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**ASX: KKO**

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**ASX ANNOUNCEMENT**

**Kinetiko Energy announces a 41% resource upgrade on its Amersfoort gas project in South Africa**

- **Independent oil and gas consultant: Gustavson Associates has reviewed Kinetiko's first phase of exploration drilling results (ten holes) on the Amersfoort Project (Kinetiko 49% interest) and have significantly increased resource estimates**
- **Existing prospective resource estimates of Gas In Place (GIP) 1.7tcf (P<sub>50</sub>) have been increased to 2.4tcf (P<sub>50</sub>), representing a 41% uplift**
- **Existing contingent resource estimates of 1.1tcf (P<sub>50</sub>) have been increased to 1.5tcf (P<sub>50</sub>), representing a 36% uplift**
- **The resource upgrades are derived from significant conventional gas accumulations in sandstones overlying the coal seams; this has the potential to significantly enhance the commercial potential of the project**
- **A pilot production well program on the Amersfoort Project is planned to commence in September 2012**
- **The company is hopeful of booking gas reserves early 2013**

PERTH-based gas exploration company Kinetiko Energy Limited (ASX: KKO) is pleased to report a significant gas resource upgrade to its Amersfoort Project in South Africa.

Kinetiko's Amersfoort project and TCPs cover Karoo coal basin areas that have been identified as being highly prospective for commercial accumulations of coal bed methane and gas.

"We are very excited to announce the discovery of relatively shallow, sandstone gas which was observed in every one of our ten exploration boreholes," Kinetiko Managing Director Andrew Lambert said. "This could greatly enhance the economic return of the project and

whilst this is advanced exploration, we are moving swiftly to determine the most attractive commercial agreements.”

Independent US Oil and Gas consulting firm: Gustavson Associates has estimated a (P<sub>50</sub>) Gas in Place (GIP) resource of 2.4tcf.

Resource Estimate: Amersfoort Project		Billion Cubic Feet			Billion Cubic Meter		
		1C (P90)	2C (P50)	3C (P10)	1C (P90)	2C (P50)	3C (P10)
<b>Gas In Place</b>	CBM Adsorbed Gas	930.5	1,624.6	2,515.0	26.3	46.0	71.2
	CBM Free Gas	36.6	64.8	101.7	1.0	1.8	2.9
	Gas In Sandstone	292.6	706.3	1,450.6	8.3	20.0	41.1
	<b>Arithmetic Total</b>	<b>1,259.7</b>	<b>2,395.8</b>	<b>4,067.3</b>	<b>35.7</b>	<b>67.8</b>	<b>115.2</b>
<b>Total Contingent Resources</b>	CBM Adsorbed Gas	598.3	1,058.3	1,645.1	16.9	30.0	46.6
	CBM Free Gas	29.2	51.9	81.6	0.8	1.5	2.3
	Gas In Sandstone	150.7	372.5	791.0	4.3	10.5	22.4
	<b>Arithmetic Total</b>	<b>778.1</b>	<b>1,482.7</b>	<b>2,517.7</b>	<b>22.0</b>	<b>42.0</b>	<b>71.3</b>
<b>Net Contingent Resources</b>	CBM Adsorbed Gas	293.1	518.6	806.1	8.3	14.7	22.8
	CBM Free Gas	14.3	25.4	40.0	0.4	0.7	1.1
	Gas In Sandstone	73.8	182.5	387.6	2.1	5.2	11.0
	<b>Arithmetic Total</b>	<b>381.3</b>	<b>726.5</b>	<b>1,233.7</b>	<b>10.8</b>	<b>20.6</b>	<b>34.9</b>

**Table 1: Gustavson Associates resources summary for Amersfoort Project (Kinetiko 49% interest).**

**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 this announcement.*

## **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.

Kinetiko is the operator of two gas licences in the Amersfoort Project (49% interest) covering 1,601km<sup>2</sup> under an agreement with South African BEE company: Badimo Gas Ltd.

US based independent, oil and gas consultant: Gustavson Associates estimated the Amersfoort Project to have Prospective Resources Gas In Place of 2.4tcf (up from 1.7tcf in 2011). The aim of the exploration program is to increase Resource and book Reserves.

Exploration drilling at Amersfoort was commenced in late 2010 and current programs are scheduled to continue into 2013. In addition drilling of the first production test wells are planned to commence in September of this year and will also continue into 2013.

Kinetiko hopes to book its first reserves 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 cleaner energy and create jobs.

Kinetiko now has potential exploration areas in South Africa of 18,992Km<sup>2</sup> of which 11,906 Km<sup>2</sup> is granted and is actively being explored. In addition to the gas resources at the Amersfoort Project, Gustavson and Associates estimate that Kinetiko's four 100% owned TCP areas have Prospective resources of Gas In Place (GIP) of 9.3tcf (P50). TCPs (Technical Co-operation Permits) allow early stage evaluation and confer a unique right to the holder to apply for exploration licenses in the TCP.

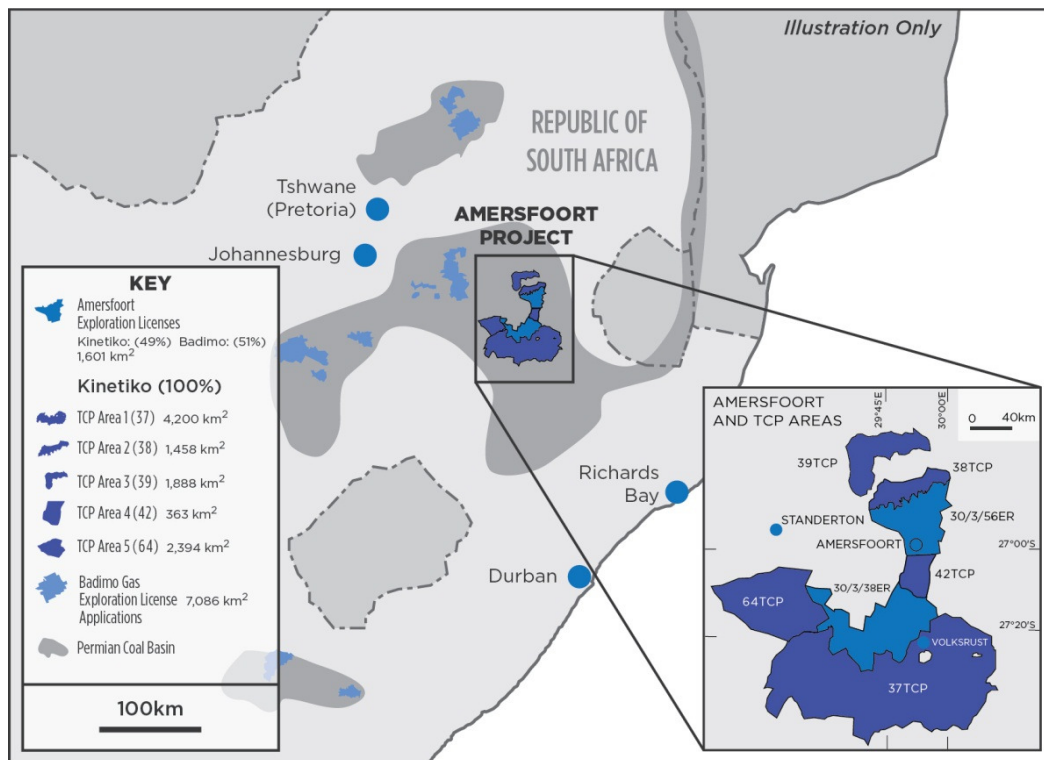


Figure 1: Kinetiko's exploration tenure; granted, under application and MOU with Badimo Gas

For more information on Kinetiko visit: [www.kinetikoenergy.com.au](http://www.kinetikoenergy.com.au) Andrew Lambert, Managing Director, Kinetiko Limited +61 8 6315 3500