



8th June 2010

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

Tindalo Tests Oil At Over 18,500 bbls/d

Kairiki Energy Limited ("Kairiki") has been advised by Nido Petroleum Limited, the Operator of SC54A, that an extensive drill-stem testing programme (DST) has now been completed on the Tindalo-1 well with a maximum oil flow rate measured of 18,689 bbls/d, surpassing Kairiki's pre-test flow rate expectations. Tindalo production commenced on 6th June at an approximate flow rate of 15,000 bbls/d. The well will be produced at various flow rates in the short term to determine the optimum reservoir management strategy for the well.

Highlights

- Testing of Tindalo-1 commenced at 11:08 hours (Manila time) on 30 May 2010 with the perforation of approximately 44 metres of reservoir followed by stimulation with acid.
- A maximum oil flow rate of 18,689 barrels of oil per day was achieved with a 136/64th inch choke and a flow tubing head pressure of 59 psig during a multi-rate production test. This was achieved on natural flow without use of the down-hole pump that has been installed. The oil flow rate was limited only by the capacity of the tubing installed in the well.
- Preliminary analysis of oil quality indicates 27 degree API with no wax. Extensive sampling of the oil is being undertaken for reservoir fluid characterisation and crude marketing purposes.
- Only minor associated gas of approximately 13 scf/bbl.
- Further analysis of the test data will be performed to determine the long-term optimal production rate of the well. Some water has been produced to surface which may be fluid introduced to the reservoir during the drilling and completion process that is being produced back or alternatively formation water. Accordingly, the well will be produced at various flow rates during the early stages of production to determine the optimum reservoir management strategy.

Capital Structure

Shares	514.209 m
Unlisted Options	2.500 m
Total:	516.709 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;

- SC 54B - KIK: 40%

Current Status:

- Gindara prospect drill ready;
- Seeking farminee.

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- The SC54A Joint Venture partners have now exercised their 10 month option on the jack-up drill rig 'Aquamarine Driller' to produce the oil from the Tindalo field.
- Oil commenced production on June 6th at a rate of approximately 15,000 bbls/d and is currently being produced at varying rates. The oil is accumulating in the tanks of the FSO 'Tove Knutsen'.

Kairiki's Managing Director, Dr. Mark Fenton, said "This is an excellent result. The maximum flow rate of over 18,500 bbls/d of oil is better than expected. Bringing Tindalo into production is a seminal day for Kairiki as it marks the point of Kairiki's transition to an Exploration and Production company. Our thanks go out to the Operator, Nido Petroleum, for their efforts in developing this field, as well as our SC54A Joint Venture partners for their support.

Tindalo's full-field recoverable volumes have previously been estimated by the Operator to be in the range of 1.5 – 9.1 million bbls with a mid-case of approximately 5.1 million bbls. The cash-flow derived from Tindalo will enable Kairiki to re-invest in an aggressive shallow water development programme in SC54A where there are a number of discoveries similar to Tindalo and other low-risk exploration prospects. The cash flow from Tindalo will also accelerate our plans to drill the large Gindara exploration prospect in SC54B as soon as possible."

Please refer to the attached ASX release of Nido Petroleum Limited for further details.

For further information please contact:

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Managing Director
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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 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.

8 June 2010

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

Tindalo Flows over 18,500 bopd Surpassing Expectations

Nido Petroleum Limited (Nido), as Operator of Service Contract 54A (SC 54A), is pleased to advise that the drill-stem testing (DST) of the Tindalo-1 well surpassed pre-test expectations by reaching maximum flow rates of 18,689 barrels of oil per day (bopd) on natural flow. The down hole pump installed in the well to provide artificial lift was not required as pre-test flow rate estimates were exceeded even whilst on natural flow.

Highlights so far include:

- ✓ First oil was produced to surface at 11:08 hours (Manila time) on 30 May 2010
- ✓ Some 44 metres of the Nido limestone reservoir was perforated and stimulated
- ✓ Maximum oil flow rate of 18,689 bopd was attained of 27°API oil
- ✓ Maximum oil rate was achieved on natural flow and was hardware limited
- ✓ The Extended Well Test (EWT) commenced on 6 June 2010
- ✓ To midnight 6 June, there were 26,235 barrels crude oil in inventory
- ✓ 10 month option on the Aquamarine Driller has been exercised
- ✓ The Project has maintained excellent health and safety standards

Mr. Jocot de Dios, Nido's President and CEO, said, "This is a momentous day for Nido. Tindalo transforms us into a fully fledged oil production operator and we have more than earned our stripes as a development operator with first oil coming on schedule, within budget expectations and with no accidents or injuries".

"Tindalo has immediately been put onto extended well testing and the cashflow generated will be harnessed to pursue other shallow water discoveries in SC 54A and fund Nido's 5 well exploration drilling programme in the Palawan over the next 18 to 24 months. Tindalo is only one of several discoveries in Nido's shallow water acreage which have the potential to become significant cash generators. Moreover, with the results generated from Tindalo, the prospect of a success at the Gindara prospect which lies just outboard of this trend makes us even keener to commence the exploration drilling campaign which was announced during Nido's Annual General Meeting on 21 May 2010."

"Tindalo is only the second Filipino oil field to start production since the early 1990's – the other being Galoc. It is further evidence of the increasing operational tempo of the upstream oil and gas sector in the Philippines, particularly in the NW Palawan."

Mr. De Dios added, "Of course, none of this would have been possible without the support and strong encouragement of the Philippine Department of Energy and the various provincial and local governments of Palawan. On a more personal note, it is very gratifying to be involved with a project and a company which is having such a positive impact on my country."

Well Testing Programme and Results

The Tindalo-1 DST programme commenced on 1 June 2010.

The well was perforated over a 44 metre interval from 1606-1650 mTVDss in the Nido limestone reservoir section and a standard DST programme was followed. The perforated reservoir section was acidized to open up flow paths near the well bore and stimulate productivity. This is an industry standard practice in limestone carbonate reservoirs that has been used successfully on the majority of analogue wells in the NW Palawan Basin. Following the acidisation programme, it was determined that the well was sufficiently productive for the well to be flowed naturally without artificial lift.

Following an initial cleanup flow and shut-in period, a multi-rate flow test was conducted followed by a further main build-up period. During the DST, the well was flowed for a total of some 27 hours and a maximum oil flow rate of 18,689 barrels of oil per day was achieved, with a choke setting of 136/64th and a flowing tubing head pressure of 59 psig. Importantly, the high oil flow rates were achieved by the unassisted, natural energy of the reservoir and did not require use of the installed ESP to provide artificial lift. Furthermore, downhole pressure monitoring did not show any reservoir pressure decline during the DST. The DST was completed on 5 June 2010.

The oil produced during the testing of Tindalo-1 was processed atop the drill rig and stored for later sale aboard the 'Tove Knutsen' rather than being flared or burned as is usual practice. This has economic as well as environmental benefits that are particularly noteworthy given the environmental sensitivity of the Palawan region. Several fluid and crude oil assay samples were taken from the well and these will be analysed over the coming weeks. Initial reservoir fluid testing on site suggest the crude oil has a gravity of 27°API, contains no wax, has only minor associated gas at approximately 13 scf/barrel and a moderate 1200ppm H₂S concentration.

Nido's Deputy Managing Director, Joanne Williams, said, "The results from the stimulation and DST programme have exceeded my expectations. It has been particularly welcome to see that the reservoir deliverability exceeds the capacity of the hardware on natural flow even without artificial lift from the use of the ESP."

"The EWT on Tindalo commenced 6 June at an approximate 15,000barrels per day. Some water has been produced to surface which may be a natural phenomenon of the reservoir or may have been introduced during the drilling and completion process. The well will be tested at various flow rates during the EWT to determine the optimum reservoir and watercut management strategy."

Project Execution

Ms. Williams said further, "We have taken Tindalo from a discovery in October 2008 to a producing field in just over 19 months. In fact, the SC 54A Joint Venture made the Final Investment Decision for the development on 11 December 2009 and delivered first oil on schedule less than 6 months later in May 2010 and within budgeted expectations. This is a

stunning achievement from the team which validates the rapid development approach taken. Most importantly, we have continued our excellent health, safety and environmental record without any incidents or injuries occurring during the project.”

“This achievement stands out from the industry norm, and this extraordinary result would not have been possible without the tireless efforts of our dedicated Project Manager, Mr Dave Thomson, the Tindalo project team, Nido staff and our project contractors along with the unwavering support of the SC 54A Joint Venture Partners - Kairiki Energy, Trafigura and TG World. I wish to thank all those involved for their contribution at this special moment.”

Following the successful results of the initial test, the SC 54A Joint Venture has approved the 2010 Production Operations Work Programme and Budget which contemplates the Extended Well Test and beyond and has also exercised its 10 month option on the jack-up drill rig ‘Aquamarine Driller’.

In addition to continued operations at Tindalo, work will now be accelerated on the SC 54A area development planning. The Tindalo testing results will first be used to update subsurface models for a number of prospects and leads within the block, then to rank and prioritise subsequent targets for drilling and/or completion. In addition to a further 3 discoveries, Nido has identified over 20 prospects in shallow water with the estimated potential for over 200 million barrels of oil in place.

Nido will provide further updates on the progress of the EWT upon the achievement of major production milestones, with the next milestone expected to be the first cargo offtake.

Yours sincerely



Jocot de Dios
President & CEO

For more information please contact:

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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%