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KINETIKO
ENERGY LTD

The Office ASX Limited
Via E Lodgement

Company Announcements
31 October 2011

ASX Code: KKO

Board and Management

Adam Sierakowski

Non-Executive Chairman

Andrew Lambert

Managing Director

James Searle

Non-Executive Director

Geoff Michael

Non-Executive Director

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.

AMERSFOORT CBM PROJECT DRILLING UPDATE

FIRST DRILL HOLE COMPLETED, SIGNIFICANT GAS SHOWS IN TARGET CARBONACEOUS SEQUENCES

- Drill hole successfully intersected target zones and was completed at a final depth of 425.7m.
 - Visible gas emissions (soap film bubbles) varying from trace amounts to vigorous degassing was observed from target carbonaceous mudstones containing numerous minor coaly layers.
 - Rig 1 is has now set up over the second drill hole KA-03 and is drilling ahead at 60m depth.
 - As planned Rig2 has been mobilised to the project area and has collared in on the third drill hole KA-06
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Kinetiko Energy Ltd is pleased to announce that the first drill hole at its Amersfoort coal bed methane project in South Africa has intersected significant gas indications from numerous zones in the target carbonaceous sequences. The drill hole was completed as designed, on schedule and on budget. This has positive implications for the remaining 7 drill holes in the current program.

Drill Hole KA-04C Status:

- Drill hole successfully intersected target zones and was completed at a final depth of 425.7m.
- Visible gas emissions (soap film bubbles) varying from trace amounts to vigorous degassing was observed from target carbonaceous mudstones containing numerous minor coaly layers.
- Gassy core samples were sealed in canisters and are undergoing gas desorption.
- Drilling rig is now moving on to next hole in the 8 hole program.

Program Status:

- Rig 1 is has now set up over the second drill hole KA-03 and is drilling ahead at 60m depth.
- As planned Rig2 has been mobilised to the project area and has collared in on the third drill hole KA-06.
- Core sample gas desorption from the first hole is now underway and is expected to continue for several months.
- Wireline logging and standing water sampling to be undertaken on all holes subsequent to completion and prior to plugging and capping.

- Independent consultants Gustavsson and Associates of Boulder, Colorado, USA, are scheduled to inspect coring and desorption activities next week.



Figure 1 Carbonaceous mudstone with coaly layers emitting gas before being sealed in desorption canisters.

Figure 2 Loading gassy core samples into canisters.



Figure 3 Sealed canisters in water bath at formation temperature.



“The successful completion of this first drill hole and numerous gassy samples from coal rich layers, is a positive but early step in our program, we look forward to completing drilling and analysing gas results early in 2012” (Andrew Lambert, Managing Director).

For further information please visit: www.kinetikoenergy.com.au

