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ASX: KKO

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ASX ANNOUNCEMENT

Kinetiko granted an additional 7,911km² of CBM tenure in South Africa, and receives independently assessed prospective resources of 9.3tcf of gas.

- **Kinetiko's four (100% owned) TCP (Technical Cooperation Permits) applications covering 7,911km² have been approved by South African regulators**
- **Independent O&G consultants Gustavson Associates have estimated:**
 - **Prospective resources, Gas In Place (GIP) of (P₅₀) 9.3tcf for the TCPs**
- **This new tenure is close to the Amersfoort Project where Kinetiko is exploring 1,601km² of exploration rights with an existing GIP estimate of 1.7tcf.**

PERTH based gas exploration company Kinetiko Energy Limited (ASX: KKO) is pleased to report that it has been granted four Technical Cooperation Permits (TCPs) near Kinetiko's Amersfoort Project in South Africa.

A TCP entitles Kinetiko 12 months to perform desktop studies and the unique right to apply for exploration rights over the TCP area. The TCP also confers the right to access exploration data held by the regulatory authorities.

The granted TCP's cover Karoo coal basin areas that Kinetiko has identified as being highly prospective for commercial accumulations of coal bed methane.

Kinetiko Managing Director Andrew Lambert said: "*The granting of our four TCP applications is a milestone for Kinetiko. This indicates Government confidence in Kinetiko Energy. Kinetiko has consolidated its position as a leader in South African CBM exploration.*"

Independent US Oil and Gas consultants: Gustavson Associates have estimated a (P50) Gas In Place (GIP) resources for the 100% owned TCPs of 9.3tcf, using a more conservative probabilistic method. Table 1 shows Gustavson's probabalistic estimates of Gas in Place and Contingent Resources.

Coal Block	Resources	Resources Type	Unit=Billion Cubic Feet			Unit=Billion Cubic Meter		
			1C (P90)	2C (P50)	3C (P10)	1C (P90)	2C (P50)	3C (P10)
Total	Gas In Place	Adsorbed Gas,	5,858	8,971	13,069	166	254	370
		Free Gas	142	359	705	4	10	20
		Total	6,000	9,330	13,774	170	264	390
	Contingent Resources	Adsorbed Gas,	3,750	5,793	8,644	106	164	245
		Free Gas	115	287	565	3	8	16
		Total	3,864	6,080	9,209	109	172	261

Table 1: Gustavson Associates summary of resources for the Kinetiko TCPs.

These resource estimates were classified in accordance with the Petroleum Resource Management System, Society of Petroleum Engineers (SPE), 2007.

The CBM resource estimates are based on several key assumptions including:

- Adsorbed and free gas resource estimates were estimated using probabilistic analysis;
- Two probabilistic approaches were used; Kinetiko has decided to use the conservative approach (based on arithmetic sums and average net coal thickness and applied probabilities);
- Estimates used released gas content ranges and coal and carbonaceous mudstone thicknesses, established from Kinetiko's Amersfoort Project;
- Gas content and other information was also obtained from published regional sources, rather than direct measurement, and direct porosity values were assumed on analogous data in order to estimate free gas content.

These TCPs (100% owned) resource estimates are in addition to Kinetiko's nearby Amersfoort Project which has estimates of Gas in Place (GIP) of 1.7tcf (P₅₀) and a Contingent Resource (P₅₀) of 1.1tcf.

Kinetiko has 1,601km² of granted exploration tenure at Amersfoort (in joint venture with Badimo Gas Ltd) and potentially a further 7,086km² of land via an MOU with Badimo Gas.

Kinetiko will complete its planned program of exploration drilling of at least 16 holes over both Amersfoort and Volksrust tenements (56ER and 38ER) by mid-2012. Results to date have been encouraging with gas data from the coal seams and indications of conventional gas in the sandstones overlying the coal. Significant spontaneous gas flows have occurred from several of the exploration holes to date.

A review of the gas resources on the Amersfoort project is being undertaken by Gustavson Associates; this is expected within 4-6 weeks.

As previously announced, up to eight pilot production wells at Amersfoort is expected to commence August and be completed by end of the year. Planning and procurement for this program is well advanced. Regulatory applications for approval of well design, sites and operational procedures have been submitted to the Petroleum Agency of South Africa.



Competent Persons:

The resource estimates used in this announcement have been compiled by Michelle G. Bishop, an American Institute of Professional Geologists Certified Professional Geologist with over 30 years experience in oil and gas fields. Ms Bishop is an employee of Gustavson Associates LLC. As such Ms Bishop qualifies as a competent person as defined by clause 20 of the VALMIN Code and under ASX listing rule 5.11. Ms Bishop and Gustavson Associates have consented in writing to the use of their resource estimates in this announcement.

The Amersfoort Project

The Amersfoort Project is located at the heart of South Africa's energy generation and transmission infrastructure situated in Mpumalanga (formerly Eastern Transvaal) in South Africa. A highly prospective areas for coal-bed methane (CBM) with well documented, gassy coal measures.

Kinetiko is Operator of two gas licences in the Amersfoort Project (49% owned) covering 1,601km² under an agreement with South African BEE company: Badimo Gas Ltd.

US based independent oil and gas consultant: Gustavson Associates (Boulder, Colorado) estimated the Amersfoort Project to have Gas In Place (GIP) Prospective Resources of 1.7 trillion cubic feet (tcf), and 1.1tcf (P₅₀) Contingent Resource. The aim of the exploration program is to increase Resource/ Reserve certainty.

About Kinetiko Energy

Kinetiko Energy Limited (ASX: KKO) is an Australian-based company focused on advanced coal bed methane (CBM) opportunities in Southern Africa.

Kinetiko have Prospective Resource estimates of "Gas in Place" of 1.7tcf on the Amersfoort Project, and 9.3tcf "Gas Initially in Place" on Kinetiko's (100% owned) Technical Cooperation Permit areas near to the existing project.

South Africa has extensive coal basins with evidence of gassy coals and a growing demand for energy derived from gas. Kinetiko is maintaining its early mover advantage in the region and is pursuing new gas projects that will help supply the energy hungry economy and create jobs.

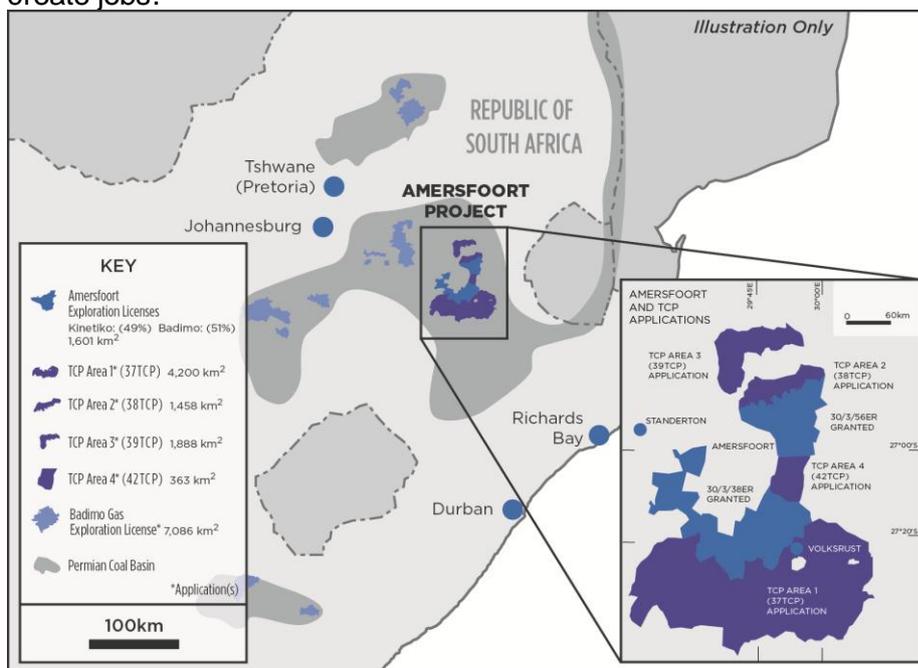


Figure 1: Kinetiko's exploration tenure; granted, under application and MOU with Badimo Gas

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