



KINETIKO
ENERGY LTD

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Amersfoort Project

The Amersfoort area of the Eastern Transvaal is one of the most prospective areas for CBM with well documented, gassy coal measures. Kinetiko has 49% equity in 2 onshore gas licenses covering 1,874km² under a Farm Out agreement with a South African company Badimo Gas Ltd, Kinetiko is the Operator.

Independent Oil and Gas consultant: Gustavson Associates of Boulder Colorado have estimated the Amersfoort licenses have CBM Gas In Place (GIP) Resource of 1.7tcf and 1.12tcf Contingent Resource.

The goal of the Amersfoort Exploration program is to increase Resource certainty; this is largely dependent on Exploration success.

The Company Announcements Office
ASX Limited Via E Lodgement

30th January 2012

ASX QUARTERLY REPORT DECEMBER 2011

OCTOBER TO DECEMBER 2011

- Amersfoort drilling program progressing as planned;
- Methane desorption from drill core continues to provide encouraging results;
- Strong indications of conventional gas in sandstones and carbonaceous mudstones, above the target coals;
- Kinetiko has increased its potential exploration area from 1,874Km² to 16,635Km², since IPO.



Figure 1. Drill hole KA-06, controlled flaring of spontaneous gas flows.



Amersfoort Operations

Kinetiko began a 16 hole core drilling program at its Amersfoort Project in September 2011 to test methane contents in target coal and carbonaceous shale sequences defined by 1980s coal exploration drill holes. The results of this initial program will be used to site 5 permeability test wells scheduled for later in 2012. Kinetiko's operations are on schedule and under budget. There has been no significant safety or environmental breaches.

An initial 8 hole program is being carried out on the 56ER license area (Figure 5). To date, 4 holes have been completed, one abandoned due to technical issues and the remaining 3 are expected to be completed by the end of March (Figure 2).

A second 8 hole program is planned on the 38ER license area when Government approval of the license renewal is received (expected by May 2012). Design and planning of the 5 well permeability test program is progressing and drilling of the first well are expected in mid-2012.

Figure 2. Amersfoort Exploration Drilling Progress

Hole ID	Status	Depth (m)	# Samples
KA-04C	Completed	425	39
KA-03C	To Re enter	278	5
KA-06C	Completed	366	26
KA-02C	Completed	389	34
KA-05C	Abandoned	203	2
KA-05D	Ongoing	179	0
KA-12C	Completed	334	9
Total	7	2,174	115
Average for completed holes		393	33

Kinetiko established a field desorption laboratory under the supervision of independent consultants Gustavson and Associates. Canisters loaded with core samples of coal and carbonaceous sediments are transported from the drill sites to the laboratory where they undergo around 60 days desorption.

A total of 115 core samples have been received by the laboratory to date. The desorption test work has yielded encouraging gas contents not only from the target coal seams but also thick carbonaceous sequences above the coals.

Wireline logging has been undertaken in the 3 completed drill holes by Weatherford International. Promising indications of shallow conventional gas accumulations were obtained in all holes logged to date.

- Strong "neutron cross over" responses were obtained over substantial intervals of sandstones and carbonaceous sediments, above the target coal seams. These Conventional gas accumulations appear to be contained below dolerite sills present in the top 200m of the sequence.
- These indications are also consistent with spontaneous gas flows which are occurring from 2 of the 4 completed holes. Figure 1 shows gas being flared from KA-06 which was completed at a depth of 360m.



When Gustavson and Associates calculated a contingent resource of 1.2 Tcf for the Amersfoort project, they did not include conventional gas accumulations (or carbonaceous mudstones) but recognised the possibility. These strong indications of conventional gas and Carbonaceous sediments would be in addition to the existing CBM contingent gas resource estimates.

Figure 3. KA-02 Gassy coal sample (311m) prior to containment in a canister



Kinetiko Growth Strategy

Kinetiko began drilling three months after IPO, and in addition to Amersfoort; we have pursued our growth strategy. Kinetiko sees the opportunity to develop a strong portfolio of CBM projects in Sub-Saharan Africa. Since IPO on the ASX in July 2011 the company has increased its potential tenure from 1,874 Km² to 16,635 Km².

- By a strategic alliance with its Amersfoort JV partner (Badimo Gas) and applications for TCP's (Technical Co-operation Permits) over prospective areas of known coal basins (Figures 4 and 5).

Figure 4. Kinetiko Growth

Kinetiko's actual and potential exploration area	
Amersfoort Project JV (current drilling operations)	1,874Km ²
TCP Area 1 Application	4,329Km ²
TCP Area 2 Application	1,458Km ²
TCP Area 3 Application	1,888Km ²
Badimo Gas Applications for Exploration Rights	7,086Km ²
Total Area (if applications are granted)	16,635Km²



Figure 5. Exploration tenure map

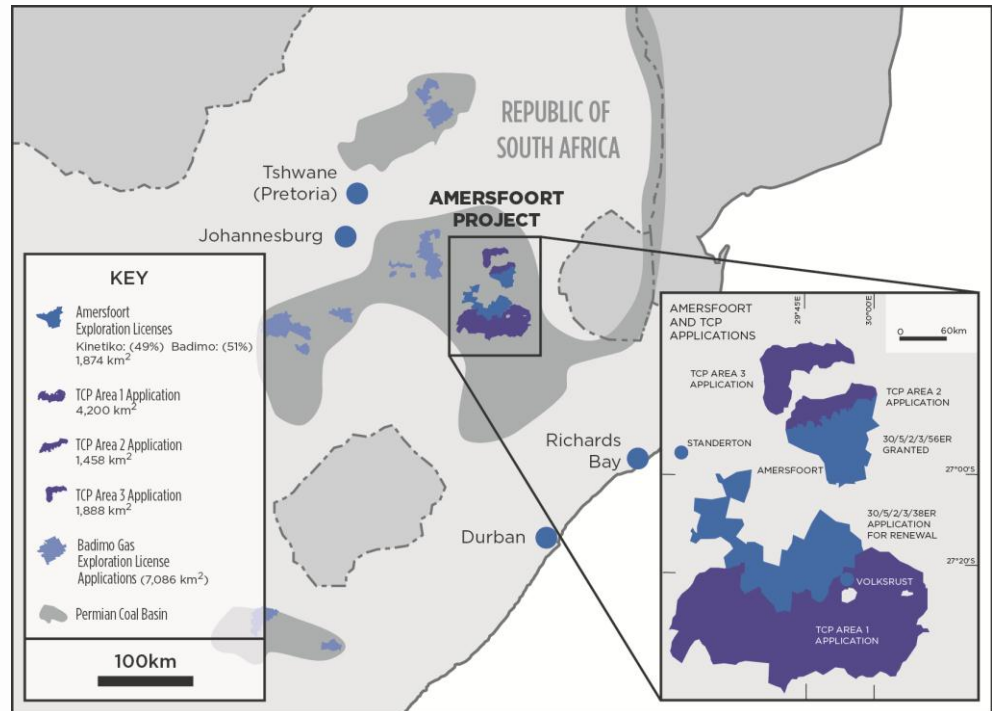


Figure 6. Timeline of Key events since IPO

Key Dates	Key Events
21 st July 2011	Kinetiko Energy Ltd successfully listed on the ASX
27 th September 2011	Earth Resources Pty Ltd commences drilling (diamond rig) on tenement 30/5/2/3/56ER
27 th September 2011	TCP Area 1 PASA Application (4,329Km ²) of prospective land adjacent to Amersfoort
7 th October 2011	TCP Area 2 PASA Application (1,458Km ²) of prospective land adjacent to Amersfoort
24 th October 2011	TCP Area 3 PASA Application (1,888Km ²) of prospective land adjacent to Amersfoort
29 th November 2011	MOU signed with JV Partner Badimo Gas (7,086 Km ²)
8 th December 2011	Encouraging Gas Encounters (view website gallery)

(*PASA Petroleum Agency of South Africa)



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Selection of Amersfoort Project photographs.

Photo 1. Commencement of drilling



Photo 2. Coring rig operating



Photo 3. Core placed in sealed containers



Photo 4. Containers placed in desorption baths



Photo 5. Examining core on Hole KA-03



For further information visit: www.kinetikoenergy.com.au or contact admin@kinetikoenergy.com.au