



24 August 2011

Australian Stock Exchange Limited

Operations Update – Steps Closer to Drilling Commencement

Key Points:

- **IPO closes oversubscribed at maximum subscription**
 - **Managing Director has conducted 2 site visits**
 - **JV operating committee meetings conducted**
 - **Completed drill hole site selection for first drilling program**
 - **Competent drilling contractors tendering**
 - **Contracted with Geological and Environmental Consultants**
 - **Land Access Agreements signed**
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Kinetiko Energy Ltd (“the Company” ASX:KKO) 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 Company’s Managing Director has travelled twice to South Africa and has successfully met with its joint venture partners Badimo Gas (Pty) Ltd (“Badimo”) to put in place the detailed work programme, operational foundations and convened several joint venture operations committee meetings (“JVOC”). The JVOC comprises both Andrew Lambert and James Searle from the Company and Paul Tromp from Badimo.

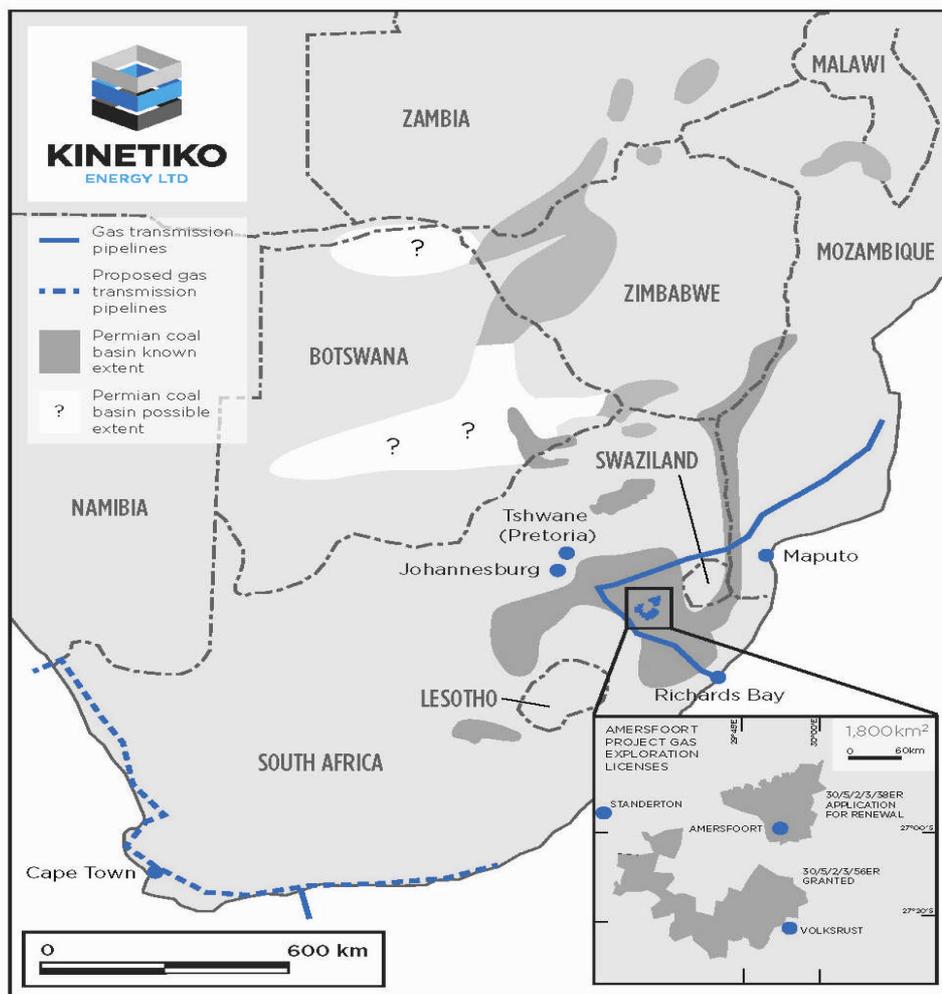
The JVOC has completed preliminary assessment of available data and has finalised identification of eight preliminary borehole targets comprising the first drilling program to be undertaken by the Company in tenement 56ER. Drilling mobilisation for the first program is anticipated to commence during the month of September 2011. In addition the Company has procured a significant amount of technical equipment in order for it to complete its desorption testing with respect to any gas shows obtained from the initial boreholes drilled.

In order to accomplish the drilling program, access to the Company’s Amersfoort project on pastoral land owned by local farmers has needed to be negotiated. The Company has already successfully executed 6 land access agreements with farmers to enable drilling activities to be conducted on their land on the Amersfoort project.

The Company has also been successful in identifying and verifying the capabilities of three experienced and well-equipped drilling contractors to undertake the first drilling program, they have all presented tenders for the contract.

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)



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