



14<sup>th</sup> December 2009

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

## Tindalo Development Approved

Kairiki Energy Ltd (Kairiki) is pleased to advise that on the 11th December 2009 the Service Contract 54 Block A (SC 54A) Joint Venture partners provided their Final Investment Decision (FID) approval for the development of the Tindalo oilfield.

### Key development highlights:

- Tindalo-1 discovery well will be re-entered and completed for production;
- The Tindalo project will utilise a jack-up rig and a dynamically positioned storage vessel (FSO) to develop the field;
- All major approvals for the project from the Philippine government received;
- Estimated development cost is approximately US\$20 million;
- Upon production, the operating costs will be approximately US\$250,000 per day;
- First oil scheduled 2Q 2010 with initial field production rate of 7,000-15,000bopd.

### Development Overview

The Tindalo oilfield was discovered by the Tindalo-1 exploration well in October 2008. The well was located in approximately 100 metres of water and targeted a pinnacle reef structure similar to the nearby, producing Nido and Matinloc oil fields and intersected a 124-144+ metre oil column in Miocene carbonate reservoir. The well was plugged and suspended as a possible future producer. Since its discovery, the Joint Venture has been evaluating the field's recoverable volumes, the development alternatives and how to accelerate development to bring production on in the near term.

The field will be developed using a leased, jack-up rig to re-enter and complete the suspended Tindalo-1 well for production. An electric submersible pump will be installed as part of the well completion to assist in maintaining production rates throughout the life of the field. The jack-up rig will remain on location to provide a stable weather-tolerant production platform using specially installed production equipment on board. Crude oil from the well will be processed on the rig and then flowed into storage via a floating hose to a leased dynamically positioned, Floating Storage and Off-take (FSO) vessel nearby.

#### 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 2Q 2010
- Quality board and management team



First oil is expected to commence in 2Q 2010 with an initial oil production rate of around 7,000-15,000 barrels of oil per day (2,450 – 5,250 bopd net to Kairiki.) It is estimated that the project will require a capital investment of approximately US\$20 million by the Joint Venture (US\$7 million net to Kairiki) and will cost around US\$250,000 per day (US\$87,500 net to Kairiki) to operate.

Kairiki's Managing Director, Dr. Mark Fenton commented, "Approval of the Tindalo development is an important milestone in the transition of Kairiki from a junior explorer to an exploration and production company. Tindalo is expected to provide significant cash flow to Kairiki which can be used to kick-start other similar projects in SC54A."

Kairiki will provide further updates on the progress of the development at regular intervals.

For further information please contact:

Dr. Mark Fenton  
Managing Director  
Kairiki Energy Limited  
61 (8) 9388 6711

#### Company Highlights

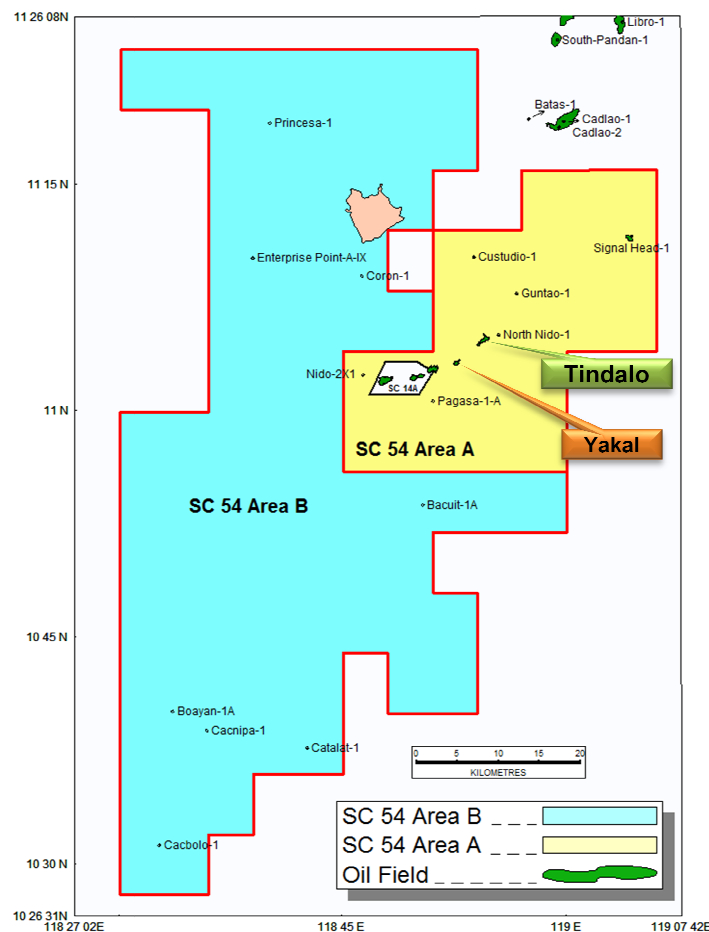
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## SC 54A Working Interests

Company	Working Interest
<b>Nido Petroleum Philippines Pty Ltd (Nido) – Operator</b>	50%
<b>Yilgarn Petroleum Philippines Pty Ltd, a wholly owned subsidiary of Kairiki Energy Limited (ASX: KIK)</b>	35%
<b>Trafigura Ventures III BV (Trafigura)</b>	15%*

\* All conditions have now been met to complete the farm-in with Philippines DOE approval received this week

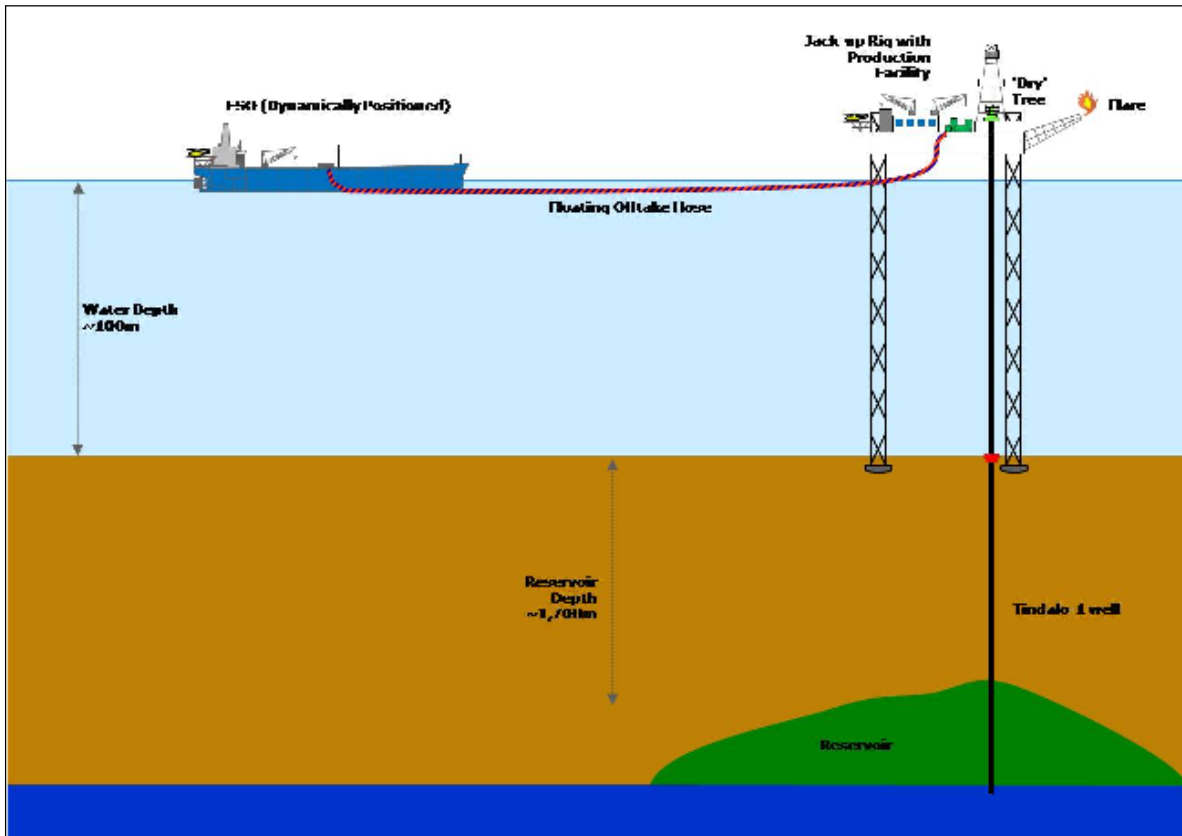
## SC 54A Location Map



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## Tindalo Production System



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