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FIRST OF THREE NEW PILOT WELL SPURRED WITH ENCOURAGING GAS SHOWS

Perth based Kinetiko Energy Ltd (“Kinetiko”) is an early mover, onshore gas explorer in the Southern African energy markets and is pleased to update the market as follows:

- **Kinetiko spuds its sixth pilot production well KA-06PT on the Amersfoort Project northern licence (56ER);**
- **The rig will initially complete KA-06PT and then plan to move to KA-03PT2 and KA-07PT with completion of all three pilot production wells anticipated by late October 2013. See figure 1**
- **The drilling of KA-06PT has already encountered gas and expectations are for water pumping to commence in the next 48 hours. This is anticipated to allow initial gas flows to be produced by the end of the week.**
- **The Company will then move to determine additional gas flow rates and recoverability with the potential to enable the company define maiden reserves in Q1 2014;**
- **The company continues negotiations with several potential customers for gas that is produced from 56ER.**

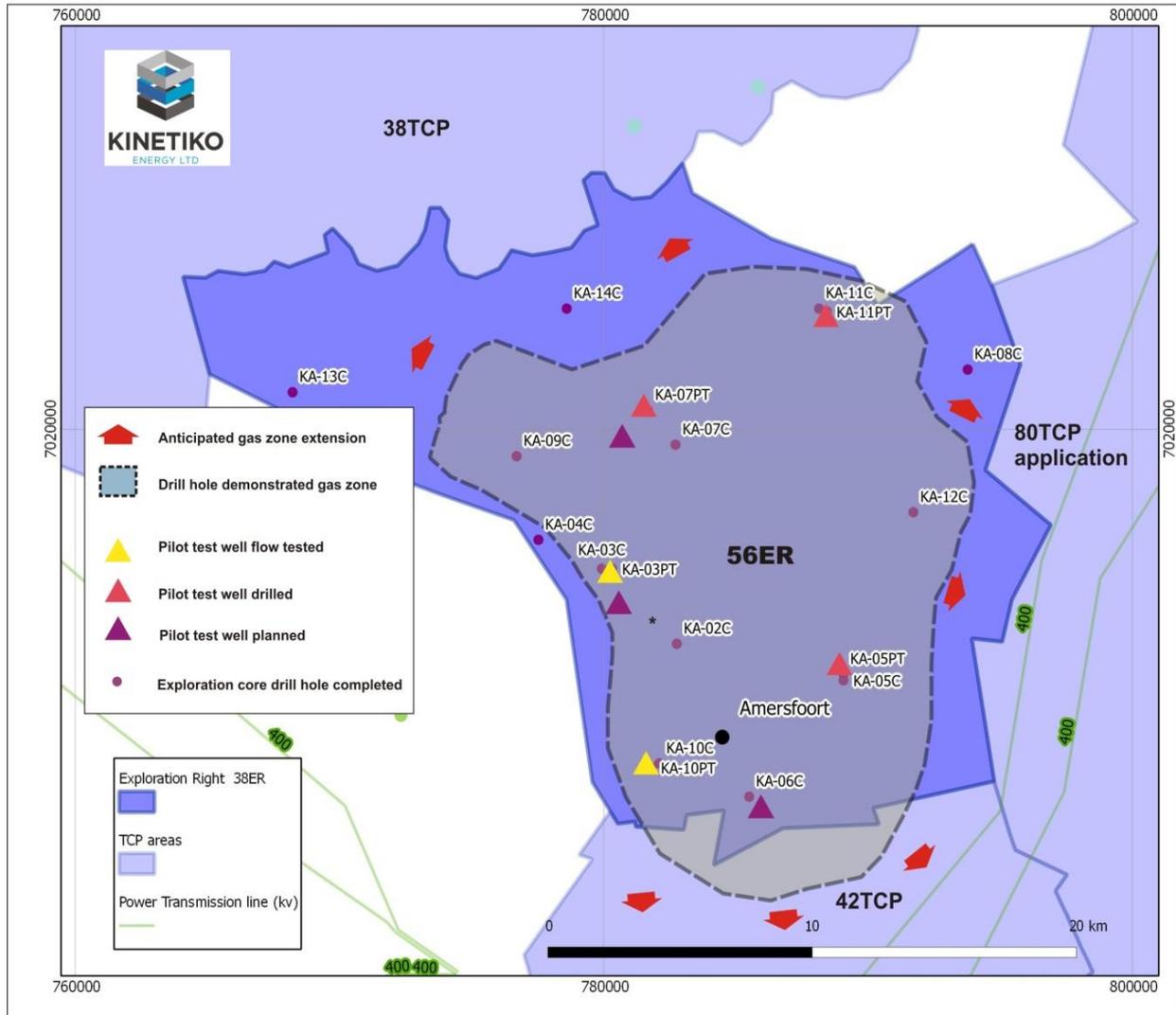


Figure 1 – Pilot test well progress for the northern licence (56ER)

Kinetiko is pleased to announce the sixth pilot production well has commenced drilling at its Amersfoort joint venture with Badimo Gas Ltd ("Badimo") to test gassy sandstones and CBM horizons identified in the exploration core holes drilled to date.

Each well is anticipated to have a total depth of <450m to assess gas flow rates and ultimately well gas recovery within 4-6 weeks. See Figure 2 below for an illustration of pilot production well design.

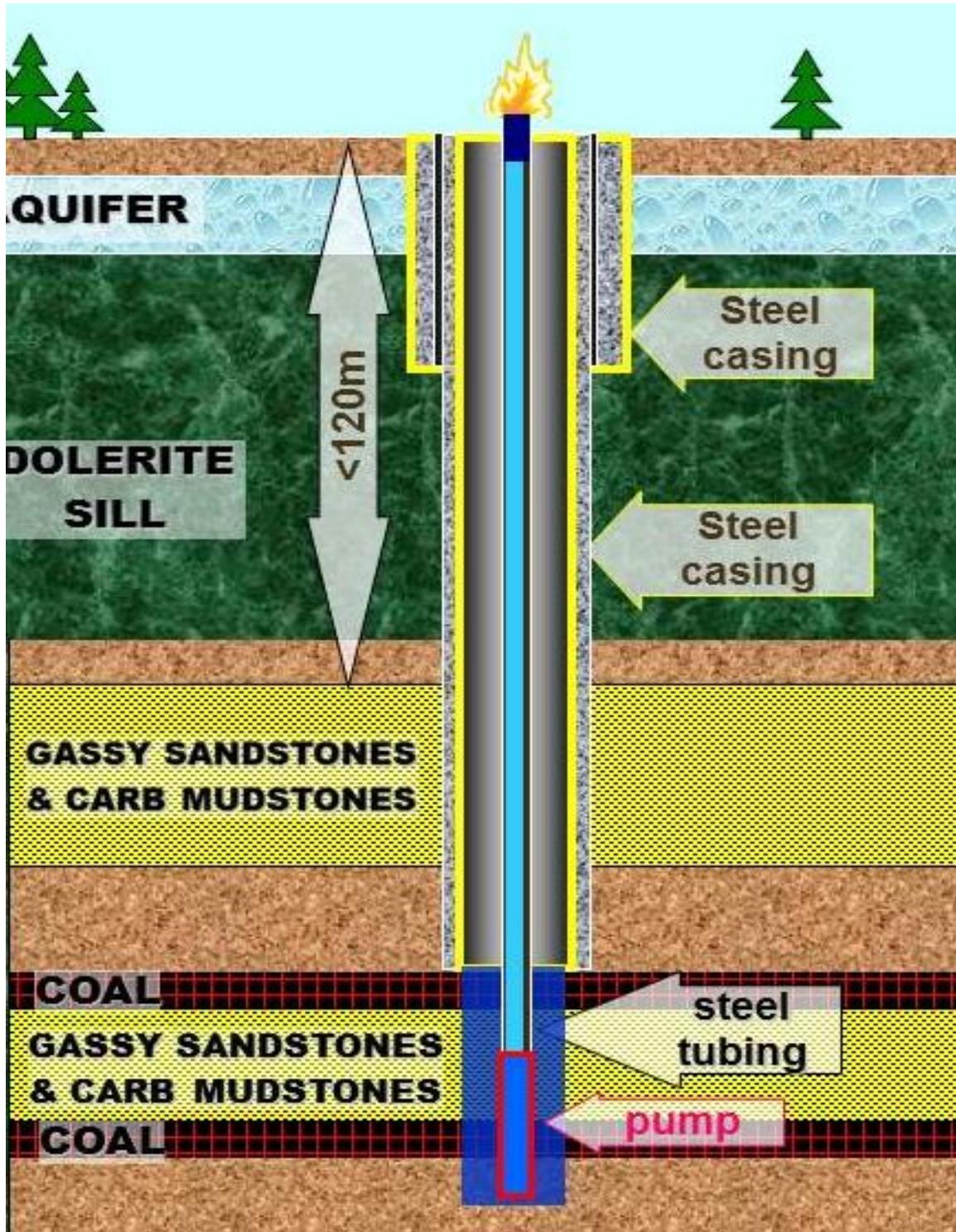
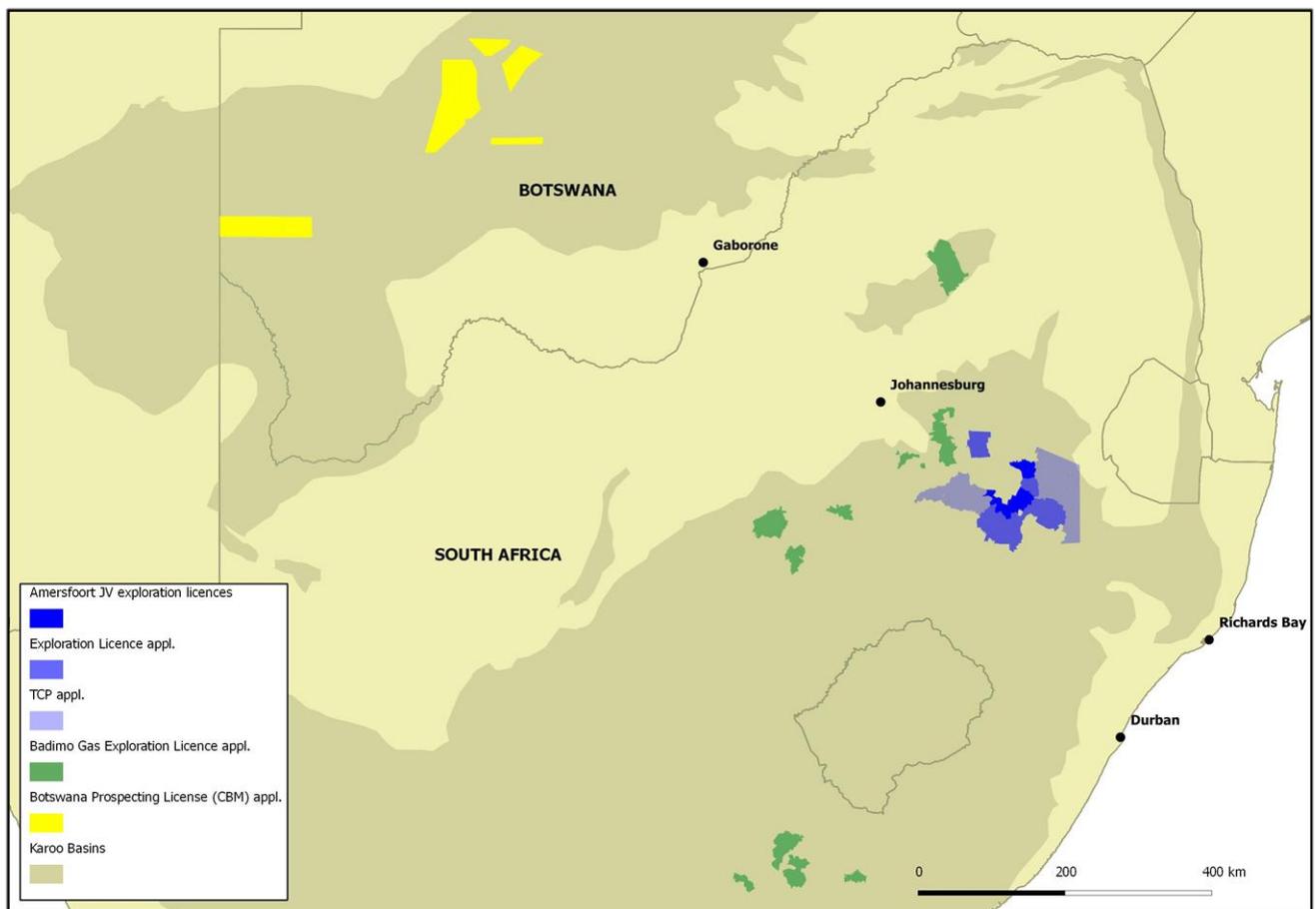


Figure 2: Illustration of gas pilot production well

Due to the extensional geological structures in the region, the coals have relatively high permeability. Preliminary studies indicate that low volumes of produced water are expected from the production wells, given the geological and climatic characteristics of the region. Produced water has the potential with limited treatment to be used domestically.

Pilot Test Wells

Five exploration pilot test wells have been drilled and two continue to be tested on the Northern Licence (56ER). KA-03PT certified test results were announced to the ASX in March 2013.



Kinetiko's Land Footprint; Rights to acquire, granted and under application

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