

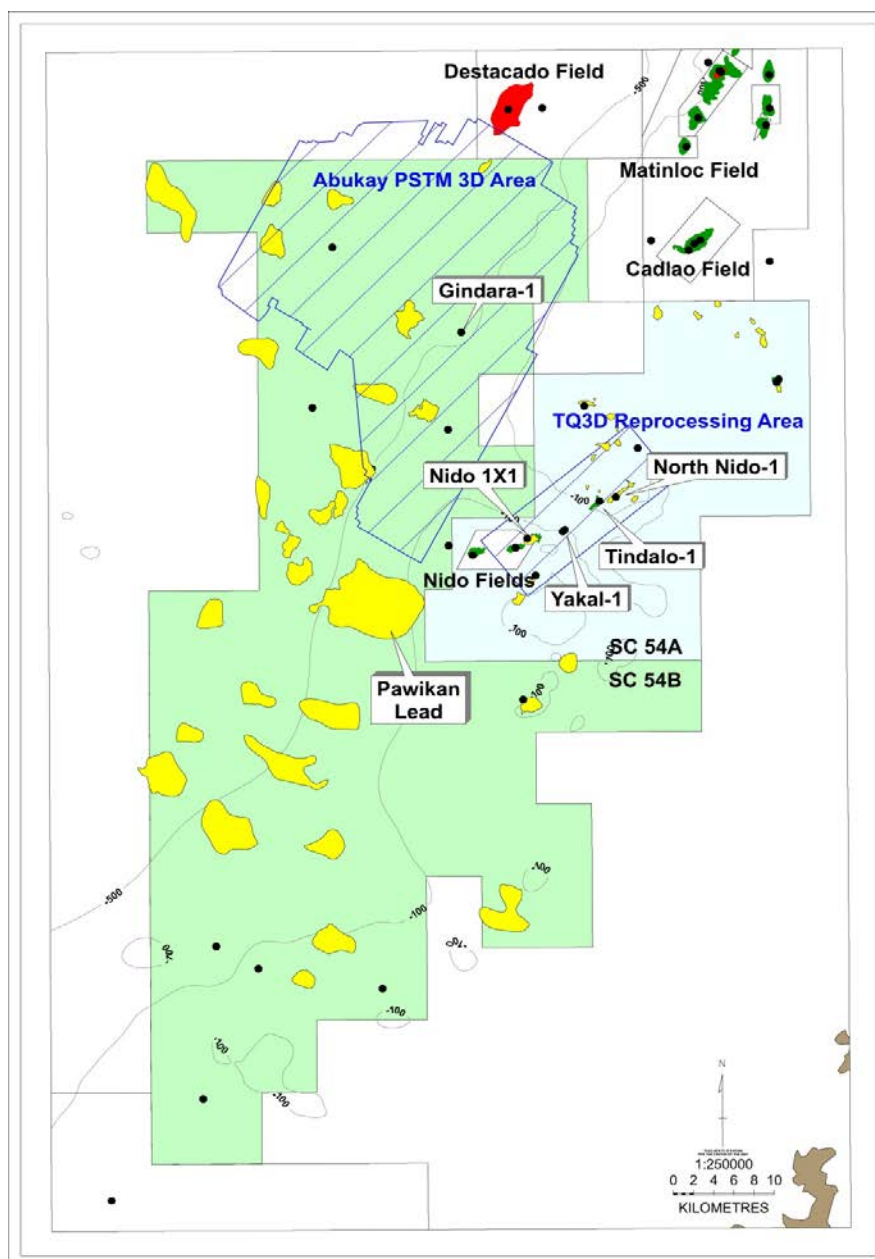
QUARTERLY ACTIVITY REPORT For the period ending 30 June 2014

The Directors wish to report the following activities for the quarter ended 30 June 2014:

Oil & Gas Activities

Philippines Offshore Oil and Gas Permit

- SC 54A - 30.1% Participating Interest
- SC 54B - 40% Participating Interest



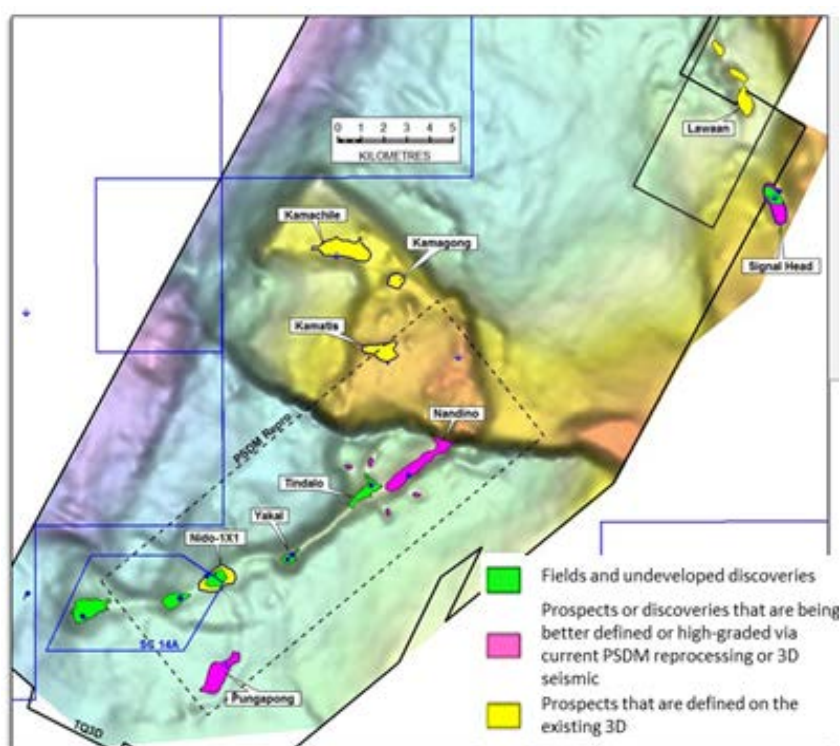
Location map – Blocks SC 54A & SC 54B

SC 54A

No work was carried out by the Joint Venture during the quarter.

The Joint Venture has approval from the Philippines Department of Energy for an extension of Sub-phase 6 until 4 August 2014. The well commitment associated with Sub-phase 6 has been met by the drilling of Gindara-1.

The next sub-phase commences on 5 August 2014 and carries a one well commitment. The Operator is currently exploring retention options with the Department of Energy on behalf of the SC 54A Joint Venture.



Location Map and Portfolio Inventory – SC 54A

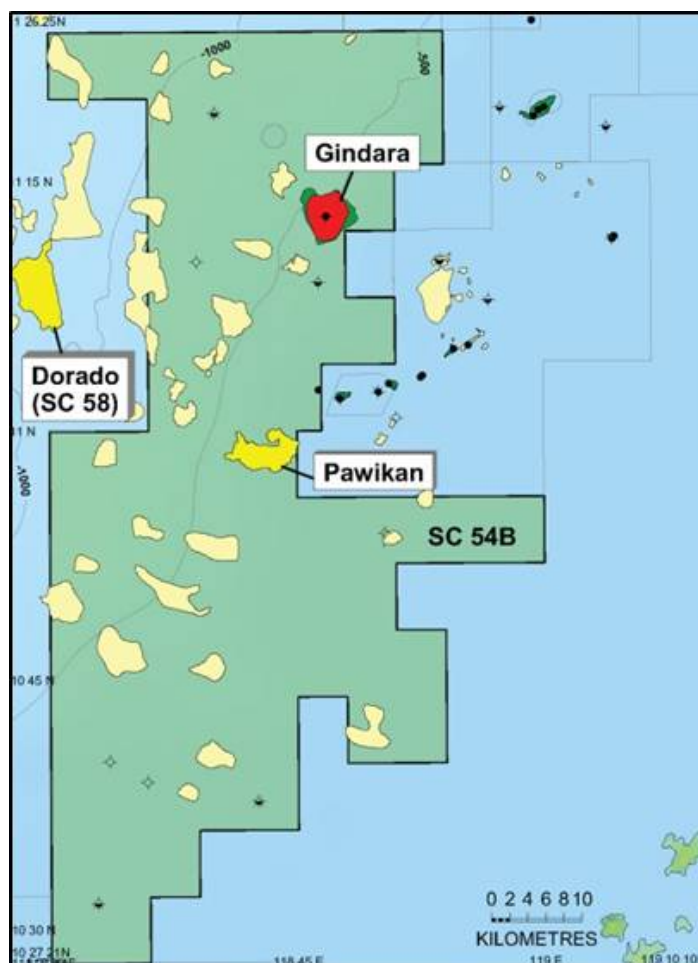
SC 54A Working Interests

Company	Working Interest
Nido Petroleum Philippines Pty Ltd (Nido) – Operator	42.4%
Yilgarn Petroleum Philippines Pty Ltd (Kairiki)	30.1%
Trafigura Ventures III BV (Trafigura)	15.0%
TG World (BVI) Corporation (TG World)	12.5%

SC 54B

No further technical work was carried out by the Joint Venture during the quarter.

There is no firm work commitment related to Block B of this Service Contract in either the current Sub-phase 6 or in Sub-phase 7 if the SC 54B Joint Venture elects to enter the next Sub-phase. The Operator is currently exploring retention options with the Department of Energy on behalf of the SC 54b Joint Venture



SC 54B Working Interests

Company	Working Interest
Nido Petroleum Philippines Pty Ltd (Nido) – Operator	60%
Yilgarn Petroleum Philippines Pty Ltd (Kairiki)	40%



Corporate Summary

New Ventures

During the quarter, the Company continued to review new project opportunities, however, none were considered appropriate for the Company.

Facility Agreement

The Company has a drawdown facility agreement with IMC Oil & Gas Investments Limited for an amount of \$488,000. At 30 June 2014, \$340,000 had been drawn down under the facility.

Yours faithfully

N J Bassett
Company Secretary
For more information on the Company visit www.kairikienergy.com