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ASX ANNOUNCEMENT

Kinetiko's exploration success expands at Amersfoort, South Africa

- **Early success from exploration drilling program at Amersfoort Coal-Bed Methane Project;**
- **Exploration drilling program at Amersfoort is expanded by two holes – planned for completion in May;**
- **Kinetiko has broadened plans to include up to eight pilot production wells at Amersfoort – expected to commence July 2012;**
- **Geophysical surveys completed over four areas;**
- **Exploration drilling program on Volksrust tenement expected to commence in May;**
- **Kinetiko tenure is substantial - 16,998km² of highly prospective areas granted and under application which offers new projects and scale.**

PERTH-based energy exploration company Kinetiko Limited (ASX: KKO) is pleased to report early success from its initial exploration program underway at the Amersfoort Coal-Bed Methane Project in South Africa.

The eight-hole exploration drilling program on Amersfoort (tenement 56ER) will be expanded by a further two exploration holes after Kinetiko received strong initial results. These results included hole KA-06 spontaneously emitting methane gas flows and strong gas shows from other holes in the program (Figure 1).

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.

Kinetiko Managing Director Andrew Lambert said: "Gas has been encountered in almost all holes to date; in the coals, coaly sediments and strong signs of gas in overlying sandstones".

The next step at Amersfoort (56ER) is to develop pilot production wells to test formation permeability and measure gas flow characteristics. Given the strong results from exploration, Kinetiko plans to develop up to eight Pilot Production wells on Amersfoort, this is more than double the number of the original plan. Kinetiko expects work to begin in July 2012, subject to government approval.

Geophysical (Ground Magnetometer) surveys have been completed over four small pilot well areas to better determine local geology and improve exploration success.

Kinetiko plans to commence an eight-hole exploration program on the Volksrust tenement (38ER) mid-2012. Once these are complete, Kinetiko will conduct at least two pilot wells on the Volksrust tenements in early 2013.

US-based independent gas resource consultancy Gustavson and Associates has audited Kinetiko's operations and deemed them to align with best industry practice.

Gustavson is currently undertaking a review of the project's resource estimate. A previous estimate for the project was a Contingent Resource of 1.12tcf (P50) and excluded (Conventional) gas in sandstones.

Kinetiko is the operator of the Amersfoort Project and retains a 49% interest. Joint venture partner Badimo Gas holds a 51% interest.

New Exploration projects

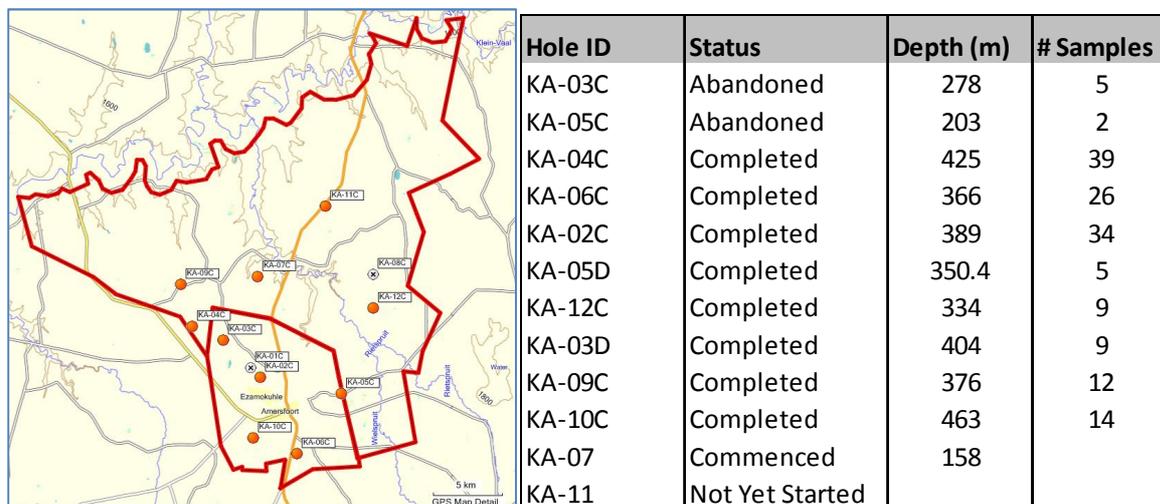
Kinetiko signed a memorandum of understanding with Badimo late 2011, this entitles Kinetiko to a first right of refusal to enter into commercial agreements on the 7,086km² that Badimo has under Exploration Right application.

Kinetiko has made applications for four Technical Commercial Permits (TCPs) which cover a prospective area of 8,038km².

Kinetiko is under budget and fully funded for at least the next 16 months.

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

Figure 1: Amersfoort Drilling Progress



The Amersfoort Project

The Amersfoort area of the Eastern Transvaal in South Africa is one of the most prospective areas for coal-bed methane (CBM) with well documented, gassy coal measures.

Kinetiko has 49% equity in two onshore gas licences in the Amersfoort area covering 1,874km² under a Farm Out agreement with South African company Badimo Gas Ltd. Kinetiko is the operator of these licences.

US-based independent oil and gas consultant Gustavson Associates of Boulder, Colorado have estimated the Amersfoort and Volksrust licences have CBM Gas In Place (GIP) Resources of 1.7 trillion cubic feet (tcf), and a 1.12tcf Contingent Resource.

The goal of the Amersfoort exploration program is to increase Resource/ Reserve certainty over a phased exploration program.

About Kinetiko Energy

Kinetiko Energy Limited is an Australian company formed to pursue advanced coal bed methane (CBM) opportunities in rapidly developing gas markets. As a result of country by country evaluations of CBM potential, energy markets and infrastructure in Sub-Saharan Africa, Kinetiko has focussed on the Republic of South Africa.

South Africa has extensive coal basins with evidence of gassy coals at depth and a growing demand for energy derived from gas. Kinetiko's Amersfoort Project is located at the heart of South Africa's energy generation and transmission infrastructure.

Figure 2: Kinetiko's land potential in South Africa, various applications underway.

