



KAIRIKI ENERGY LIMITED
ABN 34 002 527 906

**NOTICE OF GENERAL MEETING AND
EXPLANATORY STATEMENT**

**General Meeting to be held at the Medina Grand Hotel, 33 Mounts Bay Road, Perth, WA on
Thursday, 25 August 2011 commencing at 10.00am (WST).**

This Notice of General Meeting and Explanatory Statement should be read in its entirety.
If Shareholders are in doubt as to how to vote, they should seek advice from their accountant,
solicitor or other professional adviser without delay.

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of Kairiki Energy Limited ("**Company**") will be held at the Medina Grand Hotel, 33 Mounts Bay Road, Perth, Western Australia, on Thursday, 25 August, 2011 commencing at 10.00am (WST).

SPECIAL BUSINESS

Resolution 1 – Issue of Commitment Options

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval be and is hereby given for the issue of up to 445,320,999 Commitment Options to the persons and on the terms and conditions set out in the Explanatory Statement."

Voting exclusion: In accordance with ASX Listing Rule 7.3.8 the Company will disregard any votes cast on Resolution 1 by a person who may participate in the proposed issue and their associates and a person who might obtain a benefit, except a benefit solely in the capacity as the holder of a Share, if the Resolution is passed. However, the Company will not disregard a vote if it is cast by such a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 2 – Variation to Convertible Note Deed

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, the Convertible Note Deed be varied as set out in the Explanatory Statement."

Voting exclusion: In accordance with ASX Listing Rule 7.3.8 the Company will disregard any votes cast on Resolution 2 by IMC Oil and Gas Investments Ltd (being the Convertible Note holder) and its associates and a person who might obtain a benefit, except a benefit solely in the capacity as the holder of a Share, if the Resolution is passed. However, the Company will not disregard a vote if it is cast by such a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice of General Meeting and should be read in conjunction with it.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used in this notice of General Meeting and the Explanatory Statement.

Proxies

Please note that:

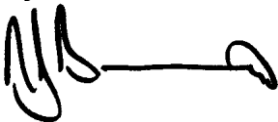
- (a) a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company;
- (c) a Shareholder may appoint a body corporate or an individual as its proxy;
- (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- (e) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the General Meeting or handed in at the General Meeting when registering as a corporate representative.

Voting Entitlements

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of Shareholders as at 10.00 am (WST) on 23 August 2011. Accordingly, transactions registered after that time will be disregarded in determining a Shareholder's entitlement to attend and vote at the General Meeting.

By Order of the Board



Neville Bassett
Company Secretary
Kairiki Energy Limited
18 July 2011

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's General Meeting to be held at the Medina Grand Hotel, 33 Mounts Bay Road, Perth, WA on Thursday, 25 August 2011 commencing at 10.00am (WST).

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

1. RESOLUTIONS

1.1 Resolution 1 – Issue of Commitment Options

(a) Background

On 14 July 2011 the Company announced to the ASX a renounceable rights issue of 1,781,283,996 Shares on the basis of three (3) new Shares for every two (2) Shares held at an issue price of \$0.004 per Share to raise approximately \$7,125,136 together with one (1) free attaching option for every four (4) Shares allotted ("Rights Issue"). This free option is to be a "piggyback" option whereby the primary option is exercised into a Share and a secondary option.

Patersons Securities Limited ("Underwriter") has agreed to underwrite the Rights Issue to the amount of \$6,000,000.

Pursuant to the underwriting agreement and corporate mandate between the Company and the Underwriter, the Company has agreed to issue up to 445,320,999 options ("Commitment Options") in order to induce sub-underwriting commitments in relation to the Rights Issue.

Accordingly, Resolution 1 seeks Shareholder approval for the issue of up to 445,320,999 Commitment Options to be issued to the Underwriter/sub-underwriters to the proposed Rights Issue on the basis of one (1) Commitment Option for every four (4) shares underwritten/sub-underwritten.

(b) Listing Rule 7.1

Listing Rule 7.1 provides that (subject to certain exceptions, none of which are relevant here) prior approval of shareholders is required for an issue of securities by a company if the securities will, when aggregated with the securities issued by the company during the previous 12 months, exceed 15% of the number of the shares on issue at the commencement of that 12 month period.

The securities proposed to be issued under Resolution 1 will not be included in the Company's 15% calculation for the purposes of Listing Rule 7.1.

(c) **Listing Rule 7.3**

Listing Rule 7.3 sets out a number of matters which must be included in a Notice of Meeting proposing an approval of an issue of securities under Listing Rule 7.1. For the purposes of Listing Rule 7.3, the following information is provided in relation to Resolution 1:

(i) **The maximum number of securities to be issued**

Up to 445,320,999 Commitment Options.

(ii) **The date by which the entity will issue the securities**

The Commitment Options will be issued as soon as possible after the General Meeting and in any event no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver of the Listing Rules).

(iii) **The issue price of the securities**

The Commitment Options will not be issued for cash consideration. Each Commitment Option will be issued as a fee to the Underwriter/sub-underwriters in consideration for the underwriting/sub-underwriting of the proposed Rights Issue on the basis of one (1) Commitment Option for every four (4) shares underwritten/sub-underwritten.

(iv) **The names of the allottees or the basis upon which the allottees will be determined**

The allottees of the Commitment Options in respect of Resolution 1 will be the Underwriter/sub-underwriters to the proposed Rights Issue.

The identity of the allottees is not known as at the date of this Notice of Meeting. However, the allottees will be persons who fall within one of the exemptions contained in section 708 of the Corporations Act and will not be related parties (or associates) of the Company unless approved by the Shareholders.

(v) **The terms of the securities**

The Commitment Options have an exercise price of \$0.004 and expire on 30 June 2013.

On the exercise of each Commitment Option, the holder will be issued one Share in the Company and granted a further option ("**Secondary Option**") which has an exercise price of \$0.004 and an expiry date of 30 June 2015.

The Commitment Options and Secondary Options are otherwise issued on the terms and conditions set out in Annexure A.

(vi) **The intended use of funds**

No funds will be raised from the issue of the Commitment Options as the Commitment Options will be issued to allottees as described in (c)(iii) above.

The funds raised upon eventual exercise of the Commitment Options and Secondary Options will be applied towards the following:

- (A) repayment of the principal and interest under the Convertible Note; and
- (B) the Company's portion of costs relevant to projects held at the time; and
- (C) additional working capital of the Company.

However, there is no guarantee that the Commitment Options and Secondary Options will be exercised at any future time.

(vii) **Date of allotment**

Allotment will occur on one date, anticipated to be within 7 business days of the date of the Meeting, and in any event will occur no later than three months after the date of the Meeting.

1.2 Resolution 2 – Variation to Convertible Note Deed

(a) **Background**

On 8 September 2008, the Company entered into a Convertible Note Deed with IMC Oil & Gas Investments Ltd ("**IMC**").

Under the Convertible Note Deed IMC could subscribe for:

- (i) Convertible Notes to the value of US\$8,500,000; and
- (ii) Further Convertible Notes to the value of US\$1,500,000, subject to Shareholder approval ("**the Conditional Notes**").

Shareholders subsequently approved the issue of the Conditional Notes on 21 October 2008.

The principal terms and conditions of the Convertible Note Deed were previously outlined in full in the Company's Notice of Meeting dated 16 September 2008, and are further outlined as follows:

- i) Note Holder: IMC Oil and Gas Investments Limited ("**IMC**")

- ii) Maturity date: 8 September 2011(US\$8.5 million) and 22 October 2011 (US\$1.5 million) (3 years from issue).
- iii) Interest payable at 12% per annum with interest accruing and capitalised to the loan through to 31 December 2008 and thereafter payable monthly.
- iv) Conversion price is the lesser of:
 - (a) A\$0.185; and
 - (b) the closing price of the ordinary shares on ASX on the conversion date, provided that, if this price is lower than A\$0.16, the conversion price will be A\$0.16;
- v) IMC may convert at any time prior to the repayment date, subject to a limit of 3 conversions with each conversion being in respect of a number of Convertible Notes which are convertible into at least 10 million shares;
- vi) Repayment Rights: IMC shall have the right, each month to require the Company to use all or a specified part of any cash balance held in a special repayment account, established for receipt of future net proceeds as defined and option conversion monies, to repay a portion of the outstanding amount in respect of the Convertible Notes;
- vii) IMC has the right to appoint a representative to the board of the Company;
- viii) IMC has an option to farm-in at up to 20% in Service Contract 54B ("SC54B), subject to certain conditions. This option must be exercised no later than 6 months before the spud date of a well in SC 54B;
- ix) Redemption provisions for such events including failure to participate in a commercial Service Contract 54 shallow water development, change of control, event of default; and
- x) Security: fixed and floating charge over all the assets of the Company and its subsidiary Yilgarn, but excluding certain property.

In July 2009, the Company received notice from IMC that that they would seek repayment of the funds held in an escrow account of A\$1,022,000 relating to the conversion of options at 31 December 2008 in accordance with the Convertible Note Deed. The repayment reduced the amount owing under the Convertible Notes at maturity by US\$839,852 to US\$9,529,981.

In March 2011, the Company repaid US\$2,000,000 of the Notes from the proceeds of an equity raising, reducing the amount owing under the Convertible Notes to US\$7,529,981.

The outstanding balance of the Convertible Notes, being US\$7,529,981, is due to be repaid by the Company in September/October 2011. In order to facilitate the Rights Issue as announced on 14 July 2011 and to ensure the Company has sufficient funds for its ongoing operations, the Company has

agreed terms with IMC for a two year extension to the repayment date under the Convertible Note Deed.

Resolution 2 seeks Shareholder approval to the variation of the terms of the Convertible Note Deed as set out in Annexure B.

If the Company does not obtain Shareholder approval for Resolution 2, then IMC may by notice in writing to the Company deem the failure by the Company to obtain such approval as an “Event of Default” under the Convertible Note Deed.

(b) Listing Rule 7.1

Listing Rule 7.1 provides that (subject to certain exceptions, none of which are relevant here) prior approval of shareholders is required for an issue of securities by a company if the securities will, when aggregated with the securities issued by the company during the previous 12 months, exceed 15% of the number of the shares on issue at the commencement of that 12 month period.

No new Notes will be issued pursuant to the Convertible Note Deed variation, however, the terms of issue of securities on conversion has been varied as set out in Annexure B.

(c) Listing Rule 7.3

Listing Rule 7.3 sets out a number of matters which must be included in a Notice of Meeting proposing an approval of an issue of securities under Listing Rule 7.1. For the purposes of Listing Rule 7.3, as far as it relates to the variation to the terms of Notes on issue, the following information is provided in relation to Resolution 2:

(i) The maximum number of securities to be issued

No new Convertible Notes will be issued.

Under the terms of the Convertible Note Deed the maximum number of Shares which the Company will issue on conversion of Notes will be equal to the outstanding amount of the Notes divided by the conversion price. The conversion price will be the 20 trading day volume weighted average price of the Company's Shares as traded on the ASX up to the date immediately before the date of the conversion notice, less a 10% discount. The minimum conversion price will be \$0.004 (“Floor Price”) unless the Company undertakes any future capital raising (including option issues) with a price less than \$0.004, at which point the Floor Price will be adjusted to the lower price of the capital raising. As the outstanding amount of the Notes is denominated in US dollars and the conversion price is in Australian dollars, a US\$/A\$ exchange rate will be used at the date of conversion. The maximum number of Shares that may potentially be issued will be on the basis of the Floor Price of AUD\$0.004, however the Floor Price may be adjusted if the Company undertakes any

future capital raising at a price below the Floor Price. Based on the Floor Price of \$0.004 and a US\$/A\$ exchange rate of US\$1.00/A\$1.06 the maximum number of new Shares that may be issued is 1,599,052,122

(ii) **The date by which the entity will issue the securities**

No new Notes are being issued pursuant to the Convertible Note Deed variation.

(iii) **The issue price of the securities**

Nil - No new Notes are being issued pursuant to the Convertible Note Deed variation.

(iv) **The names of the allottees or the basis upon which the allottees will be determined**

The allottee of the Notes was IMC Oil and Gas Investments Ltd.

(v) **The terms of the securities**

No new Notes are being issued pursuant to the Convertible Note Deed variation. The terms of the Notes are being varied as set out in Annexure B, the principle variations being:

- i) The repayment date of the Notes has been extended by two years from 8 September 2011 and 22 October 2011 to 8 September 2013 and 22 October 2013;
- ii) The interest rate paid on the outstanding balance of the Notes has been reduced from 12% to 4% payable monthly, with the remaining 8% capitalised to the balance of the Notes and payable on maturity;
- iii) The conversion price will be the 20 trading day volume weighted average price of the Company's Shares as traded on the ASX up to the date immediately before the date of the conversion notice, less a 10% discount. The minimum conversion price will be \$0.004 ("Floor Price") unless the Company undertakes any future capital raising (including option issues) with a price less than \$0.004, at which point the Floor Price will be adjusted to the lower price of the capital raising; and
- iv) The number of conversion notices that may be given will increase from three (3) to twelve (12).

(vi) **The intended use of funds**

No new funds will be raised as a result of the Convertible Note Deed variation and no funds will be raised from the issue of the shares on conversion of the Notes.

(vii) **Date of allotment**

No new Notes are being issued pursuant to the Convertible Note Deed variation.

Glossary

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

Annexure	annexure to this Explanatory Statement.
ASIC	Australian Securities and Investments Commission.
ASX	means ASX Limited (ACN 008 624 691) trading as the Australian Securities Exchange.
Board	the Company's Board of Directors.
Company	Kairiki Energy Limited ABN 34 002 527 906.
Commitment Option	means an option to acquire a Share, issued pursuant to Resolution 1, on the terms and conditions contained in Item 1 of Annexure A.
Constitution	constitution of the Company.
Convertible Note or Note	means a note issued under the Convertible Note Deed, for a principal amount of US\$7.53 million.
Convertible Note Deed	means the convertible note deed between the Company and IMC Oil and Gas Investments Ltd dated 8 September 2008, as amended from time to time.
Corporations Act	Corporations Act 2001 (Cth).
Director	Director of the Company.
Listing Rules	means the Listing Rules of the ASX.
Meeting	means the meeting of Shareholders convened by this Notice of Meeting.
Rights Issue	means the renounceable rights issue by the Company on a 3 for 2 basis with a free attaching option on a 1 for 4 basis, announced to the ASX on 14 July 2011.
Secondary Option	means an option to acquire a Share, issued on the exercise of a Commitment Option, on the terms and conditions specified in Item 2 of Annexure A.
Share	fully paid ordinary share in the capital of the Company.
Shareholder	shareholder of the Company.
WST	Western Standard Time in Australia.
Yilgarn	means Yilgarn Petroleum Philippines Pty Ltd (ACN 119 507 265), a wholly owned subsidiary of the Company.

Annexure A

Item 1: Terms of Commitment Options

1. Each Commitment Option entitles the holder to, subject to any Shareholder approval under Item 7 of section 611 of the Corporations Act (if required):
 - a) subscribe for one (1) Share in the Company; and
 - b) be granted one (1) Secondary Option,at the exercise price of \$0.004.
2. The Commitment Options are exercisable on and from 1 June 2013 and expire at 5.00pm WST on 30 June 2013 ("**Expiry Date**"). Any Commitment Options not exercised on or before the Expiry Date will automatically lapse.
3. All Shares in the Company allotted on the exercise of Commitment Options rank equally in all respects with the then existing Shares.
4. The Commitment Options are transferable and it is intended that application will be made to ASX for quotation of the Commitment Options.
5. The Company must apply for quotation of all Shares allotted pursuant to the exercise of Commitment Options not later than 10 Business Days after the date of allotment.
6. Option Holders may only participate in new issues ("**Issue**") of securities to holders of Shares in the Company if the Commitment Options have been exercised and Shares are allotted in respect of the Commitment Options before the record date for determining entitlements to the Issue.
7. The Company must give Option Holders at least 7 business days notice of any Issue before the record date for determining entitlements to the Issue in accordance with the Listing Rules.
8. There will be no change to the exercise price of the Commitment Options or the number of Shares over which the Commitment Options are exercisable in the event of the Company making a pro-rata issue of Shares or other securities to the holders of Shares in the Company (other than a bonus issue).
9. If there is a bonus issue ("**Bonus Issue**") to the holders of Shares in the Company, the number of Shares over which the Commitment Options are exercisable will be increased by the number of Shares which the Option Holder would have received if the Commitment Option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other Shares on issue as the date of issue of the Bonus Shares.
10. If prior to the Expiry Date, there is a re-organisation of the issued capital of the Company, the Commitment Options are to be treated in the manner set out in the Listing Rules.

Item 2: Terms of Secondary Options

1. Each Secondary Option entitles the holder to, subject to any Shareholder approval under Item 7 of section 611 of the Corporations Act (if required), subscribe for one (1) Share in the Company at the exercise price of \$0.004.
2. The Secondary Options are exercisable on and from the date of issue and expire at 5.00pm WST on 30 June 2015. Any Secondary Options not exercised on or before that date will automatically lapse.
3. The Secondary Options will only be issued under a disclosure document to be lodged with the ASIC on or about 30 June 2013.
4. The terms and conditions of the Secondary Options are otherwise the same as the Commitment Options set out in Item 1 above, except that all references to the word "Commitment" in the terms and conditions of the Commitment Options shall be replaced with the word "Secondary".

Annexure B

Variation of Convertible Note Deed

On 14 July 2011 the Company announced to the ASX that it had negotiated a number of amendments to the Convertible Note Deed, the principle variations being:

- v) The repayment date of the Notes has been extended by two years from 8 September 2011 and 22 October 2011 to 8 September 2013 and 22 October 2013;
- vi) The interest rate paid on the outstanding balance of the Notes has been reduced from 12% to 4% payable monthly, with the remaining 8% capitalised to the balance of the Notes and payable on maturity;
- vii) The conversion price will be the 20 trading day volume weighted average price of the Company's Shares as traded on the ASX up to the date immediately before the date of the conversion notice, less a 10% discount. The minimum conversion price will be \$0.004 ("Floor Price") unless the Company undertakes any future capital raising (including option issues) with a price less than \$0.004, at which point the Floor Price will be adjusted to the lower price of the capital raising; and
- viii) The number of conversion notices that may be given will increase from three (3) to twelve (12).

The varied terms also include the following conditions:

- i) Out of the proceeds of the Rights Issue, not less than US\$750,000 must be used as part repayment of the outstanding balance of the Notes;
- ii) If the Company carries out any further capital raising after the Rights Issue, then the Company must use not less than 20% of the net proceeds of each such capital raising to repay the outstanding Notes, until the full amount outstanding under the Convertible Note Deed is repaid;
- iii) The Company must pay to IMC:
 - (a) If IMC consents to any sell down (or farm-out) of the Company's interest in any part of the SC54 JOA, the cash proceeds from such a transaction;
 - (b) Any sale receipts and recoveries (net) pursuant to or arising from the SC54 JOA; and
 - (c) The net proceeds from the exercise of any options due to expire in June 2013.
- iv) The Company must pay to IMC a restructuring fee of 1% of the current outstanding Notes, to accrue and form part of the outstanding amount owing under the Convertible Note Deed;
- v) If IMC (at its discretion) requests the Company to seek Shareholder approval under item 7 of section 611 of the Corporations Act in respect of any conversion of Notes, the Company must take all actions required to seek such approval from its Shareholders as soon as practicable and in any event within 40 days after such request.

The Notes may be converted into Shares at the discretion of the holder, subject to the terms of the Convertible Note Deed, as varied. The Shares issued upon conversion of Notes will be the same as the Shares currently on issue and will from the date of issue rank equally in all respects with the then existing Shares.

No additional funds are being raised pursuant to the Convertible Note Deed variation.

Under the varied terms of the Convertible Note Deed the maximum number of Shares which the Company will issue on conversion of Notes will be equal to the outstanding amount of the Notes divided by the conversion price. As the outstanding amount of the Notes is denominated in US dollars and the conversion price is in Australian dollars, a US\$/A\$ exchange rate will be used at the date of conversion. The maximum number of Shares that may potentially be issued will be on the basis of the Floor Price of AUD\$0.004.

If the Company does not obtain all necessary approvals, including (but not limited to) Shareholder approval in relation to the variation of the Convertible Note Deed, then IMC may by notice in writing to the Company deem the failure by the Company to obtain such approval as an "Event of Default" under the Convertible Note Deed.

Kairiki Energy Limited
Suite 3, Churchill Court
331 – 335 Hay Street
Subiaco WA 6008



PROXY FORM

Shareholder Details

Name:

Address:

Contact Telephone No:

Contact Name (if different from above):

Appointment of Proxy

I/We being a shareholder/s of Kairiki Energy Limited and entitled to attend and vote hereby appoint the following proxy/proxies to attend and act on my/our behalf and to vote in accordance with my/our following directions at the General Meeting of Kairiki Energy Limited to be held at the Medina Grand Hotel, 33 Mounts Bay Road, Perth, WA on 25 August 2011 at 10.00 am (WST) and at any adjournment of that meeting.

☐

The Chairman
of the meeting

(mark with an 'X')

OR

IMPORTANT:

If the Chairman of the meeting is your proxy, or if appointed your proxy by default and you do **not** wish to direct him/her how to vote on any of these resolutions, you must mark this box with an "X". By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy on those resolutions (for which you have not given a direction) even if he/she has an interest in the outcome of the resolution and that votes cast by him/her, other than as proxy holder, will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote on any of these resolutions, the Chairman of the meeting will not cast your votes on the resolutions (for which you have not given a direction) on a show of hands or on a poll. The Chairman of the meeting intends to vote undirected proxies in favour of each resolution.

If the person you are appointing as your proxy is someone other than the Chairman of the meeting:

Write the name of that person in the box below.

 %

You must specify the % of your votes that you authorise your proxy to exercise if:

If you hold 2 or more Shares in Kairiki Energy Limited, you may appoint a second proxy:

Write the name of your second proxy in the box below.

 %

- (a) you have only appointed 1 proxy and do not want him/her to exercise all of your votes; or
(b) if you have appointed 2 proxies under this proxy form.

If you do not name a proxy or your named proxy fails to attend the meeting, the Chairman of the meeting will be appointed as your proxy to attend and act on your behalf and to vote in accordance with the following directions at the General Meeting of Kairiki Energy Limited to be held on 25 August 2011 at 10.00 am (WST) and at any adjournment of that meeting.

Voting directions to your proxy - Please mark only one of the boxes with an "X" for each resolution to indicate your directions.

Special Business

Resolution 1. Issue of Commitment Options

For

☐

Against

☐

Abstain

☐

Resolution 2. Variation to Convertible Note Deed

☐☐☐

1 If you mark the "Abstain" box with an "x" for a particular resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll.

PLEASE SIGN HERE

implemented

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented

Individual or Shareholder 1

Sole Director and
Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

How to complete this Proxy Form

1 Your Name and Address

Please print your name and address as it appears on your holding statement and the Company's share register. If Shares are jointly held, please ensure the name and address of each joint shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company.

3 Votes on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given Resolution, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy please write the name of that person.

To appoint a second proxy you must state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If the Proxy Form does not specify a percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

- | | |
|--------------------|--|
| Individual: | where the holding is in one name, the holder must sign. |
| Joint Holding: | where the holding is in more than one name, all of the shareholders should sign. |
| Power of Attorney: | to sign under Power of Attorney, you must have already lodged this document with the company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it. |
| Companies: | where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place. |

If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission.

6 Lodgment of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting (i.e. no later than 10.00am (WST) on 23 August 2011). Any Proxy Form received after that time will not be valid for the scheduled meeting.

This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be sent or delivered to the Company's registered office at Suite 3, Churchill Court, 331 Hay Street, Subiaco, Western Australia 6008 or sent by facsimile to the registered office on (08) 9388 6744.