



30 April 2008

ASX Limited  
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SYDNEY NSW 2000

**Expanded focus in Philippines targets inboard low risk prospects**

Kairiki Energy Limited (ASX:KIK) is pleased to announce a significant acceleration of the Service Contract 54 ("SC 54") Joint Venture shallow water strategy in the Philippines. SC 54 is located in the NW Palawan Basin, offshore of the Palawan Island.

Please find attached a copy of the press release issued by the operator of SC 54, Nido Petroleum Limited (ASX:NDO).

Kairiki's Managing Director Craig Gumley said;

"This acceleration of the shallow water exploitation strategy exposes Kairiki to potential early oil production from SC 54 by appraising the low risk pinnacle reef opportunities, two of which have already flowed oil to surface at rates greater than 1,000 bopd.

This expansion in strategy means that the Joint Venture is also seeking to secure a second drilling rig to drill the standout outboard prospect Gindara-1 in 2009. There are clearly different drivers when considering the low risk shallow water/inboard portfolio and the more material outboard portfolio and execution of this parallel strategy should optimise the value of SC 54 to the Kairiki shareholders".

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Tuesday, 29 April 2008

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### **Nido to treble its Service Contract 54 drilling program**

Nido Petroleum Ltd (Nido) is pleased to announce plans to expand its drilling program in Service Contract 54 (SC54) by accelerating its shallow water strategy. Nido and its Joint Venture partner Kairiki Energy Limited (Kairiki) have approved a budget to drill at least two shallow water wells with a jack-up rig at the end of 2008 followed by the drilling of the Gindara prospect in 2009.

Deputy Managing Director, Joanne Williams, said "The majority of previous drilling in the Palawan Basin has focussed on the Nido pinnacle reef play – this is the proven play type in the Basin where historical drilling on 2D seismic has demonstrated greater than a 50% success rate. The shallow water area of SC54 boasts more than 20 pinnacle reef discoveries and prospects with potential oil in place ranging from 2 to 20 million barrels each. With the modern 3D seismic now covering the targeted area, these drilling opportunities are considered very low risk."

Ms Williams went on to say, "Current record oil prices of over A\$120/bbl provide the perfect environment for the evaluation of this area. While each individual drilling target is of moderate size, the sheer number of targets together with their very low risk represents a material opportunity for near-term cashflow potential, should the evaluation prove successful at year-end. We intend to kick off the evaluation of the shallow water area with the drilling of at least two wells."

Nido's Head of Exploration, Jon Pattillo, confirmed that, "With the acceleration of the shallow water program, Nido now plans to increase its SC54 drilling program from one well at Gindara to three wells. Procurement of long lead items is underway and we are currently in the final stages of negotiation for two rigs to drill the three-well programme. We expect to contract a jack-up rig to drill the two shallow water wells towards the end of 2008 and a semi-submersible rig to drill the deeper water Gindara exploration well in mid-2009. Securing rigs in the current environment has been a challenge, but we look forward to concluding contracts on both rigs within weeks."

Yours sincerely



**Joanne Williams**  
Deputy Managing Director

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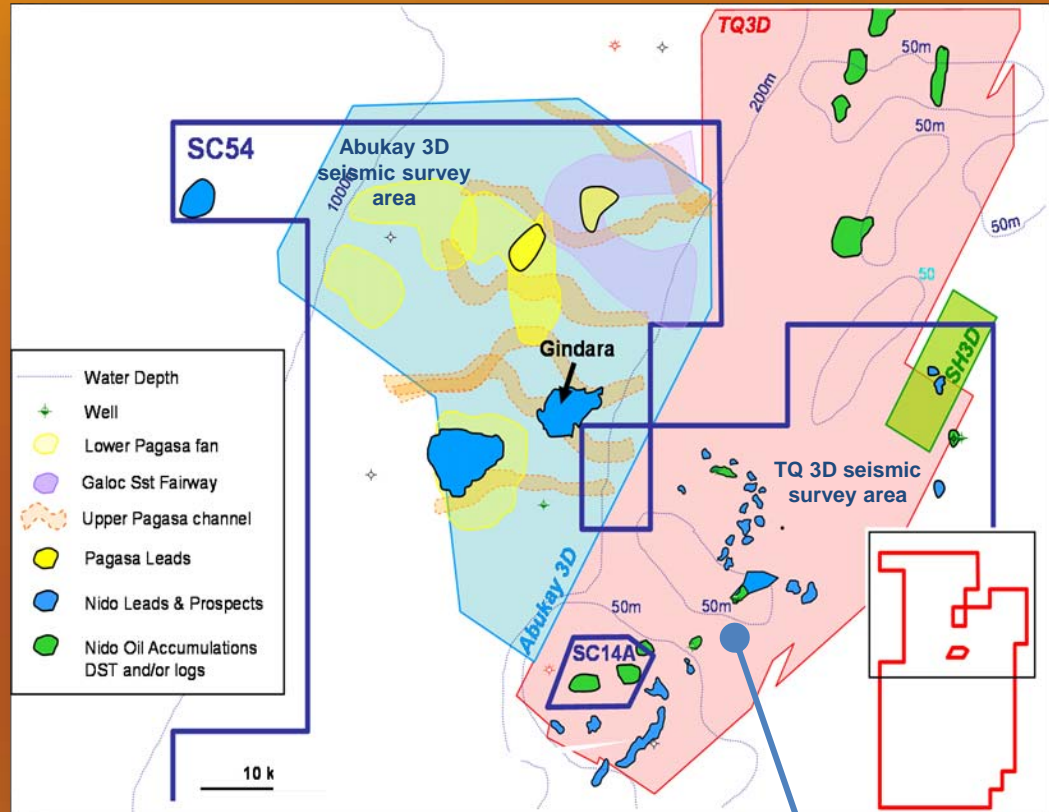
ASX Code: NDO



# SC 54 Shallow Water Focus Area

## SC 54 Key Facts:

- ◆ **Awarded:** 5 August 2005
- ◆ **Area:** 5,376 sq km
- ◆ **Interests:**
  - ◆ Nido (Operator) 60%
  - ◆ Yilgarn Petroleum Philippines 40% (fully owned subsidiary of Kairiki Energy)
- ◆ **Shallow water area covered by 'TQ' & recent 'Signal Head' 3D seismic**
- ◆ **Extensive shallow water prospects & leads identified:**
  - ◆ >20 Nido pinnacle reef discoveries & prospects defined in focus area
- ◆ **Potential oil-in-place ranging from 2-20 million barrels per target**
- ◆ **Low risk, proven oil fairway**



Shallow water focus area defined by jackup drilling depth (<120m)