



20 July 2010

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

SC 54A Tindalo Operations Update

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

For further information please contact:
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Managing Director
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Capital Structure

Shares	560.909 m
Unlisted Options	2.500 m
Total:	563.409 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

Assets

Philippines:

- SC 54A - KIK: 30.1%

Current Status:

- Tindalo oilfield currently producing under EWT

- SC 54B - KIK: 40%

Current Status:

- Gindara prospect drill ready;
- Seeking farminee.

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Corporate Profile

Kairiki Energy is an Australian Based junior international oil and gas exploration and production company focussed on the Philippines. Kairiki holds a 30.1% interest in Service Contract 54A and a 40% interest in Service Contract 54B.

SC 54A measures 862 km² and contains the Tindalo, Yakal, Nido 1X1 and Signal Head oil discoveries and a substantial portfolio of similar low-risk reefal prospects. In December 2009, Kairiki announced that the SC 54A Joint Venture had approved the development of the Tindalo field with first oil expected in 2Q 2010 and an expected 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 utilises a jack-up rig and a dynamically positioned storage vessel and is now in production. 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 unrisks 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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Tindalo Operations Update

Nido Petroleum Limited (Nido), as Operator of Service Contract 54A (SC 54A), is pleased to provide a status update on the continuing Extended Well Testing (EWT) at Tindalo.

The well testing results so far have confirmed:

- The pre-production oil-in-place estimates (most likely 11 million barrels), including confirmation of a 135m-140m oil column, are supported by testing and buildup pressure data;
- The production processing equipment is now functional after experiencing commissioning delays relating to treatment of the produced water;
- Tindalo-1 is able to consistently produce at 16,000-18,000 barrels of fluid per day with the use of the ESP;
- Over the last two weeks, whilst online, oil production has averaged 4,000-5,000 barrels oil per day.
- A workover program is planned to take place which is expected to increase the amount of oil produced and decrease or eliminate the watercut which is currently approximately 70-80% of total fluid production.

Other highlights are:

- More than 135,000 barrels of oil has now been produced and is stored aboard the FSO;
- The immediate forward plan is to maintain production ahead of the first crude oil sale scheduled for mid-August which is expected to be for approximately 200,000-250,000 barrels;
- A workover of Tindalo-1 is being planned as the next step in the EWT program with execution in mid to late-August. Hardware for this purpose has been purchased and is currently mobilising;
- The workover will be undertaken by the rig currently being used for the EWT, hence considerably reducing cost and risk.

Following analysis of the testing data acquired to date, it has been confirmed that the formation water production is being produced from either:

- A flow path to the aquifer behind the production casing and within the wellbore, or
- A high permeability, high angle fracture(s) with direct access to the aquifer associated particularly with this well location.

Neither scenario is uncommon in fractured, vuggy carbonate reservoirs and both can be mitigated with a workover.

The workover design for Tindalo-1 is to enter the well and diagnose the water source using wireline logging techniques prior to either re-cementing or re-perforating and is expected to take approximately 2 weeks. This proposed workover will utilise the jack up rig "Aquamarine Driller" already on site and with access to the well. This flexibility was a critical consideration of the overall concept selection and design of the Tindalo development thereby significantly reducing the operational risk, cost and schedule impact to the project of this workover.

The workover is anticipated prior to end-August and equipment is currently mobilising to site for this purpose. We expect that a successful workover will increase oil production by a significant reduction or elimination of the watercut whilst maintaining a sustainable high fluid production rate.

Marketing for the Tindalo crude oil is progressing, with the preliminary assay indicating a high value product in comparison to its peers and potential buyers within the region showing genuine interest.

Yours sincerely



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