

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

**Kairiki Energy Limited**

ABN

34 002 527 906

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |   |
|---|--|---|
| 1 | +Class of +securities issued or to be issued   | Ordinary fully paid shares<br>Options (31/8/2011; 4 cents)  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | Up to 296,630,666 ordinary fully paid shares<br>Up to 305,192,222 options (31/8/2011; 4 cents)  |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Shares - Equal with existing ordinary fully paid shares<br><br>Options - Exercisable at 4 cents each between 1 August 2011 and 31 August 2011. Each option entitles the holder upon exercise to one ordinary fully paid share and one further option exercisable at 5 cents each on or before 31 August 2013. |

+ See chapter 19 for defined terms.

## Appendix 3B

### New issue announcement

<p>4 Do the <sup>+</sup>securities rank equally in all respects from the date of allotment with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Ordinary shares: Yes – equal with existing ordinary fully paid shares</p> <p>Options: No – rank equally from date of conversion to ordinary fully paid shares</p>						
<p>5 Issue price or consideration</p>	<p>Ordinary shares - \$0.04 per share</p> <p>Options</p> <ul style="list-style-type: none"> <li>- 148,315,333 free attaching to issue of ordinary shares under Rights Issue</li> <li>- 98,876,889 to the underwriter as part consideration for underwriting the Rights Issue (subject to shareholder approval)</li> <li>- 58,000,000 free attaching options to the allottees of the placement of shares on 31 January 2011 (subject to shareholder approval)</li> </ul>						
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Proceeds from the rights issue will be applied towards the ongoing participation of the Company's interest in the Philippines Offshore Exploration Service Contract SC54A and SC54B, part repayment of a convertible note, costs of the Offer and for additional working capital.</p> <p>Options as described in 5 above.</p>						
<p>7 Dates of entering <sup>+</sup>securities into uncertificated holdings or despatch of certificates</p>	<p>Anticipated – 21 March 2011</p>						
<p>8 Number and <sup>+</sup>class of all <sup>+</sup>securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table> <tr> <th data-bbox="686 1697 933 1736">Number</th><th data-bbox="933 1697 1291 1736"><sup>+</sup>Class</th></tr> <tr> <td data-bbox="686 1736 933 1780">1,186,522,664</td><td data-bbox="933 1736 1291 1780">Ordinary fully paid shares</td></tr> <tr> <td data-bbox="686 1780 933 1951">305,192,222</td><td data-bbox="933 1780 1291 1951">Options (31/8/2011; 4 cents)</td></tr> </table>	Number	<sup>+</sup> Class	1,186,522,664	Ordinary fully paid shares	305,192,222	Options (31/8/2011; 4 cents)
Number	<sup>+</sup> Class						
1,186,522,664	Ordinary fully paid shares						
305,192,222	Options (31/8/2011; 4 cents)						

<sup>+</sup> See chapter 19 for defined terms.

	Number	+Class
9	500,000	Options (31 May 2011; 30 cents)
	10,000,000	Convertible Notes
Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)		
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	
	There is currently no dividend policy in place for the company.	

## Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Renounceable
13	Ratio in which the +securities will be offered	One (1) new share for every three (3) shares held
14	+Class of +securities to which the offer relates	Ordinary fully paid shares
15	+Record date to determine entitlements	15 February 2011
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
17	Policy for deciding entitlements in relation to fractions	Fractional entitlements will be rounded down to the nearest whole number
18	Names of countries in which the entity has +security holders who will not be sent new issue documents  <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A
19	Closing date for receipt of acceptances or renunciations	11 March 2011

+ See chapter 19 for defined terms.

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**New issue announcement**

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20	Names of any underwriters	Patersons Securities Limited
21	Amount of any underwriting fee or commission	An underwriting fee 6% of the dollar amount underwritten pursuant to the Offer, a lead manager fee of \$60,000 plus 98,876,889 options on the same terms as options issued under the rights issue.
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of <sup>+</sup> security holders	Nil
25	If the issue is contingent on <sup>+</sup> security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	21 February 2011
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	4 February 2011
28	Date rights trading will begin (if applicable)	9 February 2011
29	Date rights trading will end (if applicable)	4 March 2011
30	How do <sup>+</sup> security holders sell their entitlements <i>in full</i> through a broker?	Per instructions on the reverse of the Entitlement and Acceptance Form.
31	How do <sup>+</sup> security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Per instructions on the reverse of the Entitlement and Acceptance Form.

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<sup>+</sup> See chapter 19 for defined terms.

- |    |   |   |
|----|---|---|
| 32 | How do <sup>+</sup> security holders dispose of their entitlements (except by sale through a broker)? | Per instructions on the reverse of the Entitlement and Acceptance Form. |
| 33 | <sup>+</sup> Despatch date  | 21 March 2011   |

## Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of securities  
(tick one)

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35 ☐ If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders
- 36 ☐ If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories
- 1 - 1,000
  - 1,001 - 5,000
  - 5,001 - 10,000
  - 10,001 - 100,000
  - 100,001 and over
- 37 ☐ A copy of any trust deed for the additional <sup>+</sup>securities

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<sup>+</sup> See chapter 19 for defined terms.

**Entities that have ticked box 34(b)**

38	Number of securities for which +quotation is sought					
39	Class of +securities for which quotation is sought					
40	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?  If the additional securities do not rank equally, please state: <ul style="list-style-type: none"><li>• the date from which they do</li><li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li><li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li></ul>					
41	Reason for request for quotation now  Example: In the case of restricted securities, end of restriction period  (if issued upon conversion of another security, clearly identify that other security)					
42	Number and +class of all +securities quoted on ASX ( <i>including</i> the securities in clause 38)	<table border="1"><thead><tr><th>Number</th><th>+Class</th></tr></thead><tbody><tr><td></td><td></td></tr></tbody></table>	Number	+Class		
Number	+Class					

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+ See chapter 19 for defined terms.

**Quotation agreement**

1       <sup>+</sup>Quotation of our additional <sup>+</sup>securities is in ASX's absolute discretion. ASX may quote the <sup>+</sup>securities on any conditions it decides.

2       We warrant the following to ASX.

- The issue of the <sup>+</sup>securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those <sup>+</sup>securities should not be granted <sup>+</sup>quotation.
- An offer of the <sup>+</sup>securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any <sup>+</sup>securities to be quoted and that no-one has any right to return any <sup>+</sup>securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the <sup>+</sup>securities be quoted.
- If we are a trust, we warrant that no person has the right to return the <sup>+</sup>securities to be quoted under section 1019B of the Corporations Act at the time that we request that the <sup>+</sup>securities be quoted.

3       We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4       We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before <sup>+</sup>quotation of the <sup>+</sup>securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:           N J Bassett  
                            (Director/Company secretary)

Date: 4 February 2011

Print name:         Neville John Bassett

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<sup>+</sup> See chapter 19 for defined terms.