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ASX: KKO

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ASX ANNOUNCEMENT

FIRST AMERSFOORT PILOT PRODUCTION WELL FLOWS GAS

- Drilling of the first pilot production well at the Amersfoort JV reached its Stage 1 target depth of 250m on the 21st of November and substantial spontaneous gas flows were obtained.
- Gas is being flared on hole KA-03PTR from the Stage 1 target of gassy sandstones at a maximum depth of only 250m.
- Preliminary indications of gas pressures and flows are exceeding expectations. These are expected to be confirmed once a flow skid and pump gear are installed shortly.
- Following flow testing of Stage 1 the hole will be deepened from 250m to around 370m to test the main Stage 2 targets of deeper gassy sandstones and coal measures.



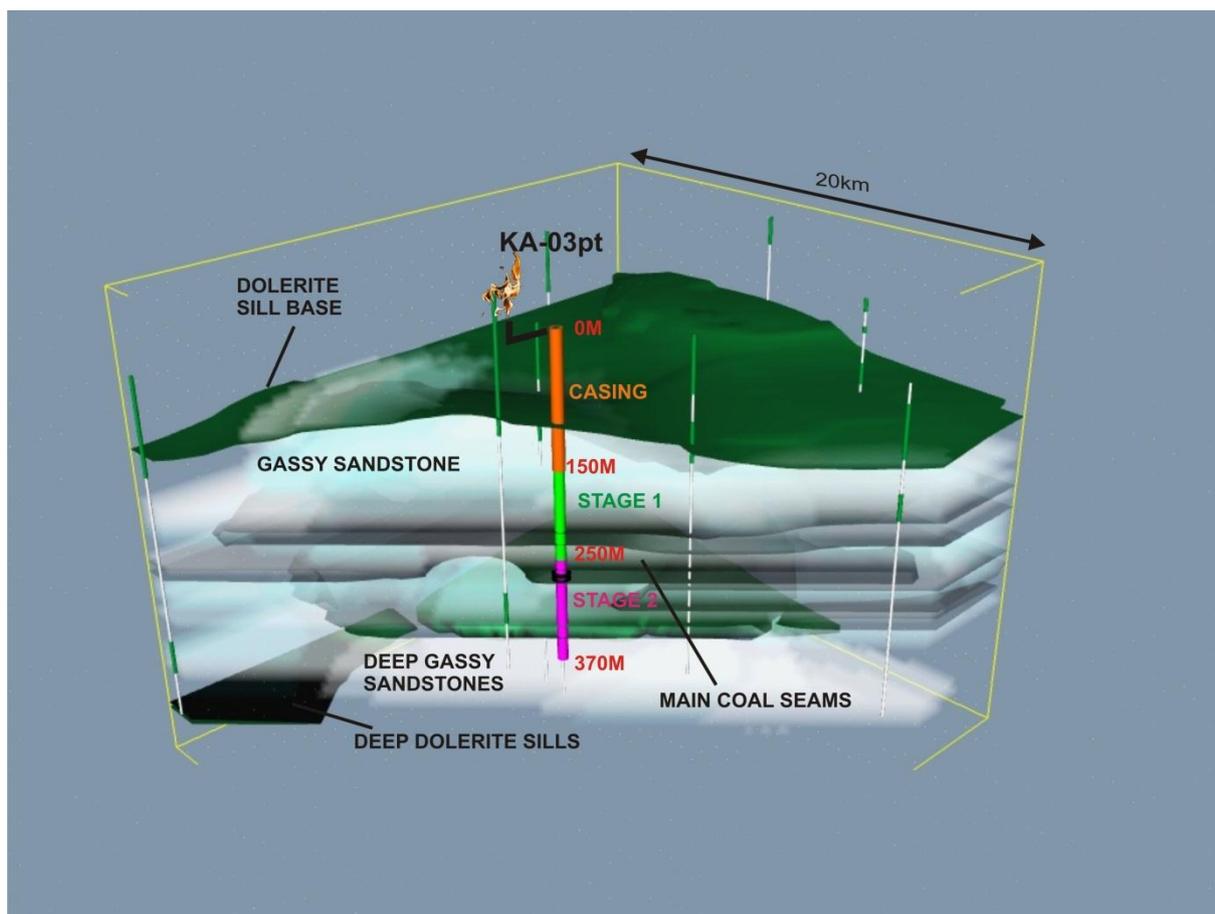
**Safely flaring gas from Stage 1 of pilot production well KA-03PT
21st November 2012**

Kinetiko Energy Limited as the Amersfoort Joint Venture operator with its Joint Venture partner Badimo Gas (Pty) Ltd is delighted to announce that its first pilot production well at the Amersfoort in South Africa is flaring gas from the Stage 1 shallow gas sandstone target. Preliminary indications of flow and pressure are substantially exceeding expectations. This will be confirmed when flow equipment and pump are installed shortly.

Flow testing of the Stage 1 gassy sandstones down to 250m will be begin once the flow skid and pumping gear are installed and should be completed by the end of November. The hole will then be drilled to about 370m in Stage 2 to test the main target of more gassy sandstones and coals from 250m to the bottom of the hole.

This pilot production well is the first of a program of 3 to be drilled on the northern Amersfoort JV license (56ER) and scheduled for completion in early 2013. These will be followed by two to 3 more on the southern license are (38ER). 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 well program at Amersfoort will determine gas flow rates and recoverability from which the first gas reserves will be defined in early 2013.



Schematic section of pilot production well KA-03PT

OVERVIEW

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.

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.

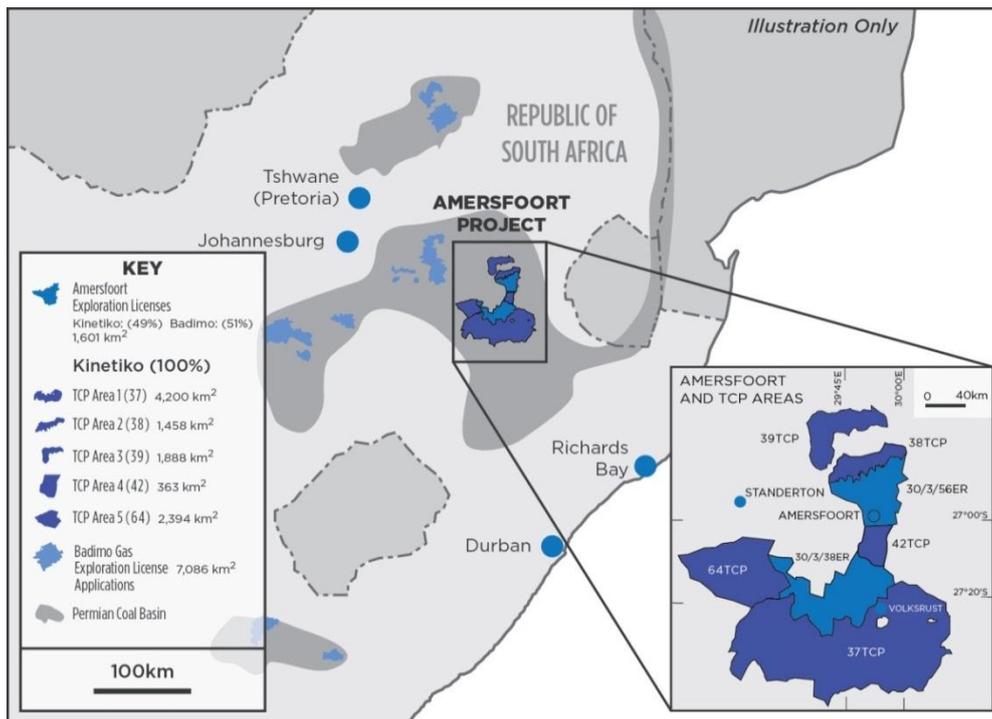


Figure 1: Kinetiko's exploration tenure; granted, under application and MOU with Badimo Gas

For more information visit: www.kinetikoenergy.com.au Andrew Lambert, Managing Director, Kinetiko Energy Limited , +61 8 6315 3500