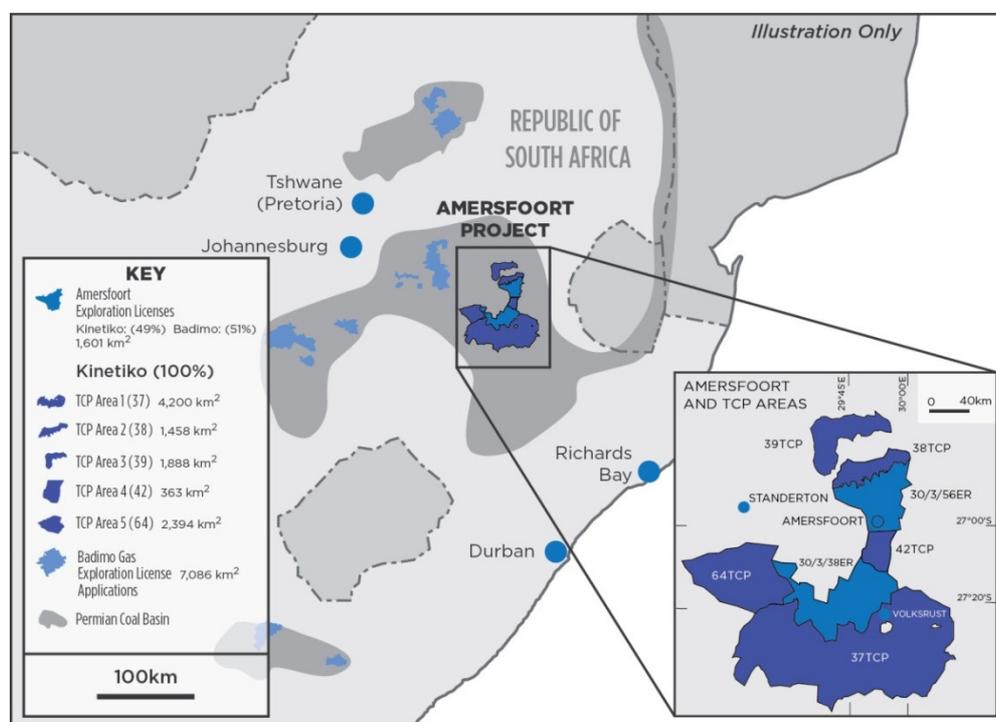


Figure 2: Kinetiko's exploration tenure; granted, under application and MOU with Badimo Gas

For more information visit: www.kinetikoenergy.com.au

Investor Relations: PPR, James Harris, +61 8 9388 0944 or Managing Director, Kinetiko Energy Limited, +61 8 6315 3500