



23 December 2009

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

Tindalo Development – Drilling Rig Contracted

Kairiki Energy Limited (KIK) is pleased to advise that Vantage Drilling has been contracted for provision of the jack-up drilling rig 'Aquamarine Driller' for the Tindalo development by the Service Contract 54 Block A (SC 54A) Joint Venture partners. In addition Letters of Intent have been issued to the preferred contractors for the provision of the Floating Storage and Offloading (FSO) vessel and for the production equipment to be used for processing the oil at Tindalo.

Please refer to the attached ASX release of Nido Petroleum Limited, SC 54A Operator, for further details.

For further information please contact:

Mark Fenton
Managing Director
Phone: +61 8 9388 6711

Capital Structure

Shares	517.209 m
Unlisted Options	9.750 m
Total:	523.959 m

Convertible Notes	70.073 m
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Board of Directors

Paul Fry	Executive Chairman
Mark Fenton	Managing Director
Laurie Brown	Executive Director
Jyn Baker	Non Exec Director

Major Shareholders

Yandal Investments Pty Ltd	50.000 m
NEFCO Nominees Pty Ltd	44.105 m
HSBC Custody Nominees	26.836 m
IMC Resource Investments	22.870 m
Cogent Nominees Pty Ltd	22.740 m

Assets

Philippines:

- SC 54A - KIK: 35%

Current Status:

- Tindalo oilfield under development;
- 1st Oil expected Q2 2010.

- SC 54B - KIK: 40%

Current Status:

- Gindara prospect drill ready;
- Seeking farminee.

Kairiki Energy Limited

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Corporate Profile

Kairiki Energy is an Australian Based junior international oil and gas exploration company focused on the Philippines. Kairiki holds a 35% interest in Service Contract 54A and a 40% interest in Service Contract 54B.

SC 54A measures 862 km² and contains the Tindalo, Yakal, Nido 1-x-1 and Signal Head oil discoveries and a substantial portfolio of similar low-risk reefal prospects. Kairiki recently announced that the SC 54A Joint Venture has approved the development of the Tindalo field with first oil expected in 2Q 2010 with an initial oil production rate of between 7,000-15,000 barrels of oil per day (2,450 – 5,250 bopd net to Kairiki.) The Tindalo development will utilise a jack-up rig and a dynamically positioned storage vessel to develop the field. Based on a successful development at Tindalo a number of follow-up developments may be considered in SC 54A.

SC 54B measures 3184 km² and contains the Gindara prospect which has a mean unrisksed oil in place volume estimated by the Operator, of 634 million barrels. The Gindara prospect is a very large simple four-way closure at the Top Nido Limestone reservoir objective with an areal extent of 28 km², a vertical closure of over 300m and is well located to receive hydrocarbon charge from the Palawan Trough. Kairiki is seeking to farm down its interest in SC 54B to accelerate drilling of the Gindara prospect.

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Drilling Rig Contracted for Tindalo Development

Nido Petroleum Limited (Nido) is pleased to advise that a contract has been awarded to Vantage Drilling for the jack-up drilling rig 'Aquamarine Driller' on behalf of the Service Contract 54 Block A (SC 54A) Joint Venture partners. In addition Letters of Intent have been issued to the preferred contractors for the provision of the Floating Storage and Offloading (FSO) vessel and for the production equipment to be used for processing the oil at Tindalo.

Nido's Deputy Managing Director, Ms. Joanne Williams, said, "We have now secured the major component of the development hardware - the jack-up rig that will complete and produce Tindalo-1. Having selected our other major contractors via LOIs, in the coming weeks we expect to finalise the contracting for the remainder of the key equipment for the project, including the FSO."

Drilling Rig 'Aquamarine Driller'

The 'Aquamarine Driller' is a newly built jack-up rig which was delivered by the Keppel shipyard in September 2009. It is ideally suited for the well completion and production operations. The rig is less than a year old, has a large deck area and, with the production equipment installed, will have a production capacity of up to 20,000 barrels of oil per day. The rig is also suitable for other drilling or well operations in SC 54A.



Courtesy of Vantage Drilling

The 'Aquamarine' will be contracted for a period of two months from the start of April 2009. This may be extended at Nido's option for a period of up to two years.

Nido will provide further updates on the progress of the project upon the achievement of major milestones towards first oil.

Yours sincerely

Joanne Williams
Deputy Managing Director

For more information please contact:

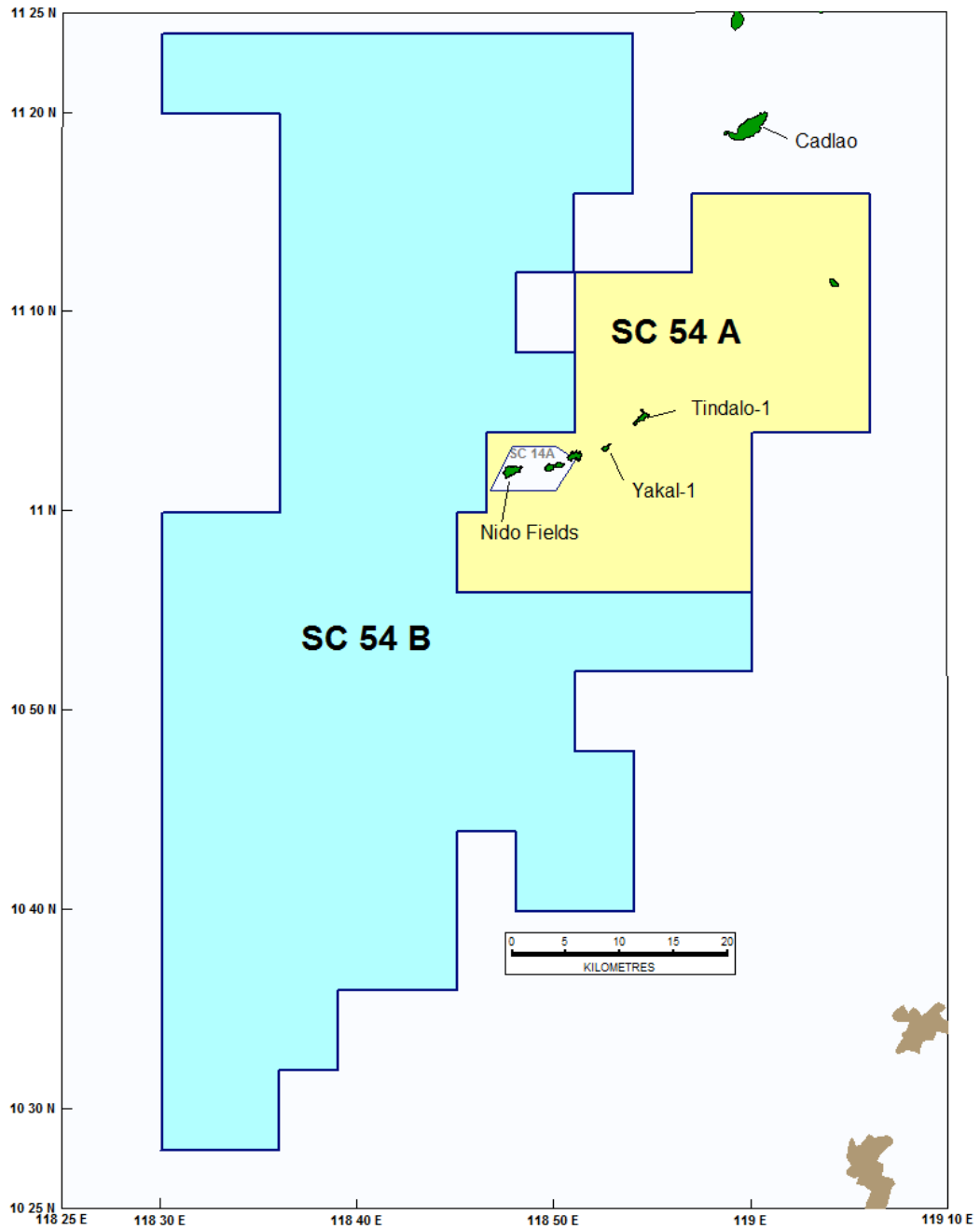
Ms. Joanne Williams,
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SC 54A Working Interests

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

SC 54A Location Map



About Nido Petroleum Limited

Nido Petroleum Limited is an oil and gas exploration and production company with over 2,945,000 hectares (29,450 sq km) of contiguous exploration and development assets in the North West Palawan Basin in the Philippines. Nido is a leading explorer in the North West Palawan basin and the company's exploration portfolio extends across balance of both shallow (<100m) and deepwater (>1,200m) sectors of the North West Palawan continental margin which provides it with a diverse range of potential exploration and development projects in the Philippines premier producing basin. Nido operates SC 54A (50% interest), SC 54B (60% interest) and SC 58 (*50% interest). Nido has a 50% non-operated interest in SC 63.

Nido's core producing asset is the Galoc oil field of which Nido has a 22.879% non-operated interest. Galoc lies within SC 14 in 300 metres of water, some 60 km offshore Palawan Island. First production commenced 9 October 2008 through a simple two-well sub-sea development concept tied back to a moored FPSO.

In 2008, Nido completed a successful two well exploration program in SC 54A which resulted a 100% strike rate yielding the Yakal-1 and Tindalo-1 oil discoveries. Nido is planning to augment Galoc production by fast-tracking the development of the Tindalo field with first production planned for 2Q 2010.

**Subject to: completion of the obligations under the Farm-out Agreement with PNOC; and DOE approval.*