



31 March 2009

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

Kairiki to Divest Sicily Channel Assets

Kairiki Energy is pleased to advise that it has entered into agreements, through its wholly owned subsidiaries, to sell its 30% interest in each of the Sicily Channel exploration permits, Pantelleria and Kerkouane, to AuDAX Resources Limited (AuDAX). AuDAX, either directly or indirectly via subsidiary companies, operates and holds a 70% interest in those permits.

The divestment of the Sicily Channel permits has eliminated Kairiki's financial obligations in 2009 and 2010 to a 2D seismic program on Kerkouane and a well commitment on each permit with a total estimated cost, net to Kairiki, of US\$14 million (US\$47 million gross). As a result of this divestment, Kairiki is free of any further obligations in respect of these permits. As consideration, AuDAX will pay Kairiki US\$280,000 cash for each permit approximately equating to our acquisition cost. The payment will be made when AuDAX disposes of an interest in these permits.

Kairiki has also assigned its 33.33% interest in its Romanian AMI to New Zealand Oil and Gas (NZOG) for a cash consideration to Kairiki of 235,000 Euros (A\$454,000) and payable on certain milestones being achieved.

Mr Laurie Brown, Kairiki's Managing Director stated *"the financial obligations in respect of maturing these exploration ventures would require significant funding in the near term. Given the current economic conditions for funding exploration activities we believe that our funds and resources are much better leveraged towards developing our lower risk Philippines asset base in order to provide a much greater certainty of generating shareholder value."*

As previously advised, we are in the process of negotiating the farm-down of our interest in the inboard portion of Service Contract 54 (SC54) to 23%, where the Joint Venture will, as a matter of priority, focus on the commercialisation of our shallow water portfolio. Kairiki will retain its full 40% interest in the outboard portion of SC54, thereby exposing shareholders to a number of low risk, high value mature exploration targets such as Gindara and Lapu Lapu, both capable of hosting very substantial volumes. In parallel, Kairiki will be fully funded through our SC54 inboard development program.

Kairiki's approach is to continue our discipline in maintaining our cash reserves and clearly this significant reduction in our exploration commitments is one of several initiatives recently taken by the Company in response to the current business climate".

For further information please contact:

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Company Highlights

- ASX listed oil and gas company pursuing high impact projects in proven oil basins
- Ongoing farm-out activities in the Philippines being undertaken
- Focus on commercialising Philippines discoveries targeting First Oil in 2010
- Quality board and management team