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ASX: KKO

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ASX ANNOUNCEMENT

Kinetiko's Volksrust tenement renewal is granted

- **Kinetiko's Volksrust Exploration Right in South Africa has been renewed by the government regulator**
- **The Volksrust tenement (1,037km²) is prospective for coal bed methane (CBM)**
- **Kinetiko expects to commence exploration drilling at Volksrust in June upon regulatory environmental approval, using the rig and experienced crew already on site**
- **Volksrust is close to Kinetiko's Amersfoort tenement where drilling has indicated promising signs of CBM and sandstone gas above the coals - these are being assessed by an independent O&G Consultant**
- **As a result of drilling success, Kinetiko has broadened plans to include up to eight pilot production wells on the Amersfoort tenement from August 2012**
- **Kinetiko's tenure is substantial - 16,998km² of highly prospective gas areas granted and under application, which offers new projects and scale**

PERTH-based energy exploration company Kinetiko Limited (ASX: KKO) has received renewal of its Volksrust tenement right expedites an exploration drilling program using the existing rig and experienced crew who have finished a successful drilling campaign on the Company's nearby Amersfoort tenement. Exploration is targeting coal bed methane (CBM) in South Africa.

As part of the renewal, the Government required Kinetiko to relinquish 20% of the Volksrust land area; Kinetiko relinquished less prospective (non-core) areas. The combined Amersfoort and Volksrust tenement area is now 1,601km² (from 1,874km²).

Resource estimates are being independently revised and are expected by July. These estimates will encompass an assessment of the recent promising results from the Amersfoort drilling program, which encountered promising gas sandstone intersections above the coal intervals.

Kinetiko expects to complete its planned exploration drilling program of at least 16 holes in the Amersfoort and Volksrust tenements (56ER and 38ER) in Q3 2012.

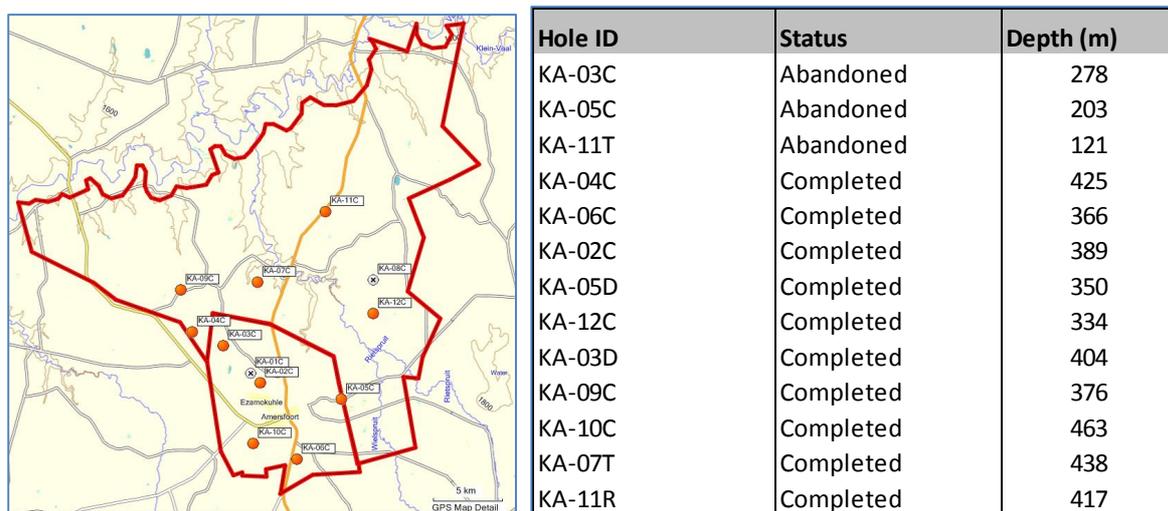
Kinetiko Managing Director Andrew Lambert said: “We look forward to drilling Volksrust, which is a larger area than Amersfoort. We have the benefit of applying our recent Amersfoort technical experience to confirm the potential of the Volksrust assets.”

Running concurrently to the exploration drilling at Volksrust, Amersfoort pilot production wells are planned to commence in August (subject to government approval). These will 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 alone. This is more than double the original plan.

Kinetiko is operating under budget and is fully funded for at least the next 14 months.

Figure 1: Amersfoort tenement (56ER) 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 has estimated the Amersfoort and Volksrust licences have CBM Gas In Place (GIP) Resources of 1.7 trillion cubic feet (tcf), and a 1.1tcf Contingent Resource.

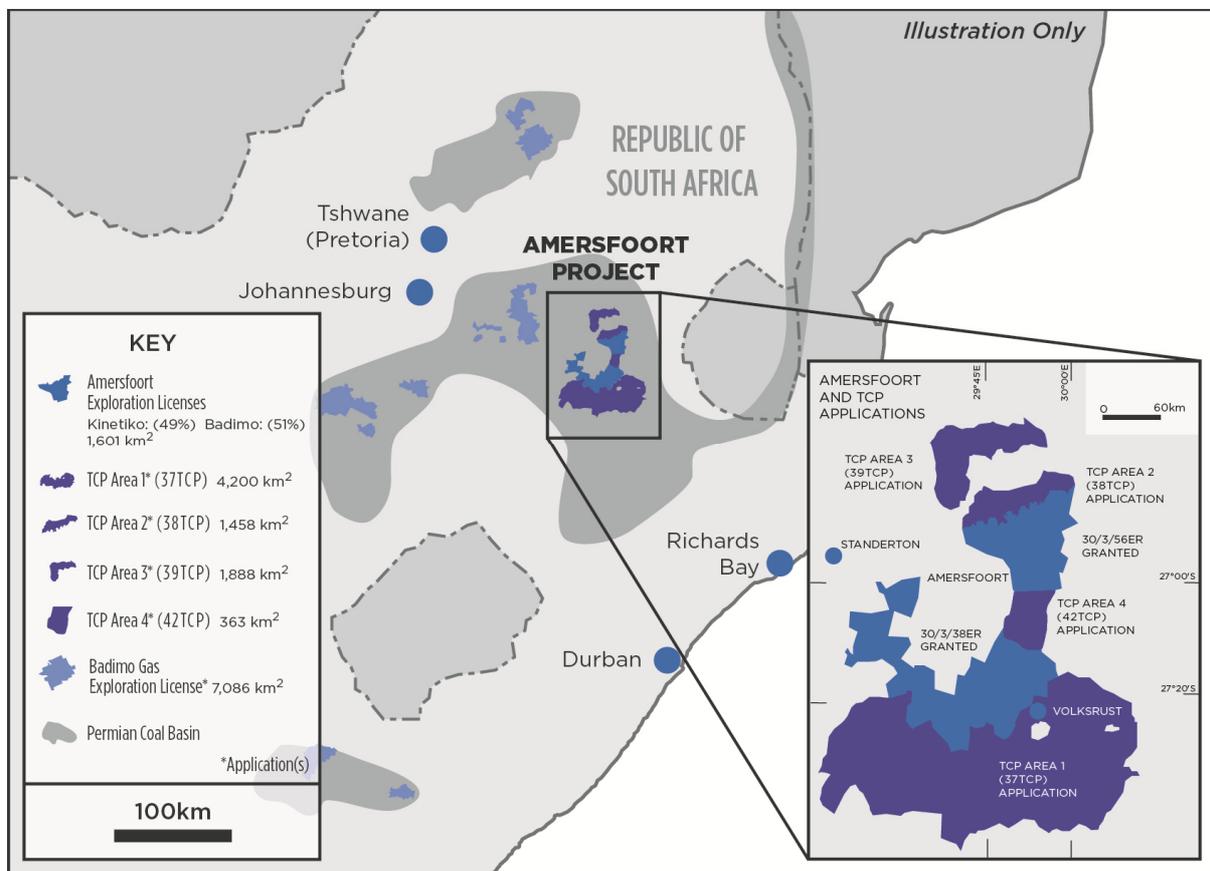
The goal of the Amersfoort exploration program is to increase Resource/ Reserve certainty over a phased exploration program.

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.



For more information on Kinetiko visit: www.kinetikoenergy.com.au

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