

QUARTERLY ACTIVITY REPORT

For the period ending 31 March 2015

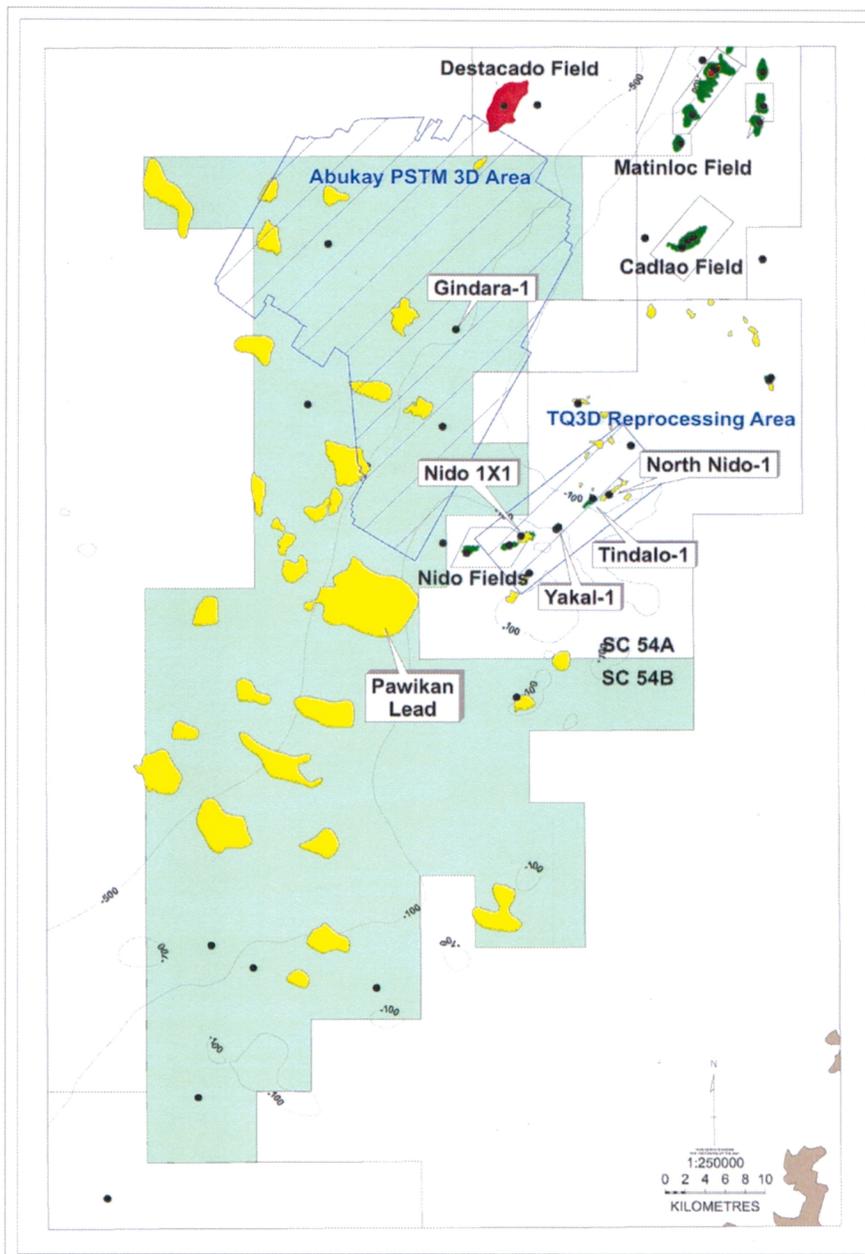


The Directors wish to report the following activities for the quarter ended 31 March 2015:

Oil & Gas Activities

Philippines Offshore Oil and Gas Permit

- SC 54A - 30.1% Participating Interest
- SC 54B - 40% Participating Interest

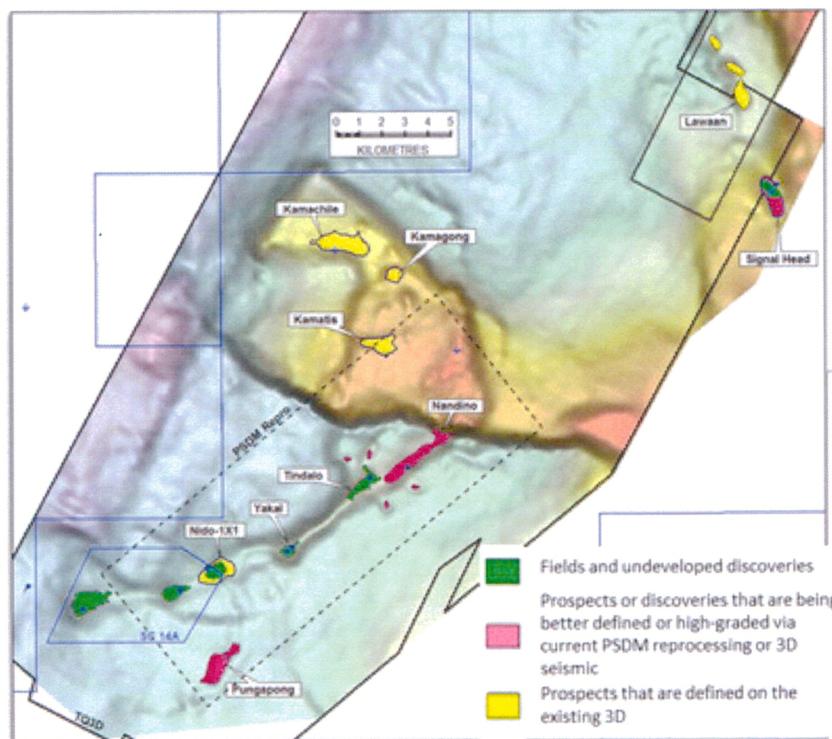


Location map – Blocks SC 54A & SC 54B

The Philippines Department of Energy has granted a moratorium on Service Contract 54 from 5 August 2014 to 5 August 2017 to give the joint venture sufficient time to study the development of the discovered marginal resources in the block. At the end of the moratorium period, the joint venture should elect to enter sub-phase 7 with a commitment to drill one well. If the Joint Venture elects to continue into the production period, the 3 year moratorium period will be automatically deducted to the initial production period.

SC 54A

No work was carried out by the Joint Venture during the quarter.



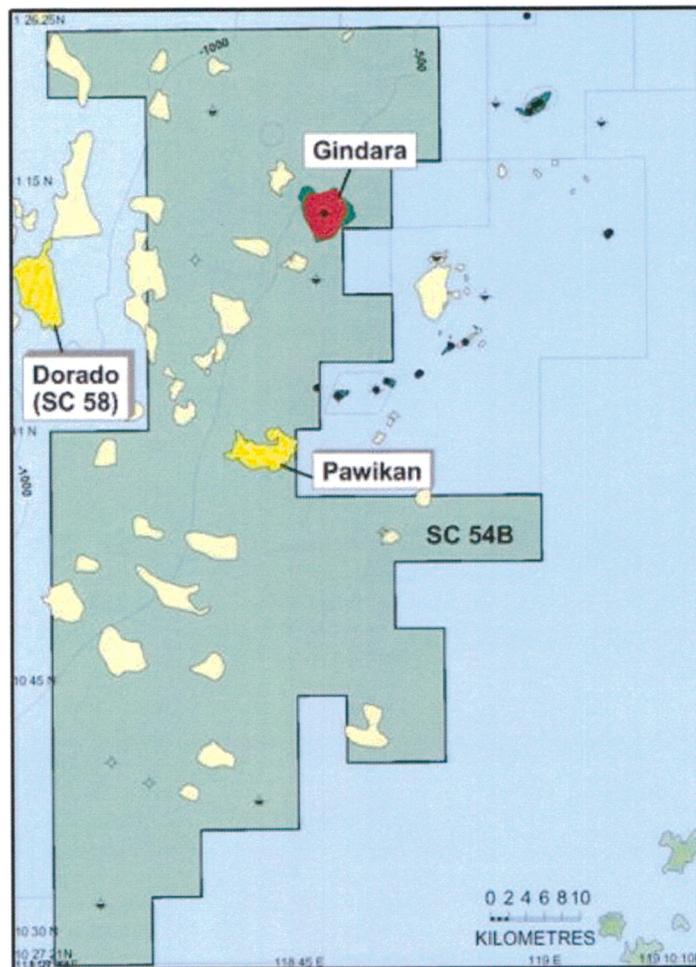
Location Map and Portfolio Inventory – SC 54A

SC 54A Working Interests

Company	Working Interest
Nido Petroleum Philippines Pty Ltd (Nido) – Operator	42.4%
Yilgarn Petroleum Philippines Pty Ltd (Kairiki)	30.1%
Trafigura Ventures III BV (Trafigura)	15.0%
TG World (BVI) Corporation (TG World)	12.5%

SC 54B

No further technical work was carried out by the Joint Venture during the quarter.



SC 54B Working Interests

Company	Working Interest
Nido Petroleum Philippines Pty Ltd (Nido) – Operator	60%
Yilgarn Petroleum Philippines Pty Ltd (Kairiki)	40%



Corporate Summary

Disposal of Interest in Service Contract 54A and 54B

During the previous quarter, the Company entered into a binding term sheet with Focus Oil and Gas Limited (**Focus**) (**Agreement**) for the disposal of its entire interest in the share capital of Yilgarn Petroleum Philippines Pty Ltd (**Yilgarn**), the holder of the Company's interest in Service Contract 54A and 54B, being the main undertaking of the Company (**Disposal**).

Shareholder approval for the Disposal was received at the company's AGM held on 28 November 2014.

A number of pre-conditions remain to be satisfied. Due to the delay in satisfaction of the pre-conditions the Company is currently reviewing its position under the Agreement.

New Ventures

During the quarter, the Company continued to review new project opportunities.

Yours faithfully

N J Bassett
Company Secretary
For more information on the Company visit www.kairikienergy.com