



15 March 2011

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

Rights Issue Closure and Notice of Shortfall

Kairiki Energy Limited advises that the fully underwritten pro-rata renounceable rights issue pursuant to the Prospectus dated 4 February 2011, closed on 11 March 2011 (**Rights Issue or Offer**).

The Rights Issue offered, to eligible shareholders, one (1) new share for every three (3) shares held on the record date, at an issue price of 3 cents per share. For every two shares subscribed for in the Rights Issue, the applicant will receive 1 "piggy back" option. The primary option is exercisable at 4 cents during August 2011 and will expire on 31 August 2011. The primary option is exercisable into one share and a secondary option which is exercisable at 5 cents and expires on 31 August 2013.

Shares validly applied for under the Offer and the number of shortfall shares is summarised below:

	Number	Subscription amount at 4 cents per share
Total Shares offered	296,630,666	\$8,898,919.98
Shares validly applied for under the Offer	269,390,776	\$8,081,723.28
Shortfall available to be placed by the Underwriter	27,239,890	\$817,196.70

The 27,239,890 shortfall shares will be placed by the underwriter, Patersons Securities Limited, pursuant to the terms of the underwriting agreement.

Yours faithfully

N J Bassett
Company Secretary