

1 June 2012

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



## Kairiki Signs Agreement with Viking Energy to Develop Three Oil Fields in the Philippines

### Highlights

- ◆ **Key commercial terms agreed under Memorandum of Agreement with Viking Energy.**
- ◆ **Viking to earn 60% equity interest in SC 54 and assume operatorship.**
- ◆ **Viking to finance all expenditure to bring Yakal, Tindalo and Nido 1X1 undeveloped oil fields into production.**
- ◆ **Production commencement target Q2 2013.**
- ◆ **Definitive Farm-in Agreement to be negotiated in the coming weeks.**

### MEMORANDUM OF AGREEMENT

Yilgarn Petroleum Philippines Pty Ltd (Kairiki Energy ASX: KIK), in conjunction with the SC 54A Joint Venture partners, Nido Petroleum Philippines Pty Ltd, Trafigura Ventures III B.V. and TG World B.V.I Corporation (**the 'Participants'**), is pleased to announce the signing of a Memorandum of Agreement ('MoA') with Viking Energy (**'Viking'**) to develop three oil fields in SC 54A. The MoA is subject to negotiation and execution of a formal agreement between the parties.

The MoA outlines key commercial terms upon which a Farm-in Agreement will be subsequently negotiated in the next few weeks. Broadly, these terms are as follows:

- The Participants will collectively assign a 60% equity in SC 54A in return for Viking Energy assuming Operatorship and carrying the Participants in three oil field developments up until first oil;

### Capital Structure

Shares	2,688.363 m
Listed Options	2,045.923 m
Unlisted Options	49.000 m
Total:	<b>4,783.286 m</b>

### Board of Directors

Peter Cockcroft	Non-Executive Chairman
Mark Fenton	Managing Director
Duncan Maclean	No- Executive Director

### Assets

Philippines:

- SC 54A - KIK: 30.1%

*Current Status:*

- Farmout negotiations in progress
- Processing of Lawaan 2D seismic.

- SC 54B - KIK: 40%

*Current Status:*

- Processing of Pawikan 2D seismic.

### Kairiki Energy Limited

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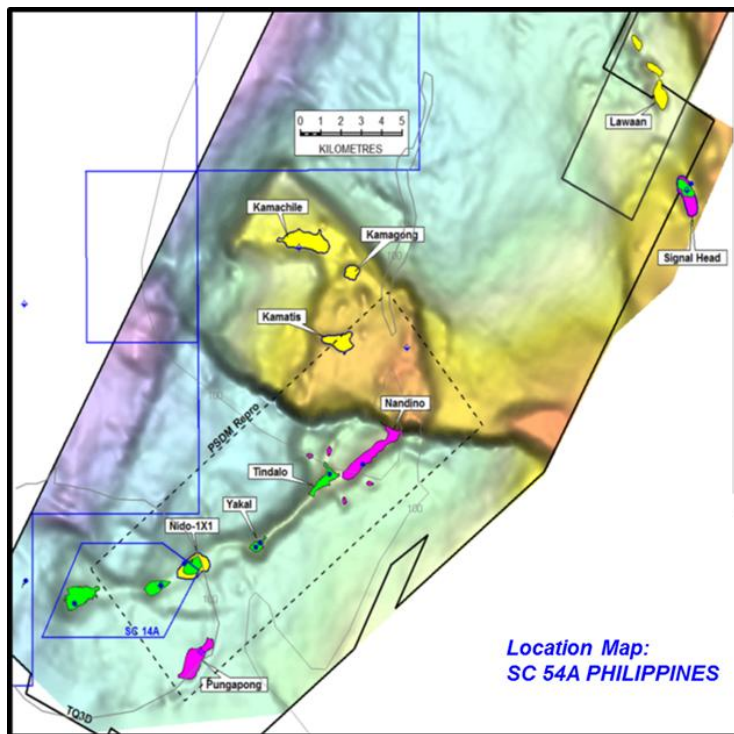
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- Viking will finance all required expenditure associated with bringing the Yakal, Tindalo, and Nido 1X1 undeveloped oil fields into production. This will include the drilling of one well in each field;
- The final investment amount will be agreed between Viking and the Participants on selection of the most appropriate technical and commercial solution; and
- Viking will receive a preferential proportion of the net cash flow generated from SC 54A until such time as it has recovered in full its capital expenditure in the project.



- Fields/undeveloped discoveries
- Prospects and discoveries that are being better defined by 3D reprocessing
- Prospects that are defined on the existing 3D



## DEVELOPMENT STRATEGY

Viking envisages bringing the Yakal and Tindalo discoveries into production in the first instance followed by Nido 1X1 at a later stage.

Viking plans to utilise cost-effective offshore production and storage facilities consisting of a mobile offshore production unit (“MOPU”) and a FSO/Storage Tanker moored to a CALM Buoy to commercialise the three oil fields. The Participants and Viking will work in collaboration with Offshore Production Solutions (“OPS”) and Thome Oil & Gas (“TOG”) on the project, whereby OPS will provide offshore production facilities under bareboat charter arrangements on competitive market terms to be agreed; and TOG will provide operation and maintenance services for the offshore production facilities under an operation and maintenance agreement on competitive market terms to be agreed.

It is anticipated that the first field will be brought into production by Q2 2013, subject to relevant approvals from third parties, and the Department of Energy of the Republic of the Philippines; and the availability of rig and production facilities.

## PARTICIPATING INTERESTS

Participating Interests in SC 54A relating to this MoA are as follows:

Company	Present %	Post Farm-in %
Nido Petroleum Philippines Pty Ltd (Nido, ASX: NDO)	42.40 (Operator)	16.96
Yilgarn Petroleum Philippines Pty Ltd (Kairiki, ASX: KIK)	30.1	12.04
TG World BVI Corp. (TG World)	12.50	5.00
Trafigura Ventures III B.V. (Trafigura)	15.00	6.00
Viking Energy Holdings 2 (Viking Energy)	0.00	60.00 (Operator)
Total	100.00	100.00

## CONCLUSION

Managing Director, Dr. Mark Fenton said, “The signing of this MoA is an important step in Kairiki’s plan to realise cash flow in the short term from its assets in SC 54A. I look forward to working in concert with Viking and the rest of the Joint Venture to realise this outstanding opportunity to achieve a fast-track development.”

### For further information please contact:

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#### **Information on Viking Energy:**

Viking Energy Group, a private E&P Company focusing on the development and monetization of offshore oil and gas fields in Africa and Asia using cost-effective offshore production and storage facilities developed and operated in collaboration with the Thome Group. The Viking Energy Group currently has operated interests in two oil fields that will be brought into production at 24,000 bbl/d during 2013. Viking Energy Group is seeking to expand its portfolio of assets with the objective to reach a net production of 50,000 bbl/d in the next 3-5 years.