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Australian Securities Exchange Limited
Company Announcements Office
Level 4 Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Tindalo-1 marks second discovery in SC 54

Kairiki Energy Limited is pleased to announce that Tindalo-1, the second well in the 2008 shallow water exploration program, is another oil discovery, making it two for two. Service Contract 54 ("SC 54") is located in the NW Palawan Basin, offshore the Philippines.

Analysis of the wireline log and/or drilling shows data indicates an oil column at the Tindalo-1 well location of at least 134 metres, comparing favourably to the 78-93 metre oil column discovered in the previous Yakal-1 well.

Mr Laurie Brown, Kairiki's Director said "our back to back discoveries provide us with the platform to move forward to exploit the resource potential of our SC 54 inboard play and to assess the development options to optimally monetise this resource. Our initial technical assessment of the Yakal and Tindalo structures shows that each have significant "vuggy" porosity developed within the reservoir, with some of these oil-filled vugs (or holes) measuring up to 35 centimetres in diameter. The combination of the vuggy porosity and substantial oil columns bodes well for high deliverability and the potential for commerciality."

"These discoveries are an exciting start to the exploitation of our SC 54 inventory. The selection of Yakal and Tindalo as the first two targets was crucial to kick-start our strategy to pursue low-risk, rapidly monetisable reserves in the shallow water. The Joint Venture has identified a further 20+ potential targets, all defined by 3D seismic."

Kairiki's Managing Director, Mr Craig Gumley also commented "We are delighted that our first drilling campaign has been so successful. Once the technical work is undertaken over the coming weeks to better understand the resource size of these discoveries, and the impact on the remaining exploration portfolio, the Joint Venture will develop a forward program to maximise value from the SC 54 shallow water. Any future development is likely to include an extended well test through a production facility, potentially with Tindalo and Yakal tied back into the same facility."

Please also find attached a copy of the ASX announcement issued by the operator of SC 54, Nido Petroleum Limited.

For further information please contact:

Craig Gumley
Managing Director
Kairiki Energy Limited
61 (8) 93886711

Laurie Brown
Exploration Director
Kairiki Energy Limited
61 (8) 93886711

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Tindalo-1 oil discovery confirmed to 119 metres

Nido Petroleum Limited (Nido) and its Joint Venture partner Kairiki Energy Limited (Kairiki) are pleased to provide this progress report on the Tindalo-1 well in Service Contract 54 (SC54), located in the NW Palawan Basin, offshore the Philippines. As of the date of the last report, Tindalo-1 had drilled to a total depth of 1,875 mRT (meters below the rotary table), intersected an oil accumulation and was logging the oil-bearing section with electric wireline logs to confirm the height of the oil column.

Formation evaluation highlights

- Confirmation of a 119 metre oil column with electric wireline logs;
- 134 metre oil column supported by good oil shows in the absence of wireline logs;
- Insufficient data to determine any deeper extent of the oil column due to wellbore conditions precluding both wireline logs and mud returns to surface while drilling.

Two discoveries from two wells...

Nido's Deputy Managing Director, Ms Joanne Williams said "The Tindalo-1 discovery in addition to the previous Yakal-1 discovery greatly increases our confidence in the rapid commercialisation strategy in the SC54 inboard area. The work program in the coming months will include a review of all the data gathered during the drilling program to evaluate the reservoir quality and oil-in-place resource estimates of the Tindalo cluster. The real bonus for us is that as well as Yakal-1 and Tindalo-1 there are in excess of 20 additional prospects in the SC54 inboard area covered by 3D seismic data. With the two out of two result from this drilling program, these future targets only add to the attractiveness of this area."

Nido's Chief Executive Officer, Mr Jocot de Dios also remarked, "We are extremely pleased with, and excited about this second discovery in Tindalo-1 which comes right on the heels of our earlier Yakal-1 discovery. Our success today is a testament to the dedication of the Nido and Kairiki drilling and subsurface teams that worked on this program, the Philippine Department of Energy and the WilBoss rig and her crew. Following a drought of 14 years in the sector, these twin discoveries speak eloquently about the Palawan Basin as the premium destination in the Philippines to explore for oil and gas. With Nido holding the dominant position in this world-class Basin, we consider ourselves perfectly poised to execute our greater plans for this area. We remain firmly committed to our exploration program in the Basin and to the country's energy independence initiatives."

Progress report

Since the last report, a comprehensive wireline logging program has been completed over the top 119 metres of the Nido Formation reservoir. While it was not possible to acquire wireline logs to the well's total depth due to the lost circulation zone intersected while drilling, it is clear from the wireline logs that the oil column extends at least 119 metres, as evidenced by the deepest available wireline data.

Good oil shows while drilling support at least an additional 15 metres of oil column below the logged zone, which could indicate a total column of at least 134 metres. Since there is no data (either from wireline logging or mud returns while drilling) below this point it cannot be determined if, or for how far, the oil column extends below this point.

The current operation underway at Tindalo-1 is to cap and secure the well for completion as a production well for extended well testing at a later date and following this operation the WilBoss jack-up drilling rig will be demobilised and be released from contract to SC54.

Daily drilling reports authored by the Philippines Department of Energy are available through a link on Nido's homepage www.nido.com.au or at www.pse.com.ph. Nido will continue to issue "milestone" progress reports to the market as appropriate during the campaign.

Yours sincerely,



Joanne Williams
Deputy Managing Director

For more information please contact:

Ms. Joanne Williams
Deputy Managing Director
Ph: +61 8 9474 0000
F: +61 8 9474 0099
www.nido.com.au