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ASX: KKO

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ASX ANNOUNCEMENT AMERSFOORT OPERATIONS UPDATE

- Preparations for testing on the first pilot exploration well KA-03PT have been completed and cycles of flow, shut in and pressure testing will be carried out over the next 2 weeks;
- Flow testing is being carried out under the direction of reservoir engineers from independent O&G consultants "Gustavson Associates" of Denver Colorado; water and gas composition is being analysed at certified laboratories in South Africa.
- The first independently certified water and gas flow rates are expected by mid-March and the Badimo / Kinetiko JV aim to register potential reserves with the regulatory authority and book initial 3P/2P Reserves in April;
- The pilot exploration well drilling and testing program continues with a third well (KA-05PT) successfully spudding and reaching a total depth of 344m;
- Two more pilot exploration wells will soon be drilled see below table;
- The exploration coring rigs continue to drill the southern licence (38ER) and should complete 9 holes by April; these assist the JV in selecting future test well locations.

Pilot Exploration well progress report

Date of Progress Report	12 th February 2013				
Tenure	Amersfoort Project (northern licence ER56)				
Kinetiko Interest	49%				
Targets	Permian Middle Ecca Sandstones (conventional) and coal bed methane				
Pilot Production Well	KA-03PT	KA-10PTR	KA-05PT	KA-11PT	KA-07PT
Commencement date					
Total Depth (m)	370	440	344	0	0
Current Depth (m)	370	440	344	0	0
Status	Stage 1 tested, stage 2 testing	Await fish tool to resume test end Feb	Readying for testing	Drilling water monitoring hole	TBC
Commencement					
Estimated Flow test completion	February	March	April	April	May



Initial flaring on exploration well KA-03PT, before testing



Initial flaring exploration well KA-10PT, before testing

Five pilot exploration wells are expected to be drilled and tested on the northern Amersfoort Project license (56ER) by June 2013. These will be followed by two to three more on the southern license (38ER) following regulator approval. The pilot exploration 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.

Testing determines gas flow rates and recoverability from which first gas reserves could be defined by Q2 2013, once commercial information is assessed. It is anticipated that each successful pilot exploration well can incrementally add 3P/2P and potentially 1P Reserves.

In addition to pilot exploration well testing, two rigs continue to drill exploration core holes on the southern licence (ER38), 7 holes have been completed and 2 more core holes are expected to be completed by early April.

Amersfoort Project Operations anticipated schedule.

	2012	2013				2014				2015			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Exploration drilling & Gas desorption	Initial program	Additional program											
Pilot test wells	3 on 56ER	3 on 38ER											
Production right application		← - - - - →											
Appraisal (Testing)			8 Additional wells			Large # of Additional wells tbc							
Production						← - - - - →							

JV Commitment To Commit

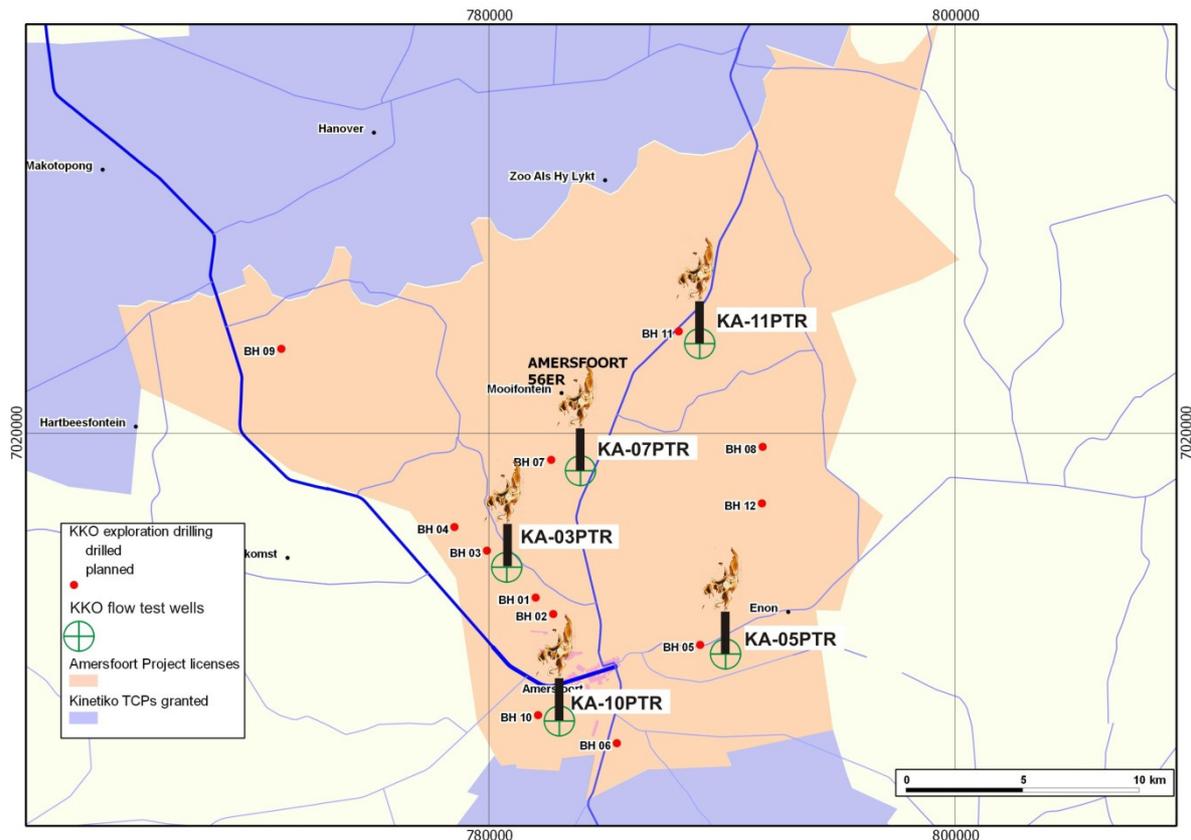


Figure 2- Location of Amersfoort Project flow test wells (KA-11 & KA-07 are yet to commence)

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 TCP 64 (Technical Co-operation Permits) over 2,394Km² of prospective tenure. 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.

Badimo Gas has approximately 7,086Km² of applications pending for which Kinetiko has an MOU.

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 pilot exploration wells (to test permeability, as well as flow rates and composition of water and gas) commenced Q4 2012 and will continue in 2013. Kinetiko aims to book first reserves in Q1 2013.

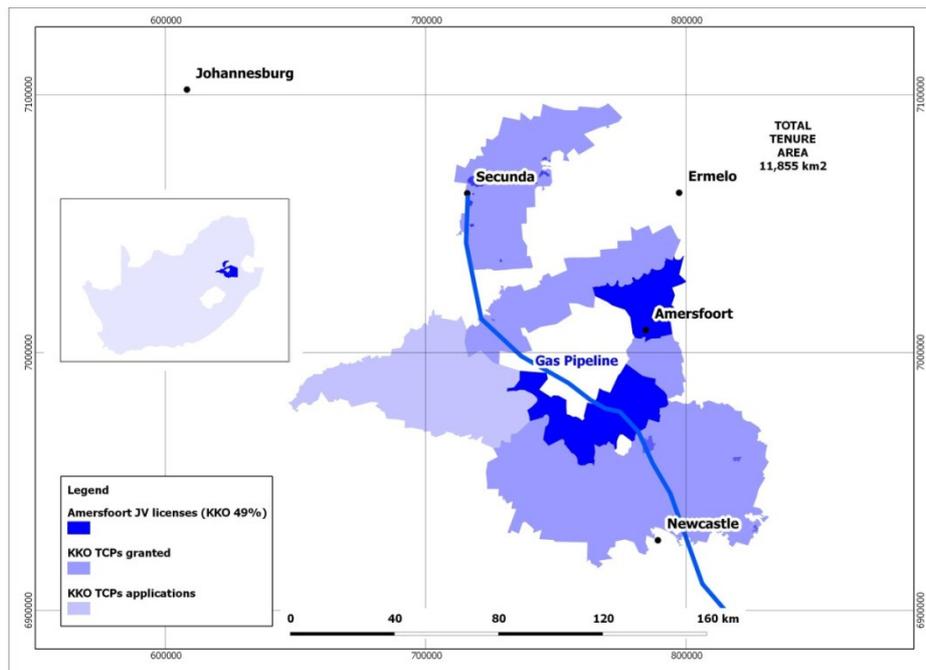


Figure 3: Kinetiko’s exploration tenure; granted and under application

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

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