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ASX: KKO

24th January 2013

ASX ANNOUNCEMENT

KINETIKO APPLIES FOR 3,823Km² OF PROSPECTIVE LAND

- PASA has accepted Kinetiko's sixth TCP application (Technical Cooperation Permit) for 3,823Km² of prospective, gassy coalfields east of the Amersfoort Project JV;
- Kinetiko's potential exploration area (application & granted) now totals 15,707Km²
 - The Amersfoort Project (Kinetiko 49%, Badimo Gas 51%) covers an area of 1,601 Km² and has 2.4tcf GIP Prospective Resource
 - Kinetiko now has six TCP applications covering 14,106 Km² (Kinetiko 100%) of prospective land of which four TCPS are granted and cover 7,890Km²
- As announced, pilot production and exploration drilling has recommenced on the Amersfoort Project, with first reserves due by Q2.

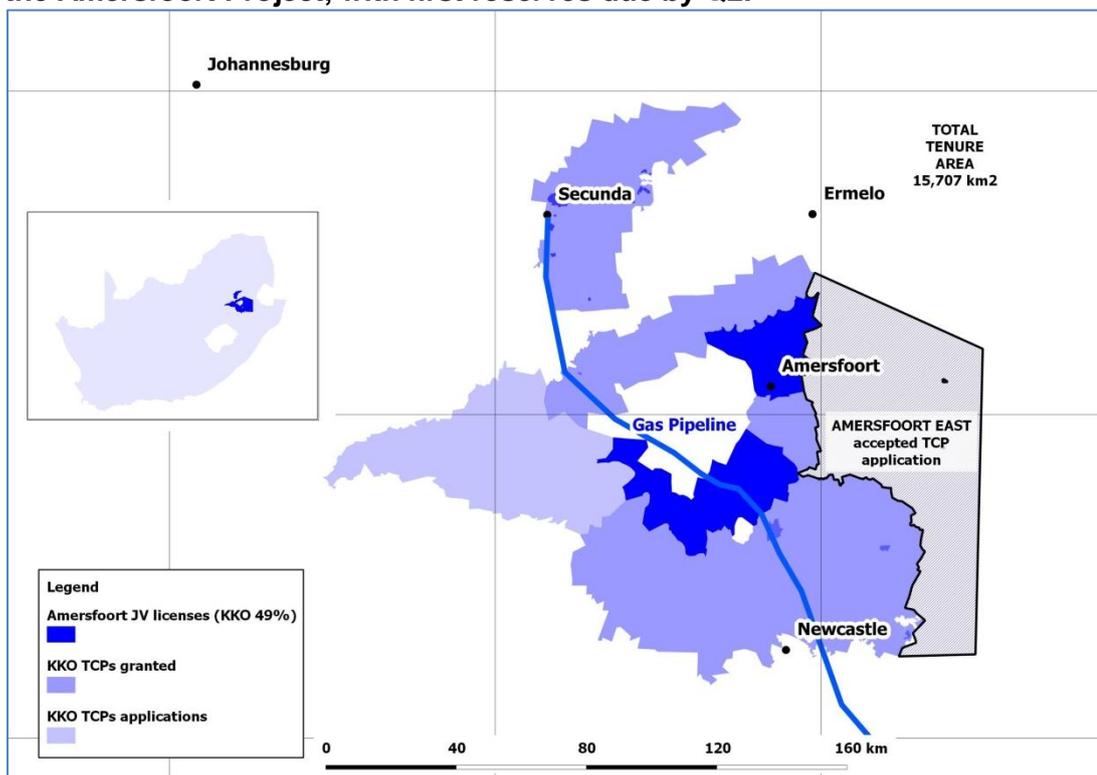


Figure 1- Kinetiko potential exploration area and potential gas field extension

Kinetiko's potential exploration area (applications & granted)	Km²
Amersfoort Project JV (Kinetiko 49%)	1,601
37TCP	4,329
38TCP	1,437
39TCP	1,761
42TCP	363
64TCP application	2,394
Amersfoort East TCP (new application)	3,823
Total Area potential	15,707
<i>MOU with Badimo Gas on Exploration Right Applications</i>	7,086

PASA (O&G regulator) has accepted Kinetiko's sixth TCP application (Kinetiko interest 100%) immediately to the east of the current Amersfoort Project.

This is a significant application in that it offers the possibility of expanding our gas exploration and gas production footprint (see Figure 1 and 2).

As announced previously three pilot production wells are being drilled on the northern Amersfoort Project JV license (56ER) and is scheduled for completion in Q1 2013. These wells will be followed by two to three more on the southern license (38ER) following regulator approval.

The first 2 wells have been completed and are being prepared for additional flow testing. Significant initial gas flows were obtained from coals and gassy sandstones during drilling.

The pilot production 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.

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

In addition to Pilot production drilling and testing, two rigs continue to drill exploration core holes on the southern licence (ER38), 6 holes have been completed and 3 more core holes are expected to be completed by early April. These determine pilot production well locations.

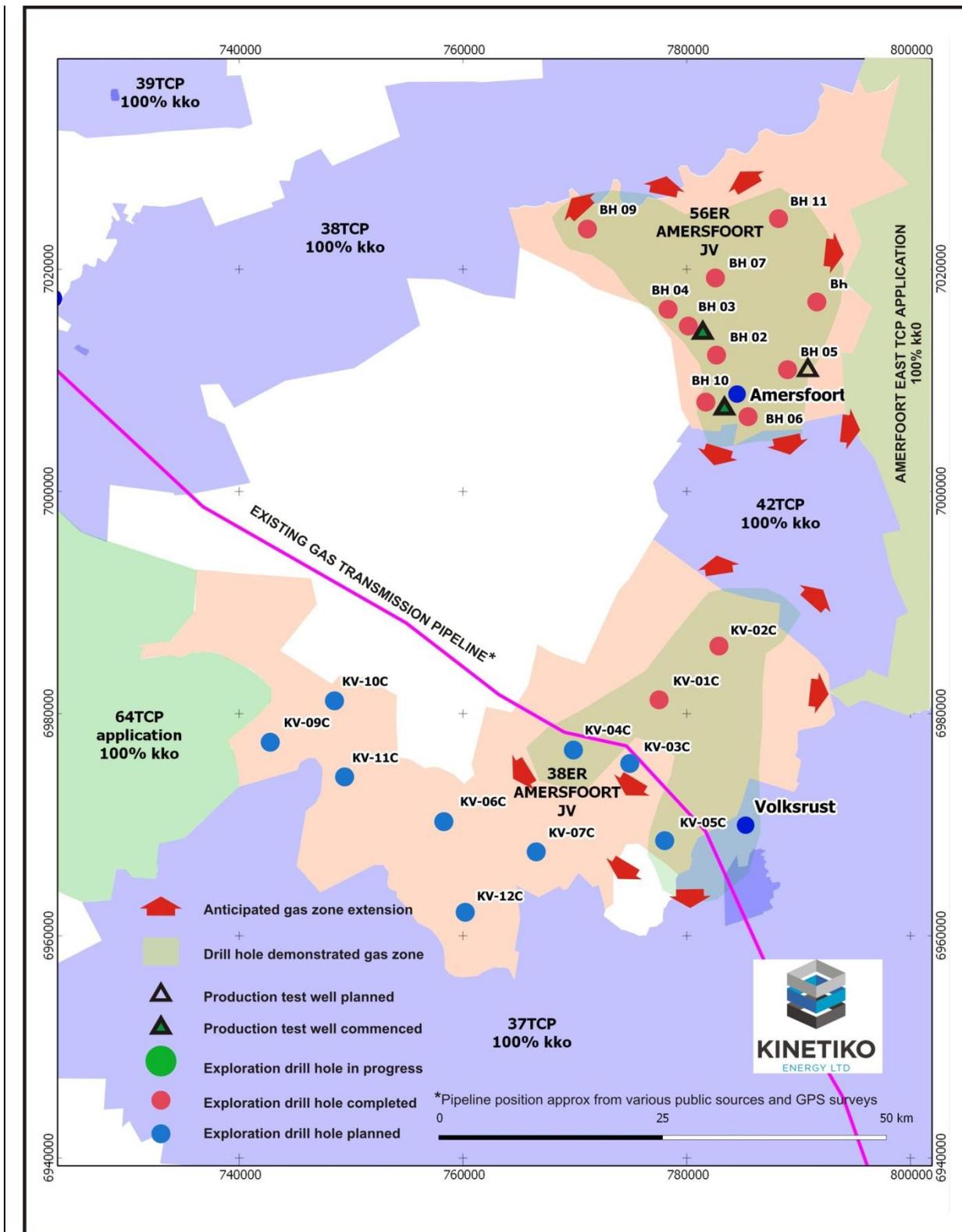


Figure 2- Amersfoort Project and potential gas zone extension in the area, the sixth TCP is directly to the east of the Amersfoort Project and 42TCP

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 a 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 licenses over the same area.

The Amersfoort Project

The Amersfoort Project is located at the heart of South Africa's energy infrastructure in Mpumalanga 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 commenced Q4 2012 and will continue into 2013. Kinetiko aims to book first reserves in Q1 2013.

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

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