



11 March 2010

Australian Securities Exchange Limited  
Company Announcements Office  
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20 Bridge Street  
SYDNEY NSW 2000

### Kairiki Secures Farm-out to TG World for SC 54A

- **Agreement to farm-out 4.9% of Kairiki's interest in SC 54A (which includes the Tindalo development and Yakal discovery) to TG World Energy Corp**
- **Kairiki to retain a 30.1% participating interest in the SC 54A offshore block, located in the Palawan Basin, Philippines**
- **Consideration totalling US\$4.38 million (~A\$4.9 million)**
- **SC 54A Joint Venture is expecting to commence oil production at Tindalo in 2Q 2010, targeting 7,000 – 15,000 bopd production**
- **Finalises Kairiki's Tindalo development funding strategy**

Kairiki Energy Limited (ASX: KIK) is pleased to announce that its wholly-owned subsidiary Yilgarn Petroleum Philippines Pty Ltd has entered into an agreement with TG World (BVI) Corp. (a subsidiary of TG World Energy Corporation) (TG World) to farm-out 4.9% of its current 35% interest in Service Contract 54 Block A (SC 54A), offshore, Northwest Palawan Basin, Philippines.

Consideration potentially totals US\$4.38 million (~A\$4.9 million) which comprises an up-front cash payment of US\$2.06 million (~A\$2.3 million), followed by a set of staged payments that fall due at the commencement of production at the Tindalo oil field and as subsequent crude oil cargoes from the field are lifted. Under the terms of the agreement TG World will also market its net share of the crude oil produced from SC 54A with Trafigura Pte Ltd.

This additional cash will provide Kairiki funding through the capital expenditure phase to Tindalo first oil and also for working capital required prior to the receipt of cash from the first cargo offloaded from Tindalo.

#### Capital Structure

Shares	517.209 m
Unlisted Options	9.750 m
Total:	<b>523.959 m</b>

Convertible Notes	70.073 m
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#### Board of Directors

Paul Fry	Executive Chairman
Mark Fenton	Managing Director
Laurie Brown	Executive Director
Jyn Baker	Non Exec Director

#### Assets

Philippines:

- SC 54A - KIK: 35%

*Current Status:*

- Tindalo oilfield under development;
- 1<sup>st</sup> Oil expected Q2 2010.

- SC 54B - KIK: 40%

*Current Status:*

- Gindara prospect drill ready;
- Seeking farminee.

#### Kairiki Energy Limited

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Kairiki's Managing Director, Mark Fenton said, "Kairiki is very pleased to conclude this agreement with TG World and welcomes them to the SC 54A Joint Venture. TG World is joining the SC 54A Joint Venture at a very exciting time with the Tindalo project now well advanced and oil production scheduled to commence in the coming months."

TG World's President and CEO, Mr. Cliff James, said, "Our involvement in SC 54A not only provides near-term cash flow if successful, but also places us in the middle of a prolific development and exploration fairway. In addition to the four discoveries identified (Tindalo, Yakal, Nido 1X1 and Signal Head-2), SC 54A contains some 19 other identified pinnacle reef targets that may offer follow-up successes. Furthermore, the oil and gas potential and advantageous fiscal regime of the Philippines has been vindicated by the entry of major players in the Palawan Basin, including Shell, BHP Billiton and Exxon Mobil."

In conjunction with the signing of the farm-out agreement, Joint Venture partner Nido Petroleum Philippines Pty Ltd, a wholly owned subsidiary of Nido Petroleum Limited (ASX: NDO), has advised Kairiki that it has also reached a similar agreement with TG World to farm-out 7.6% of Nido's 50% interest in SC 54A.

The farm-out agreement is subject to Joint Venture and Philippines government approvals and upon satisfaction of these conditions (and assuming that the corresponding agreements between Nido and TG World are also concluded) the participating interests in SC 54A will be:

Company	Previous Participating Interest	New Participating Interest
<b>Nido Petroleum Philippines Pty Ltd (Nido) – Operator</b>	50.0%	42.4%
<b>Yilgarn Petroleum Philippines Pty Ltd (Kairiki)</b>	35.0%	30.1%
<b>Trafigura Ventures III BV (Trafigura)</b>	15.0%	15.0%
<b>TG World (BVI) Corporation</b>	0.0%	12.5%

Pursuant to the farm-out agreement with TG World, Kairiki has negotiated an amendment to the Convertible Note held by IMC Oil and Gas Investments Pty Ltd whereby Kairiki will repay the Convertible Note in full within the first year of production from Tindalo. Please refer to Kairiki's announcement on 29 August 2008 for all other terms and conditions of the Convertible Note.

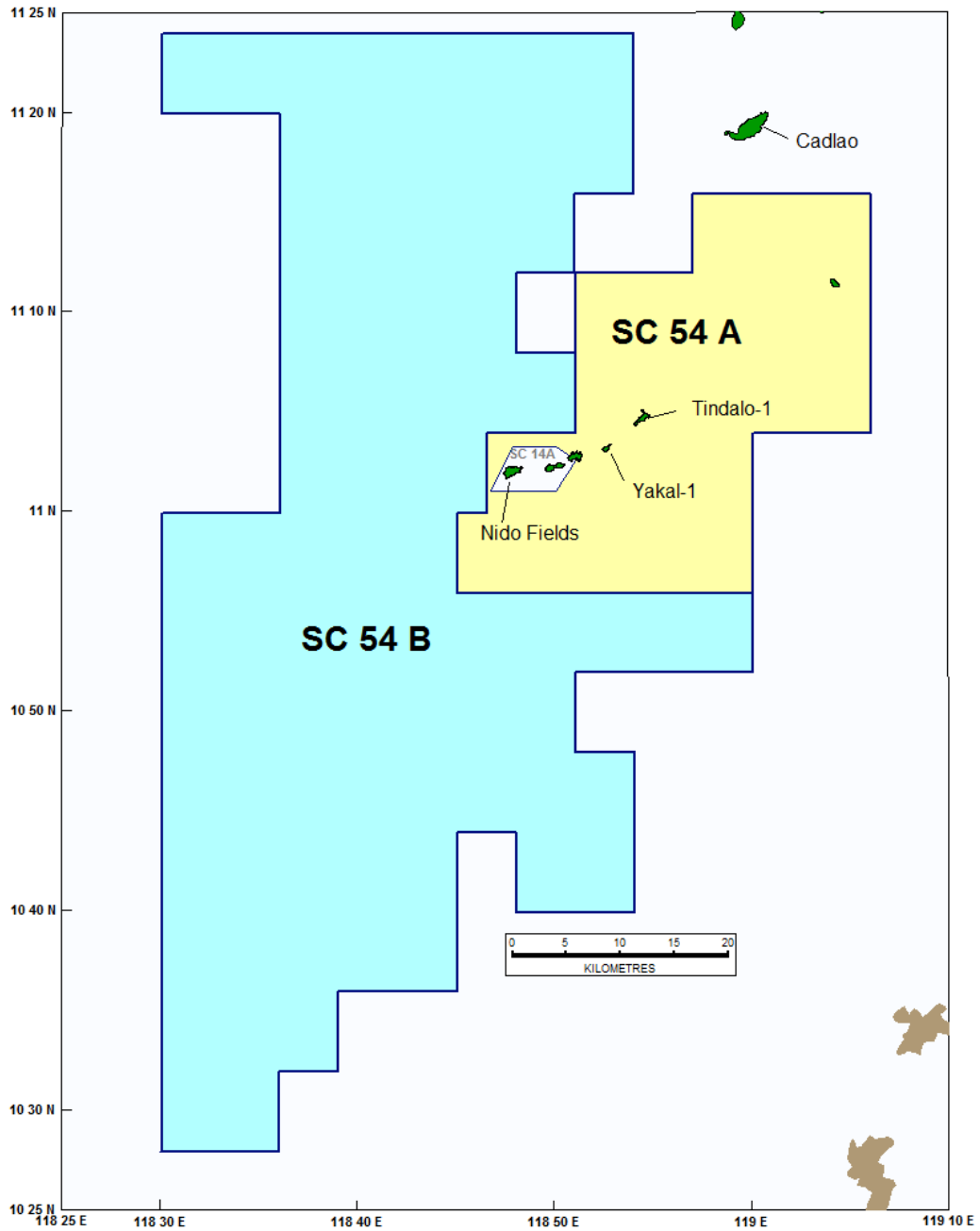
**For more information please contact:**

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Managing Director

Mr Laurie Brown  
Executive Director

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### SC 54A Location Map





## About TG World Energy Corporation

TG World is a Calgary-based, junior international oil and gas exploration company currently focused on Alaska and Niger.

TG World Energy Inc. (a wholly owned subsidiary of TG World) is partnered with operator Brooks Range Petroleum Corp., Alaska Venture Capital Group, Brooks Range Development Corp. and Ramshorn Investments Inc. in a joint venture that is pursuing oil and gas opportunities on the Central North Slope of Alaska. The joint venture has oil and gas activities in four geographical areas in Alaska: Slugger/South Thomson, Tofkat, North Tarn and the Beechey Point Unit, which borders the Prudhoe Bay oil development area. The joint venture intends to drill wells in the Beechey Point Unit this winter drilling season.

TG World Petroleum Limited (a wholly-owned subsidiary of TG World) ("TGWP") is partnered with operator CNPCIT, a unit of the China National Petroleum Company, in the Ténéré Block oil and gas concession in the Republic of Niger, Africa. TGWP has a 20% carried interest in the Ténéré Block, which contains the northern half of the Termit - Ténéré Rift, a large rift valley basin in the country. The southern half of this rift is located in the adjacent Agadem Block, where the Chinese National Petroleum Company holds several oil and gas discoveries. A security warning has recently been lifted in the Ténéré Block area and the operator is considering alternatives for potential drilling.

Further Information:        Dean Callaway, CFO and Vice President, Finance (403) 265-4506  
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## Kairiki Energy Corporate Profile

Kairiki Energy is an Australian based junior international oil and gas exploration company focused on the Philippines. Kairiki holds a 30.1% interest in Service Contract 54A and a 40% interest in Service Contract 54B.

SC 54A measures 862 km<sup>2</sup> and contains the Tindalo, Yakal, Nido 1-x-1 and Signal Head oil discoveries and a substantial portfolio of similar low-risk reefal prospects. Kairiki recently announced that the SC 54A Joint Venture has approved the development of the Tindalo field with first oil expected in 2Q 2010 with an initial oil production rate of between 7,000-15,000 barrels of oil per day (2,100 – 4,500 bopd net to Kairiki). The Tindalo development will utilise a jack-up rig and a dynamically positioned storage vessel to develop the field. Based on a successful development at Tindalo a number of follow-up developments may be considered in SC 54A.

SC 54B measures 3184 km<sup>2</sup> and contains the Gindara prospect which has a mean unrisks oil in place volume estimated by the Operator, of 634 million barrels. The Gindara prospect is a very large simple four-way closure at the Top Nido Limestone reservoir objective with an areal extent of 28 km<sup>2</sup>, a vertical closure of over 300m and is well located to receive hydrocarbon charge from the Palawan Trough. Kairiki is seeking to farm down its interest in SC 54B to accelerate drilling of the Gindara prospect.