



KINETIKO

ENERGY LTD

20 September 2011

Australian Stock Exchange Limited

Operations Update – Drilling Contract Awarded and Commencing Soon

Key Points:

- **Drilling Contract signed;**
- **Petroleum Agency of South Africa (PASA) has visited the project site for familiarisation;**
- **Field operational base and field desorption laboratory to be established at nearby farming property;**
- **All farm Land Access Agreements required for first drilling program signed.**

Kinetiko Energy Ltd ASX:KKO (“the Company” or “Kinetiko”) is pleased to announce an update on its operational activities and achievements since having been admitted to the Official List of the ASX Limited on Tuesday 19 July 2011. The Company successfully completed its IPO fundraising oversubscribed for the maximum subscription amount of \$10,000,000 during the month of June 2011 in a challenging fundraising environment.

The Joint Venture has completed additional assessment of data and has optimised and finalised eight and a further four (contingency) boreholes sites in tenement 30/5/2/3/56ER as part of our first drilling program as outlined in the prospectus.

After careful review of several drilling companies, the Company has awarded the Drilling Contract to “Earth Resources (Proprietary) Limited”. Kinetiko’s Managing Director Andrew Lambert commented “they are an experienced Coal and CBM driller who will undertake drilling (Diamond Core) for at least 8 boreholes.”

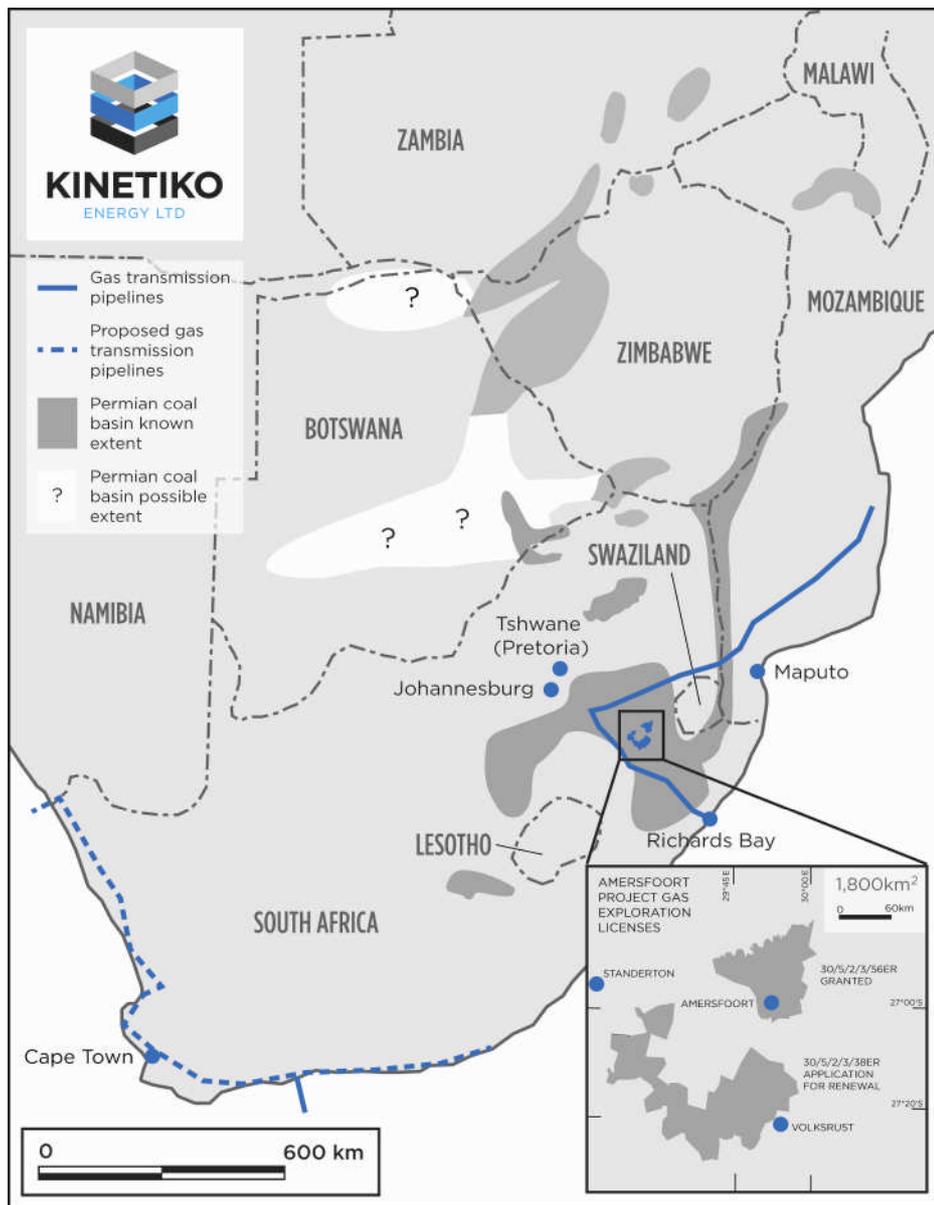
PASA visited the Company’s proposed drill hole sites on the 25th/26th August for their final Environmental Assessment and to familiarise themselves with the operation..

The Company has now executed a total of 10 land owner Access Agreements to enable drilling activities to be conducted on farm land in the Amersfoort area and this signals a growing relationship to facilitate the Company’s future operations. In addition the Company has made arrangements to set up a field base and desorption laboratory at a farm site near the operations.

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Company Background

The Company is in a joint venture with an established South African partner (Badimo) and is participating in the commercialisation of the coal bed methane exploration rights in the Amersfoort area. The Company believes that its Amersfoort project is ideally located close to the major population and manufacturing centre of Johannesburg and is surrounded by a major portion of the Republic of South African energy generation infrastructure and the coal and gas to liquid fuels industry. The Company's focus remains on increasing its contingent resource base both by exploration and acquisition where suitable and believes it is ideally placed with its South African partner to take advantage of significant opportunities that present in sub-Saharan Africa. (see map of Amersfoort project below)



For and on behalf of the Board. Stephen Hewitt Dutton – Company Secretary

For further information contact:

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