

# Kairiki Energy Limited

## Company Update

15 February 2011

Kairiki Energy Limited is an Australian listed oil & gas company focussed on the Philippines.

# Disclaimer

- ▶ This presentation contains forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be effected by a variety of variables which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, commercialisation, development progress, operating results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial markets conditions in various countries, approvals and cost estimates.
- ▶ All references to dollars, cents or \$ in this document are to Australian currency, unless otherwise stated.
- ▶ Kairiki Energy is an oil and gas exploration company. Accordingly, there is no certainty that its exploration prospects will be economically successful. Oil in place (OIIP) and contingent resources are not reserves and have not demonstrated economic viability.
- ▶ Resources Estimates: All potential hydrocarbon resource estimates in this presentation have been compiled by Dr M Fenton, the Executive Director of Kairiki. Dr Fenton is qualified with a PhD in Geology from University of Melbourne and more than 25 years relevant experience. Quoted resource estimates are provided by Nido Petroleum Limited, Operator of SC 54A & SC 54B Permits.

# Kairiki Energy Summary

## Company Profile

Kairiki Energy is a Philippines focussed oil & gas company with interests in the Palawan Basin, Philippines. Kairiki is listed on the Australian Securities Exchange.

## Assets

SC 54A – 30.1%

SC 54B – 22.0%

## Capital Structure

Shares Outstanding: 889,891,998

Current Rights Issue:

– Shares at 3 cents 296,630,666

– Options at 4 cents 305,192,222

## Major Shareholders (as of xx)

1. Yandal Investments Pty Ltd
2. HSBC Custody Nominees (Australia) Limited – A/C 3
3. HSBC Custody Nominees (Australia) Limited
4. NEFCO Nominees Pty Ltd
5. Mr ChatChai Yenbamroong

# Board of Directors



Paul Fry, Chairman

- ▶ Former oil and gas industry partner with **Ernst & Young** and **PwC** with >20 yrs experience, advising oil & gas companies in North America & Australia in financial, commercial and regulatory matters.



Mark Fenton, Managing Director

- ▶ Extensive experience in the oil and gas industry both offshore and onshore oil field developments particularly in SE Asia and the Middle East. Mark has over 24 years in operating oil and gas companies, including several years in executive management roles.



Neville Bassett, Director/Company Secretary.

- ▶ Mr Bassett specialises in the area of corporate consulting, financial management and advisory services, consulting to a number of publicly listed and private companies in a diverse range of industry sectors. He has experience in company listings, capital raisings and mergers and acquisitions. Through his exposure to Australian financial markets, he has a wealth of understanding of matters pertaining to the Corporations Act, ASX listing requirements, corporate taxation and finance.

# Proposed Capital Structure on Completion of Current Rights Issue

Description	Shares	Options
Existing	889,891,998	500,000
Rights Issue 1:3*	296,630,666	148,315,333
Underwriter Options		156,876,889
Total	1,186,522,664	305,692,222**

\* Rights Issue – raise up to \$8.9 million via the following:

- ▶ Rights Issue of 1 for 3 existing shares at 3 cents with a 1 for 2 piggy back” option;
- ▶ Piggy Back Option which is exercisable at 4 cents and expires on 31 August 2011 is exercisable into one share and a secondary option which is exercisable at 5 cents and expires on 31 August 2013;
- ▶ Rights Issue Closes 11 March 2011.

\*\* Convertible Note of US\$9.53 due in September/October 2011 with associated options of 70m exercisable at a minimum price of 16 cents.

# Rights Issue – Use of Funds

Use of Funds	Full Subscription (US\$ mln)
Tindalo Project – Demobilisation and Decommissioning Costs	\$0.5
Gindara Project (SC 54B)	\$2.8
Convertible Note (Debt Repayment)	\$2.0
Working Capital	\$2.9
Expenses of the Offer	\$0.7
<b>Total</b>	<b>\$8.9</b>

# Philippines NW Palawan Basin – SC 54

## Philippines

- ▶ Amongst best fiscal terms in SE Asia;
- ▶ Up to 100% contractor take during EWT production;
- ▶ Significant industry & investor interest in Philippines.

## NW Palawan Basin

- ▶ At forefront of SE Asia renaissance;
- ▶ Presence of Majors, NOCs, midcaps & juniors; Shell, Chevron, CNOOC.
- ▶ Most prolific basin of 13 in Philippines;
- ▶ Exceptionally high historical finding rates.

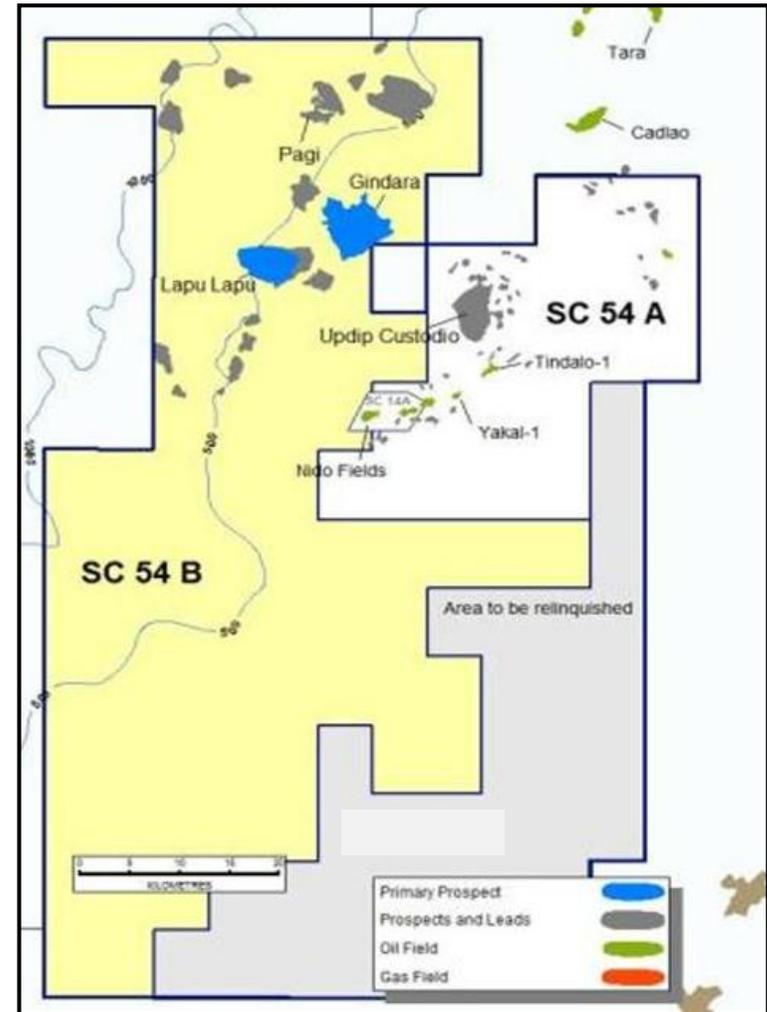
## SC 54A & SC 54B– KIK 30.1 & 22%)

- ▶ SC 54B – April to May 2011 drill Gindara Prospect (company-maker potential).
- ▶ SC 54A: Portfolio of shallow water undeveloped discoveries.



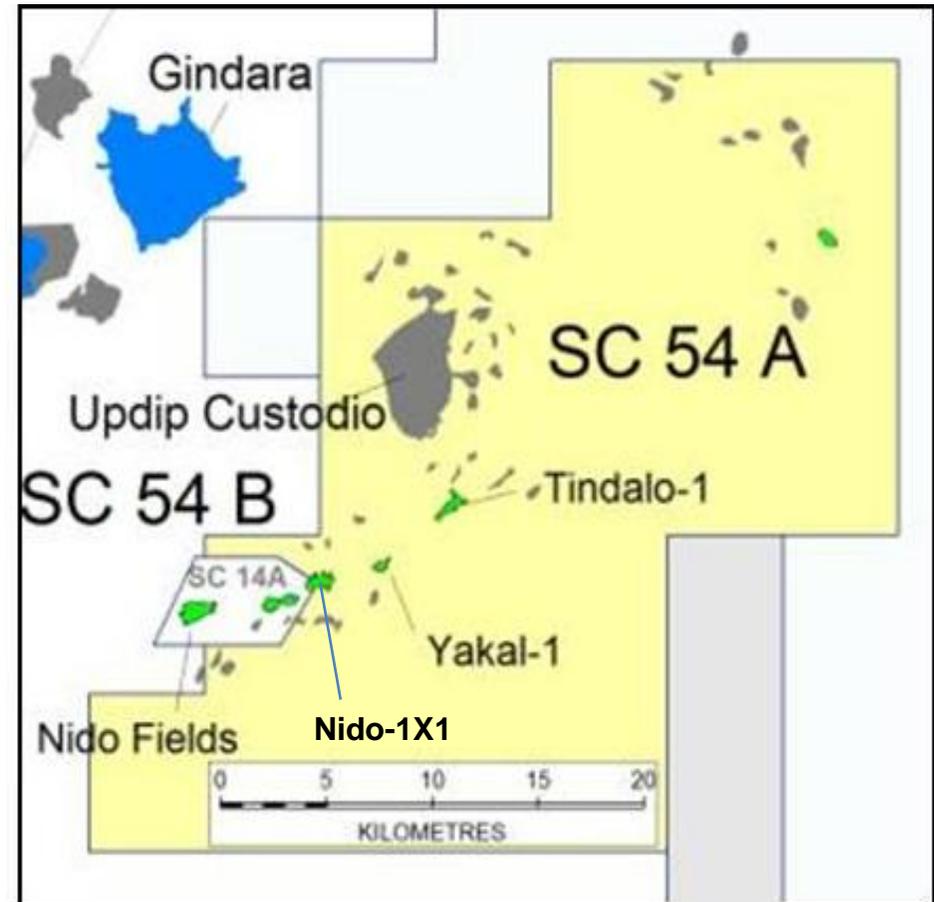
# Asset Overview – Philippines SC 54B (KIK 22%)

- ▶ Gindara: 1 billion bbls in-place (Operator estimate), drill-ready low risk exploration opportunity with follow-up opportunities in event of success;
- ▶ Operator (Nido Petroleum) assessment of probability of containing HC's ~ 40%;
- ▶ Preparations currently underway to drill Gindara exploration well in April to May 2011.



# Asset Overview – Philippines SC 54A (KIK 30.1%)

- ▶ Tindalo development result disappointing;
- ▶ Substantial portfolio of independent oil discoveries and exploration prospects remain in SC 54A with Operator estimate as follows;
  - ▶ ~ 40 million bbls OIIP <sup>(1)</sup> in undeveloped discoveries
    - Yakal-1
    - Nido-1x1
    - Signal Head-2
  - ▶ Numerous low risk exploration targets with up to 200 million barrels OIIP <sup>(1)</sup>.



\* Gross un-risked most likely oil in place volumes

# Kairiki Energy

Exploration Upside  
Philippines – SC 54B



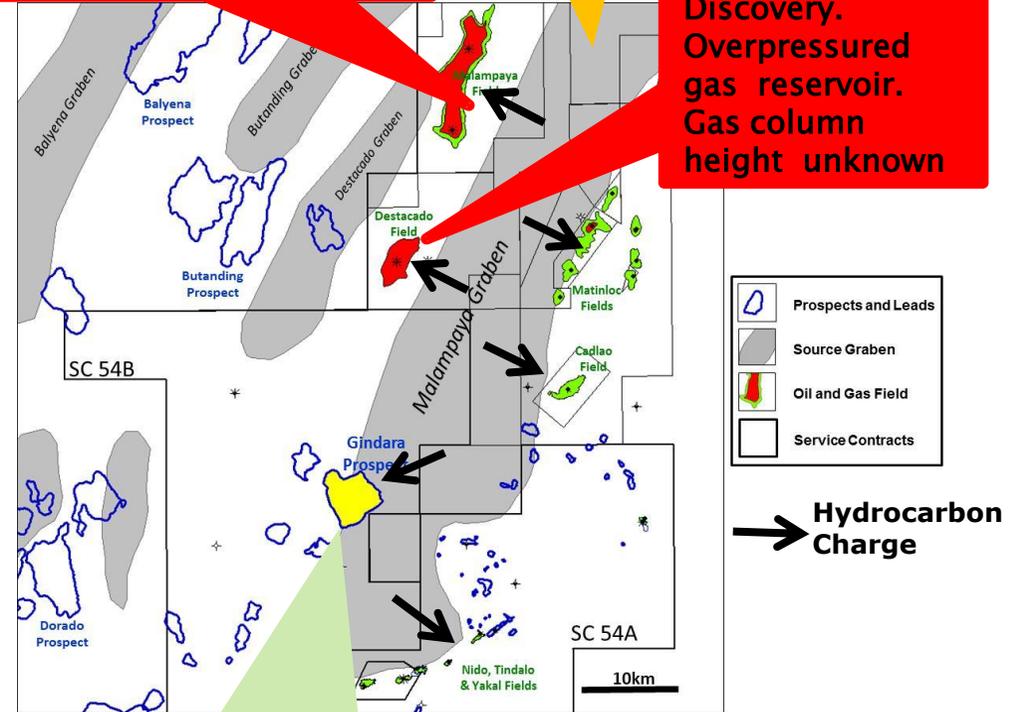
# SC 54B – Shell Farm–In

- ▶ Shell Philippines Exploration BV has acquired a 45% interest in SC 54B;
- ▶ SC 54B Joint Venture:
  - Shell: 45%
  - Nido: 33% (Operator for Gindara–1)
  - Kairiki: 22%
- ▶ Shell to contribute 75% of Gindara–1 exploration well cost up to maximum of US24million;
- ▶ If oil discovery – possible standalone development;
- ▶ If gas discovery, commercial advantage of partnering with Shell – evacuation via Malampaya export facility.

Shell Operated Malampaya giant gas/condensate/oil field (prod ~ 25kboe/d – Shell source)

Malampaya Graben: 200km proven hydrocarbon charge system

Destacado Gas Discovery. Overpressured gas reservoir. Gas column height unknown

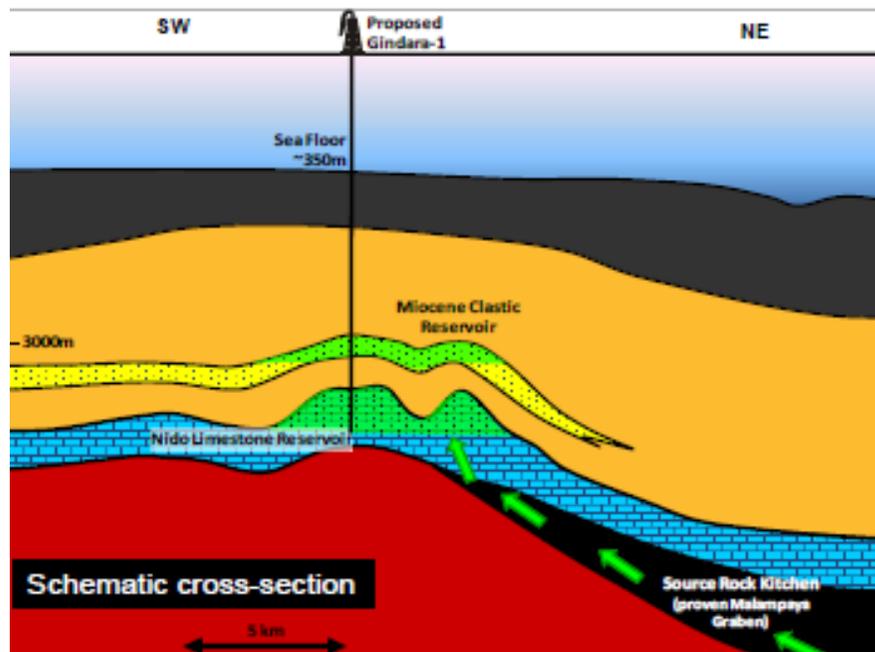


**Gindara Prospect**

- ▶ Ideally located to receive hydrocarbons;
- ▶ Malampaya Graben less deep and potentially more oil prone at southern end;
- ▶ ~50km south and along trend from Malampaya .

# Exploration Upside Exposure Strategy – Gindara

Target	OIIIP MMbbls (gross , unrisked)		
	Min	Mean	Max
Nido	292	634	1,021
Miocene	116	230	367
Mesozoic	40	136	267
<b>TOTAL</b>	<b>448</b>	<b>1,000</b>	<b>1,655</b>



## Gindara Prospect Headline Stats (Operator – Nido Petroleum Estimates)

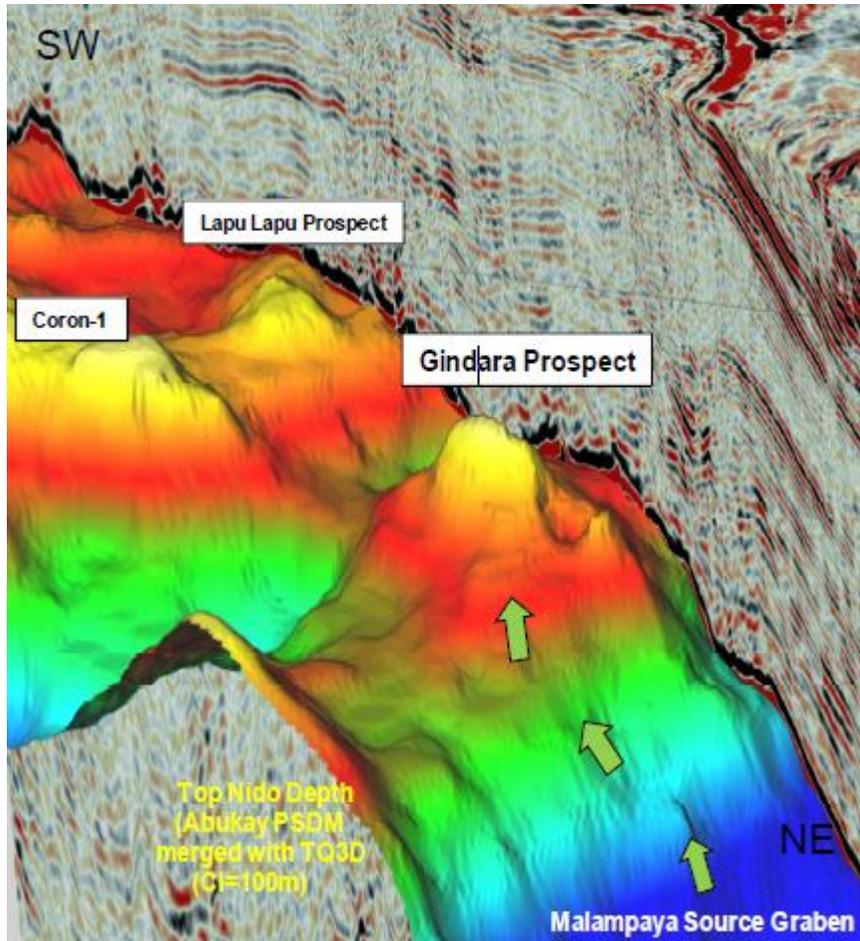
- ▶ 28 km<sup>2</sup> in area –defined by 3D PSDM;
- ▶ Closure 320m;
- ▶ Excellent location;
- ▶ Probability of containing HC’s ~ 40%;
- ▶ Mean in-place oil volume in all reservoir targets 1 bln bbls (unrisked).

## Gindara Drilling

- ▶ Drill-ready. Preparations underway to drill April to May 2011 using the “Atwood Falcon” semi-submersible rig.



# SC 54B Prospectivity



## SC 54B Portfolio Volumes (Mean OIIP)\*

Miocene Carbonates	951	MMBOE
Miocene Clastics	703	MMBOE
Pre-Nido Clastics	749	MMBOE
<b>Total SC 54B</b>	<b>2,403</b>	<b>MMBOE</b>

## SC 54B Top Drilling Candidates (Mean OIIP) \*

Gindara	1,000	MMBOE
Lapu Lapu	255	MMBOE
Princesa Deep	597	MMBOE
<b>Total</b>	<b>1,852</b>	<b>MMBOE</b>

\* Gross un-risked combined total of all reservoir objectives

*Excellent shareholder exposure to large exploration upside in immediate short-term*

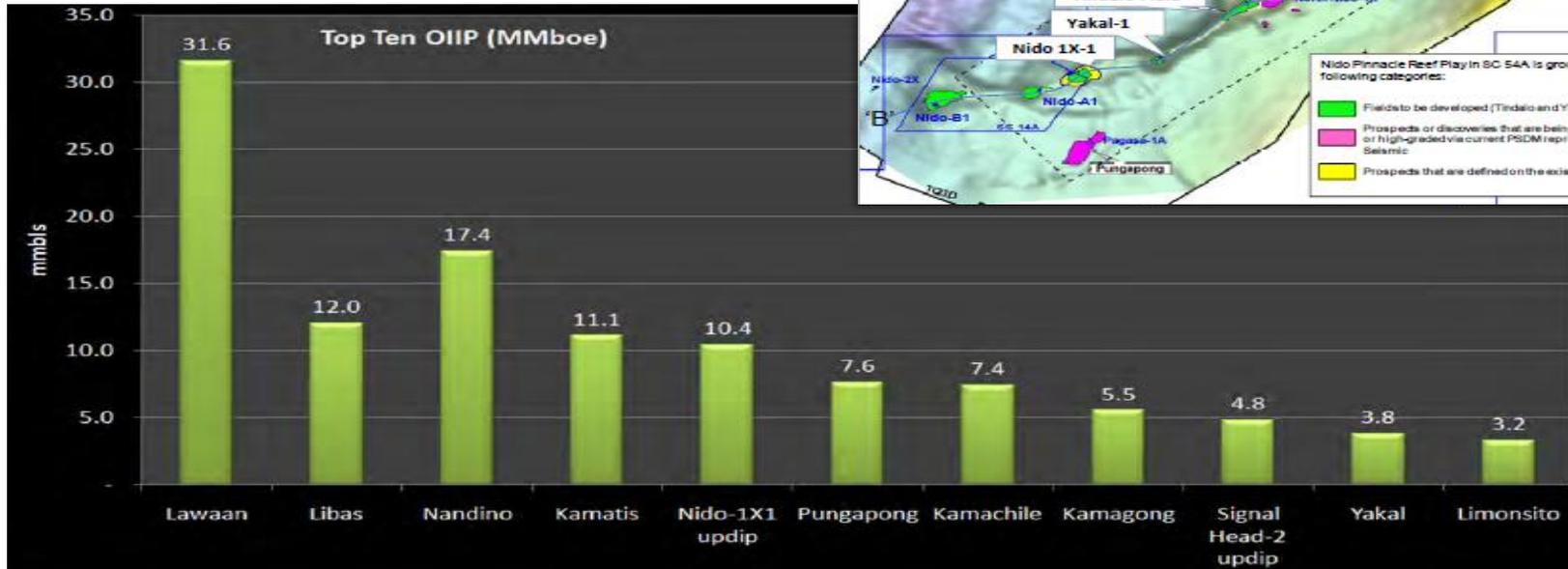
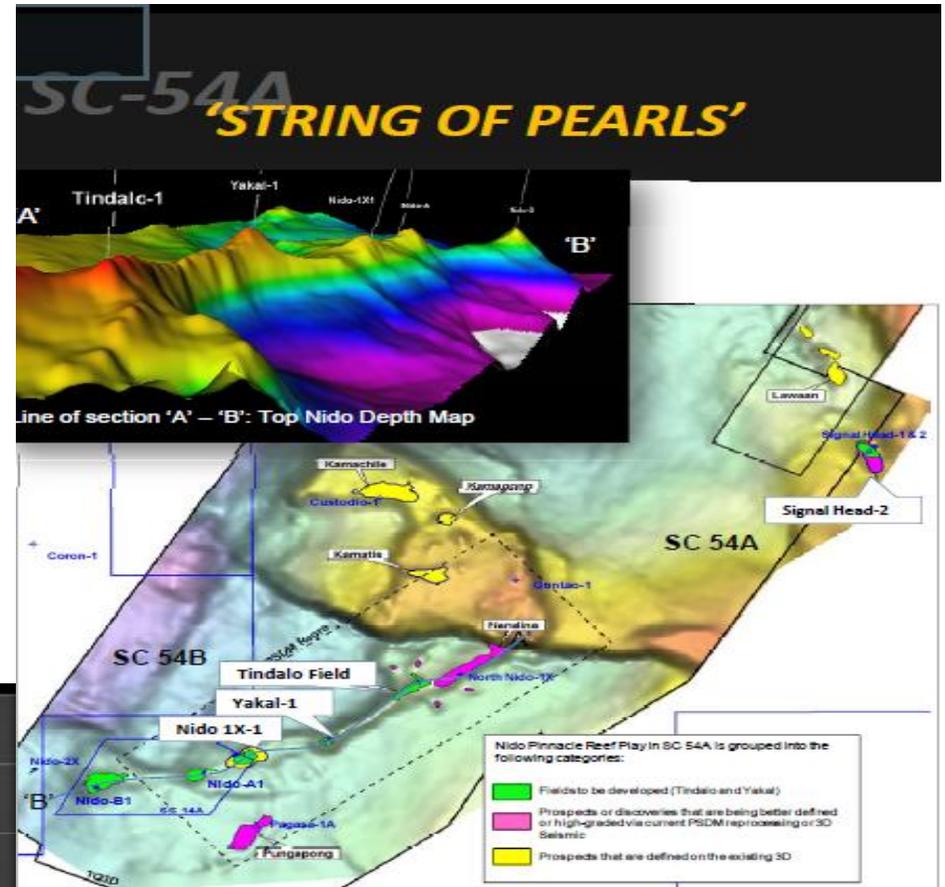
SC 54A (KIK 30.1%)



# SC 54A Portfolio of follow-up opportunities

Current prospects and leads portfolio top 10:

- ▶ Total OIIP resources of 115mmbbls in top 10 prospects/discoveries (gross unrisked);
- ▶ 3 existing discoveries;
- ▶ Strong portfolio depth;
- ▶ Opportunity to recommence inboard development campaign once results of Tindalo fully reviewed and understood.



# SC 54A Forward Strategy

- ▶ Tindalo project disappointing;
- ▶ Nearby developments have been successful hence technical review of results required before the next investment is made;
- ▶ Opportunity to develop existing discoveries such as Nido 1X1 and Yakal in short to medium term to fund exploration portfolio (e.g. Lawaan);
- ▶ Substantial portfolio of discoveries and prospects to drill and consider developing.

# Summary

## ▶ SC 54B Exploration Upside Exposure

- Gindara – very large mature prospect and ready to drill;
- Shell farm-in announced (KIK 22%);
- Targeting drilling April – May 2011;
- Shareholder exposure to large upside opportunity “company maker” in short term.

## ▶ SC 54A Follow-up

- Substantial portfolio of discoveries and prospects to drill and consider developing.





Thank You

# Contacts

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