



21st October 2010

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

SC54A Tindalo Sidetrack Operations Update

The Directors of Kairiki Energy Limited ("Kairiki") provide the following update on the current activities of the Tindalo project.

Tindalo Sidetrack - Diagnostics

The Operator of SC54A, Nido Petroleum Ltd has advised the Joint Venture of the following status of the Tindalo-1 sidetrack operations:

- Diagnostic tests commenced on Sunday 17th October. The tests involved coiled tubing conveyed specialised logging to determine the origin of water ingress;
- Whilst the diagnostic program is not yet complete, a number of logging passes have been completed with the well under both natural flow and static conditions;
- At this stage, however, the origin of the water has not been identified and diagnostic runs and interpretation of the data is ongoing; and
- A decision by the Joint Venture on a remediation programme, if appropriate, will be based on the final interpretation of the diagnostic data.

A further update will be provided to the market once the diagnostic results are finalised and a remediation programme is approved by the Joint Venture. Kairiki expects that this will occur in the next few days.

For further information please contact:

Mark Fenton
Managing Director
Phone: +61 8 9388 6711

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	Non Exec Chairman
Mark Fenton	Managing Director
Neville Basset	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.

Kairiki Energy Limited

Suite 3, Churchill Court
331 – 335 Hay Street
SUBIACO WA 6008
AUSTRALIA

Phone: +61 8 9388 6711

Fax: +61 8 9388 6744

Website: www.kairikienergy.com

ABN: 34 002 527 906



SC 54A Working Interests

Company	Working Interest
Nido Petroleum Philippines Pty Ltd (Nido, ASX: NDO) - Operator	42.4%
Yilgarn Petroleum Philippines Pty Ltd, (Kairiki, ASX: KIK)	30.1%
Trafigura Ventures III BV (Trafigura)	15.0%
TG World (BVI) Corporation (TG World)	12.5%

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. 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.