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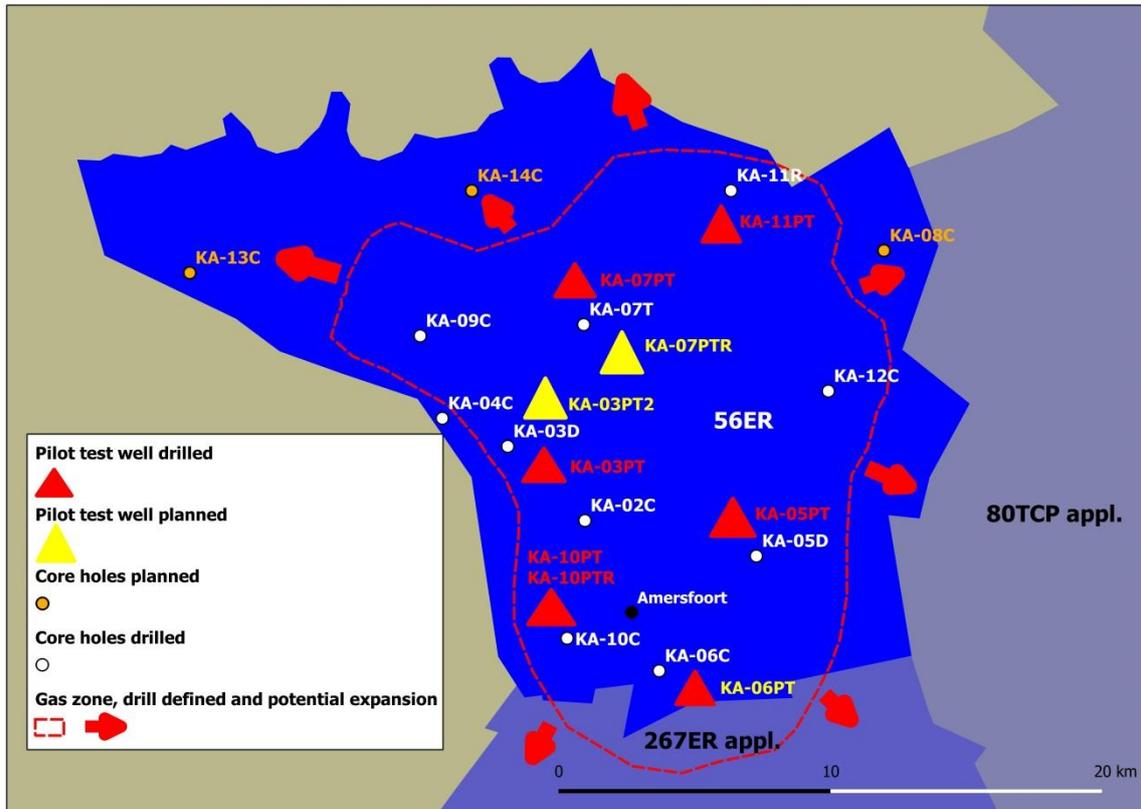
ASX: KKO

21st October 2013

UPDATE ON PILOT TEST WELL KA-06PT

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:

- **KA-06PT initial gas testing over 12 days successfully flowed gas of approximately 10mscf/day with 2bar casing pressure and is now undergoing pressure testing (series of shut in and pressure release).**
- **Gas flow is currently limited by water extraction thresholds and a certified stabilised flow is expected to be achieved over a prolonged period of gas flow and water extraction.**
- **The drilling and completion of three pilot production wells is anticipated early November 2013 and testing will continue over 4-6 weeks post completion. See figure 1.**



**Figure 1 – Pilot test well progress for the northern licence (56ER)
NB. KA-07PTR may be replaced by drilling KV-04 to the south.**

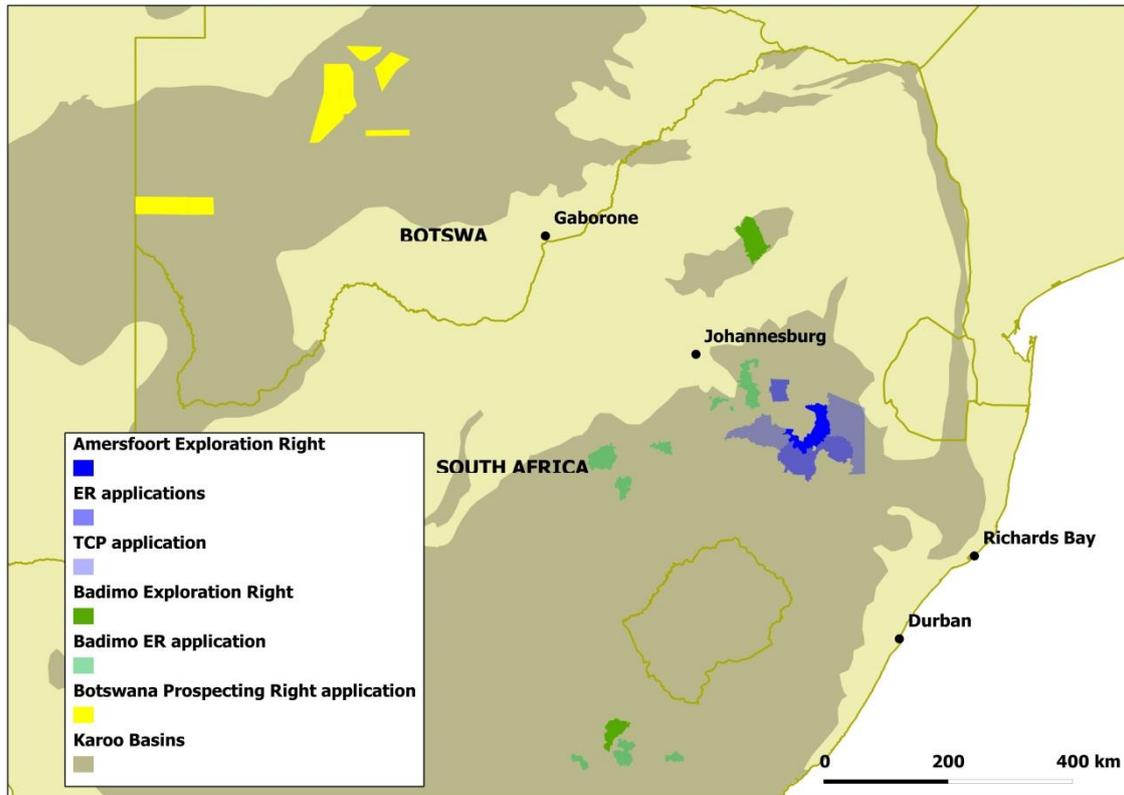
KA-06PT has successfully flowed gas over an initial period of 12 days at a rate of 10,000scf/day. The well was totally unstimulated with an uncased (cased from surface but uncased over the target coals and sandstones "Barefoot") completion over a 222m test zone of sandstones, coaly mudstones and coals. Gas pressure was noted during drilling and flow has been consistent since a down hole pump was set and water production commenced. Gas flow is currently limited by water extraction and a certified stabilised flow is expected to be achieved over a prolonged period of gas flow and water extraction.

Kinetiko has now achieved gas flows from five out of six production test wells drilled on it's northern exploration right 56ER at it Amersfoort Project in South Africa (Figure 1). All wells are barefoot and are unstimulated. Gas commenced flowing from the 5 successful wells as soon as water levels began to be lowered by down hole pumping. The sixth hole failed due to downhole conditions. Two of the 5 holes continue to be flow tested (KA03PTR and KA06PT). The other three have been shut in awaiting a decision on further testing in their vicinity.

The rapid and often spontaneous onset of gas from the 5 flowing wells is considered to be indicative of gas flowing mainly from conventional gas accumulations in the sandstones above the coals. Optimised flow of seam gas from the coals is not expected to be achieved until multiple wells are drilled in test locations, which effectively lowers the hydrostatic pressure over a more significant area of coal seams.

This current hole KA-06PT was the first of 3 holes in the current exploration work program. It is anticipated that the two remaining holes will complete testing by the end of November.

EXPLORATION DRILLING FLOW TEST REPORT	
WELL ID.	KA-06PT
LOCATION	SOUTH AFRICA
PROJECT	AMERSFOORT
LICENSE	ER56
COMPANY INTEREST	49%
OPERATOR	KINETIKO ENERGY LTD
WELL TYPE	Pilot Test Well (Permeability Test)
COMPLETION	Cased 0-146m, barefoot 146-368m EOH
TEST ZONE	146-368m (222m)
TARGET CHRONOSTRATIGRAPHY	Late to Early Permian, Ecca Grp coal, carbonaceous shale and sandstones,
TEST TYPE	Preliminary flow measurement
STABILISED FLOW	Approximately 10mscf/d
CONTENT	95% plus methane
MEASUREMENT	Well head electronic flow metering
CASING PRESSURE	2-3 bar
DURATION	12 days (2nd -15th October)
STABILISED WATER PRODUCTION	Up to 10m ³ /d
COMPANY ESTIMATIONS TO BE CERTIFIED BY INDEPENDENT ENGINEERS	



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

Unless otherwise specified information in this report relating to exploration and related technical comments have been compiled by Dr James Searle, a Member of the Australian Institute of Mining and Metallurgy, and a non -executive Director of Kinetiko Energy Ltd with over 30 years experience in metallic and energy minerals exploration and development, including over 5 years experience in hydrocarbon exploration. Dr Searle consents to the inclusion of this information in the form and context in which it appears.

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