

Q4

2016 Activities Report



Quarterly Report

For the period ending 31 December 2016

HIGHLIGHTS

- ◆ **Total production from the Galoc oil field during the fourth quarter was 433,240 bbls and 242,092 bbls on a net to Nido basis**
- ◆ **Production uptime for the Galoc oil field was 99.95% during the quarter and average gross daily production was 4,709 bopd (2,631 bopd net to Nido)**
- ◆ **Cargo 54 was lifted on 11 November 2016 with the total lifted volume of 347,977 bbls (194,448 bbls net to Nido)**
- ◆ **Cyclical production continued from the Nido and Matinloc oil fields with total field production of 35,237 bbls (8,924 bbls net to Nido)**
- ◆ **Nido launched a A\$31.9 million pro-rata renounceable entitlement offer on 21 October 2016 to raise funds for Nido's participating interest share of the drilling of the Galoc-7/7ST appraisal well**
- ◆ **Nido raised a total of A\$26.3 million (US\$19.8 million) from the pro-rata renounceable entitlement offer and issued 404,357,996 new Ordinary Shares in the Company on 6 December 2016**

I am pleased to provide to you the following summary of the Company's activities for Q4 2016.

Galoc up-time was 99.95% for the quarter with gross average daily oil production of 4,709 bbls (2,631 bopd on a net to Nido basis) with total production of 433,240 bbls (242,092 bbls net to Nido).

Cargo 54 was lifted on 11 November 2016 with the total lifted volume of 347,977 bbls (194,448 bbls net to Nido). Cargo 54 was sold to Chevron USA Inc. in Singapore.

The Nido and Matinloc oil fields continued to produce oil on a cyclical basis during the quarter. Oil production from these fields totalled 35,237 bbls (8,924 bbls net to Nido).

A total of 35,875 bbls were lifted and sold from the Nido and Matinloc oil fields during the quarter (9,455 net to Nido).

During the quarter, the Galoc Joint Venture approved the drilling of an appraisal well in the mid-Galoc area of the field to confirm the commerciality of a potential Phase III development project. In this context, the Company launched a A\$31.9 million pro-rata renounceable entitlement offer on 21 October 2016 to raise funds for Nido's participating interest share of the drilling of the Galoc-7/7ST appraisal well .

Nido raised a total of A\$26.3 million (US\$19.8 million) from the pro-rata renounceable entitlement offer and issued 404,357,996 new Ordinary Shares in the Company on 6 December 2016.

The Company also continued to evaluate exploration, development and production assets in the region and is considering a number of assets in this context.

We look forward to the year ahead and remain optimistic that the drilling of the Galoc-7/7ST appraisal well will position the Company for future growth.

DR MIKE FISCHER
MANAGING DIRECTOR

A handwritten signature in black ink, appearing to read 'Mike Fischer', written over a white background.

FINANCIAL AND CORPORATE

LIFTING SUMMARY	Qtr 4 2016	Year-to-date 2016	Previous Qtr Q3 2016
Volumes - Lifted & Sold (stb)			
Service Contract 14:			
Galoc oil field (net to Nido)	194,448	965,960	189,878
Nido & Matinloc oil fields (net to Nido)*	9,455	29,925	6,596
TOTAL VOLUMES LIFTED & SOLD	203,903	995,885	196,474
FINANCIAL SUMMARY			
Cash Inflows—US\$ '000			
Receipts from sale of crude oil	9,070	50,160	18,641
Interest & other	212	1,180	68
Refund of development expenditure	-	379	-
Proceeds from equity issue - pro-rata renounceable entitlements	19,778	19,778	-
TOTAL CASH INFLOWS	29,060	71,497	18,709
Cash Outflows—US\$ '000			
Exploration expenditure	(1,273)	(3,241)	(598)
Development expenditure	-	-	-
Production OPEX	(7,510)	(32,833)	(5,594)
Income taxes	(532)	(1,253)	(252)
Repayment of borrowings & financing costs	(13)	(14,676)	(115)
Administration & other expenses	(2,225)	(5,360)	(950)
Foreign exchange movement & other	321	309	(11)
TOTAL CASH OUTFLOWS	(11,232)	(57,054)	(7,520)
Cash Position – US\$ '000			
Cash on Hand	31,974	31,974	14,146
Debt – Secured Debt Facility	(78,200)	(78,200)	(78,200)

* Nido and Matinloc figures are subject to change based on the latest lifting/production volume adjustment from the Operator

Nido ended the quarter with cash on hand of US\$32.0 million and debt outstanding of US\$78.2 million.

INFLOWS

Galoc production remained steady. Cash inflows from crude oil sales totalled US\$9.1 million with receipts from 1 cargo received in the reporting period. There were no cash receipts received from the Nido/Matinloc oil fields for this quarter.

Quarterly interest & other inflow movements were minimal. A crude oil hedge swap executed during the quarter against the November 2016 average Dubai oil price resulted in a relatively small cash inflow on settlement in December 2016.

Nido's pro-rata renounceable entitlement share offer was completed in Q4 with US\$19.8 million proceeds raised (before costs of issue). These funds will be primarily used to finance Nido's participating interest share of the Galoc-7/7ST appraisal well in 2017.

OUTFLOWS

Cash outflows from production operations at the Galoc oil field and the Nido/Matinloc oil fields amounted to US\$7.5 million.

Cash outflows for exploration activities of US\$1.3 million relate to drill planning costs associated with the Galoc-7 exploration well, maintenance of the Indonesian service contracts and some limited new venture activity.

Principal repayments and interest payments were deferred until 15 March 2018 as a result of the renegotiation of the Facility Agreement with the Bangchak Petroleum Public Company Limited ('BCP') in March 2016. There were minimal other financing-related outflows during the quarter.

Income tax expense payments totalled \$0.5 million during the quarter. General administration expenditure, costs associated with the share equity issue, and staff costs (net of overhead recovery) totalled US\$2.2 million for the quarter.

FINANCIAL AND CORPORATE

PRELIMINARY (UNAUDITED) Q4 FINANCIAL INFORMATION

Nido has provided preliminary Q4 financial information to BCP Energy International Pte Ltd ('BCPE') for their quarterly and year-end reporting process. The preliminary financial information is unaudited and subject to change and is set out in the following table:

<i>Statement of Comprehensive Income for the year ending 31 December 2016 (US\$ '000)</i>	31 December 2016
Revenue from sale of crude oil	42,601
EBIT	(12,143)
Net (loss) for the year ended 31 December 2016	(17,255)
<i>Balance Sheet as at 31 December 2016 (US\$ '000)</i>	
Current Assets	46,337
Non-current Assets	127,471
Current Liabilities	18,650
Non-current Liabilities	110,974
Net Assets	44,184
<i>Statement of Cash Flows for the year ended 31 December 2016 (US\$ '000) (*)</i>	
Net cash from operating activities	5,253
Net cash (used in) investing activities	(52)
Net cash from financing activities	8,933
(*) Cash flow classifications consistent with ASX Appendix 5B requirements.	

PRODUCTION AND DEVELOPMENT—Philippines

SERVICE CONTRACT 14C1 - GALOC OIL FIELD

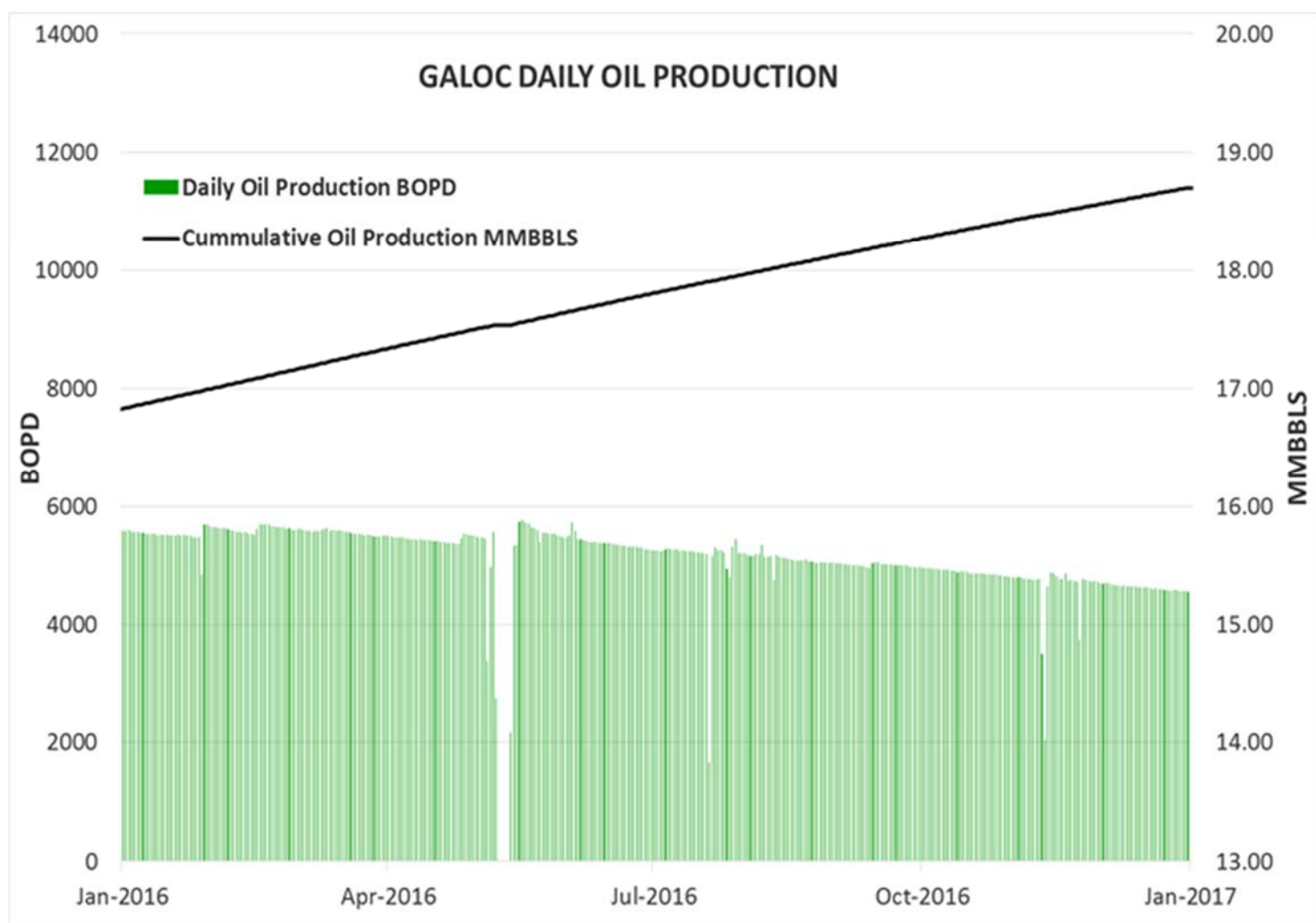
Location:	Palawan Basin, Philippines		
Area:	16,000 hectares	Operator:	Galoc Production Company W.L.L.
Nido's Interest:	55.88%	Activity:	Galoc Production

Gross production from the Galoc oil field during the quarter was 433,240 bbls (242,092 bbls net to Nido) with a gross average production rate of 4,709 bopd (2,631 bopd net to Nido). Uptime for the quarter was 99.95%.

Cargo 54 was lifted on 11 November 2016 with a total lifted volume of 347,977 bbls (194,448 bbls net to Nido) with a realised equivalent FOB price of US\$44.62 per bbl. Cargo 54 was sold to Chevron USA Inc. in Singapore.

During the quarter, the Joint Venture approved the drilling of an appraisal well in the mid-Galoc area to confirm the commerciality of a potential Phase III development. In this context the Company launched a A\$31.9 million pro-rata renounceable entitlement offer on 21 October 2016 to raise funds for Nido's participating interest share of the drilling of the Galoc-7/7ST appraisal well.

The Company successfully raised A\$26.3 million (US\$19.8 million) from the pro-rata renounceable entitlement offer which covers Nido's budgeted share of Galoc-7/7ST. The Company is now actively progressing its preparations for the drilling campaign which is scheduled to commence in Q1, 2017 and is nearing finalisation of a rig contract.



PRODUCTION AND DEVELOPMENT—Philippines

SERVICE CONTRACT 14C2 - WEST LINAPACAN A

Location:	Palawan Basin, Philippines		
Area:	18,000 hectares	Operator:	Philodrill Corporation
Nido's Interest:	22.28%	Activity:	Re-development of the West Linapacan 'A' field

During the quarter the Joint Venture approved the 2017 work program and budget. The work program for 2017 includes the reprocessing of approximately 480 sq km of full fold seismic data. It is anticipated that this exercise will assist in better modelling of the West Linapacan structure. It may also serve as a basis to update well design and drilling/development plans.

SERVICE CONTRACT 14A & 14B - NIDO & MATINLOC OIL FIELDS

Location:	Palawan Basin, Philippines		
Area:	68,000 hectares	Operator:	Philodrill Corporation
Nido's Interest:	Block A 22.49% Block B 28.28%	Activity:	Production

The Nido and Matinloc oil fields continued to produce oil on a cyclical basis during the quarter. Oil production from these fields totalled 35,237 bbls (8,924 bbls net to Nido). A total of 35,875 bbls (9,455 bbls net to Nido) was lifted and sold during the quarter.

EXPLORATION AND APPRAISAL—Philippines

SERVICE CONTRACT 54A and 54B

Location:	Palawan Basin, Philippines		
Area:	88,000 hectares	Operator:	Nido
Nido's Interest:	42.4% (Block A) 60% (Block B)	Opportunity:	Multiple small field development opportunities

Service Contract 54 is in a period of moratorium from 5 August 2014 to 5 August 2017. The moratorium provides both the Block A and Block B Joint Ventures sufficient time to study the presently sub-commercial areas and other areas of interest within the Service Contract. The Company continues to consider low cost development opportunities and other alternatives to maximise value from this asset.

SERVICE CONTRACT 63

Location:	Palawan Basin, Philippines		
Area:	1,067,000 hectares	Operator:	PNOC-EC
Nido's Interest:	20%	Activity:	Reviewing the remaining prospectivity of the block

During the first quarter of 2016 the DOE granted a three year moratorium and an amendment to the Sub-Phase 3 Work Program. A review of the remaining prospectivity of the block is currently ongoing. Dragon Oil is in the process of withdrawing from this Service Contract and PNOC-EC and Nido have signed an assignment agreement with Dragon Oil. Upon approval by the DOE, PNOC-EC and Nido will each hold a 50% participating interest in the Service Contract.

SERVICE CONTRACT 58

Location:	Palawan Basin, Philippines		
Area:	1,349,000 hectares	Operator:	Nido*
Nido's Interest:	50% (Subject to completing farm-in obligation)	Opportunity:	Multiple prospects (exploration)

* *Technical Operator during Farm-in. Nido interest subject to completion of drilling farm-in commitment well.*

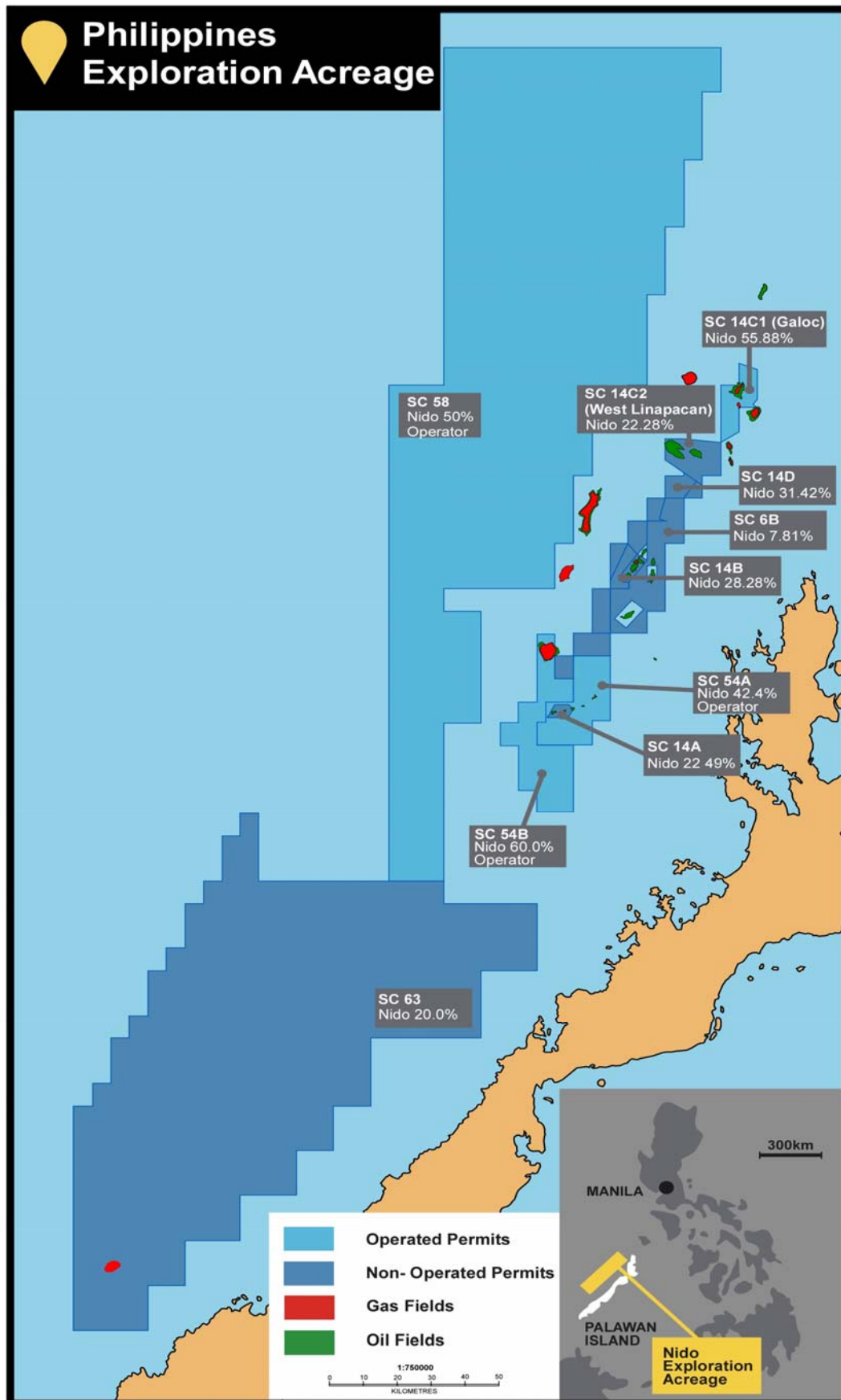
During the third quarter of 2016 the Permanent Court of Arbitration in the Hague ruled in favour of the Philippines in relation to the territorial dispute with the Peoples Republic of China regarding the South China Sea. The Company continues to monitor the situation closely and its potential impact on SC 58 in particular. SC 58 continues to remain in a period of suspension.

SERVICE CONTRACT 6B - BONITA

Location:	Palawan Basin, Philippines		
Area:	55,000 hectares	Operator:	Philodrill Corporation
Nido's Interest:	7.81%	Opportunity:	Re-evaluation of the prospectivity of the block

The Joint Venture has recently focused on maturing leads in the northern part of the block and the East Cadlao structure located to the east of the Cadlao oil field in SC 6. Reprocessing of the approximately 402 sq km of the existing TQ3D seismic survey has been completed and is still under review by the Operator.

EXPLORATION AND APPRAISAL — Philippines



EXPLORATION AND APPRAISAL — Indonesia

BARONANG PRODUCTION SHARING CONTRACT

Location:	West Natuna Basin, Indonesia		
Area:	282,500 hectares	Operator:	Lundin Petroleum
Nido's Interest:	10.00% (15%*)	Action:	Withdrawal from PSC

Nido is in the process of withdrawing from this Production Sharing Contract.

*Nido exercised its right to acquire an additional 5% working interest but this transfer of interest is yet to receive regulatory approval.

CAKALANG PRODUCTION SHARING CONTRACT

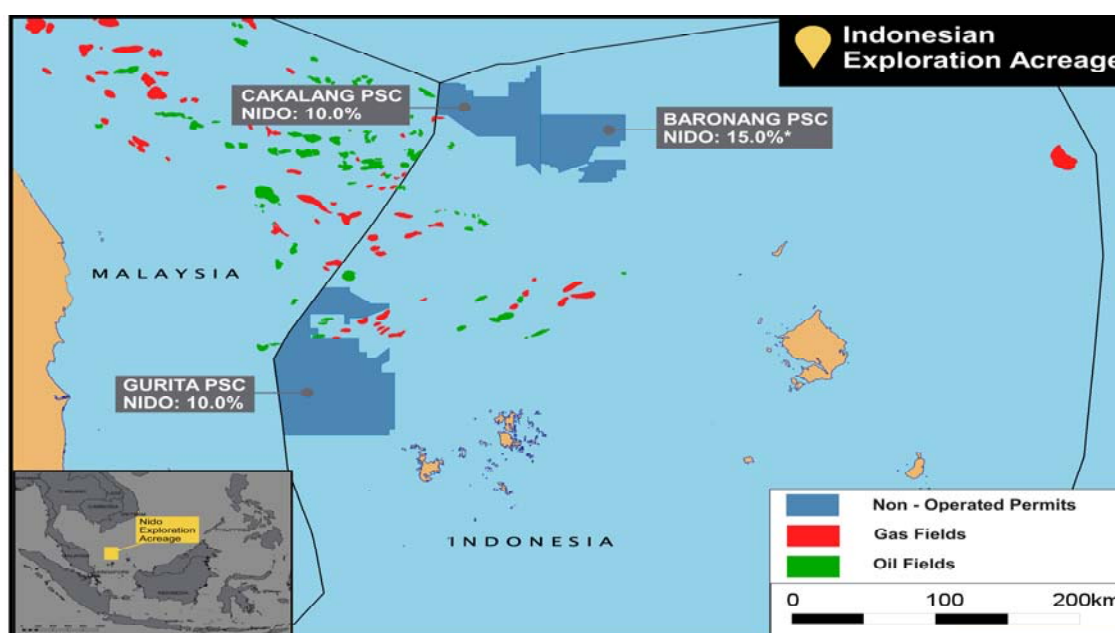
Location:	West Natuna Basin, Indonesia		
Area:	337,200 hectares	Operator:	Lundin Petroleum
Nido's Interest:	10.00%	Action:	Withdrawal from PSC

Nido is in the process of withdrawing from this Production Sharing Contract.

GURITA PRODUCTION SHARING CONTRACT

Location:	Penyu Sub-Basin, Indonesia		
Area:	801,800 hectares	Operator:	Lundin Petroleum
Nido's Interest:	10.00%	Action:	Evaluating remaining prospectivity of the block

The Operator Lundin has advised Nido that it intends to withdraw from the PSC, subject to the receipt of any necessary regulatory approvals. There was no material operational activity in the Gurita PSC during the last quarter.



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Report has been prepared in \$US

Name of entity

NIDO PETROLEUM LIMITED ("Nido")

ABN

65 086 630 373

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	9,070	50,160
1.2 Payments for		
(a) exploration & evaluation	(1,273)	(3,241)
(b) development	-	379
(c) production	(7,510)	(32,833)
(d) staff costs	(1,947)	(5,389)
(e) administration & corporate costs (gross)	(833)	(3,143)
(f) overhead recovery	1,149	3,766
(e)-(f) administration & corporate costs (net)	316	623
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	5
1.5 Interest and other costs of finance paid	-	(4,373)
1.6 Income taxes paid	(532)	(1,253)
1.7 Research and development refunds	-	-
1.8 Other (crude oil derivative net proceeds)	210	1,175
1.9 Net cash from / (used in) operating activities	(1,664)	5,253
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(52)	(52)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(52)	(52)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	19,778	19,778
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(542)	(542)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(10,000)
3.7	Transaction costs related to loans and borrowings	(13)	(303)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	19,223	8,933
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	14,146	17,531
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,664)	5,253
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(52)	(52)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	19,223	8,933
4.5	Effect of movement in exchange rates on cash held	321	309
4.6	Cash and cash equivalents at end of period	31,974	31,974

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1 Bank balances	31,968	14,140
5.2 Call deposits	6	6
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	31,974	14,146

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$US'000
224
-

Represents fees paid to Directors, including the Managing Director's salary

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$US'000
-
-

While Nido has no related entity cash flow movements in items 1.2 or 2.3, Nido has a long term debt facility with its majority shareholder Bangchak Petroleum Public Company Limited. Details of cash flow movements relating to this facility are shown in items 3.5 and 3.6. Details of the facility agreement can be found in section 8.

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end (*) \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities	120,000	78,200
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

(*) Relates to the amount available under the revolving debt loan facility with Bangchak Petroleum Public Company which was revised on 22 March 2016 (original agreement signed 12 December 2014). The revised facility comprises two components – (i) up to USD\$120 million available under “Facility A” where the primary purpose is to fund the acquisition of oil and gas assets (as at 31 December the balance drawn for Facility A was USD \$78.2 million); and (ii) up to USD \$4.0 million available under “Facility B” where the primary purpose is to provide additional financial support (as at 31 December 2016 the balance drawn for Facility B was USD \$nil). Under the terms of the revolving debt loan facility, the Company’s total indebtedness cannot exceed USD\$120 million.

9. Estimated cash outflows for next quarter	\$US'000
9.1 Exploration and evaluation	(9,753)
9.2 Development	-
9.3 Production	(8,977)
9.4 Staff costs	(1,316)
9.5 Administration and corporate costs	(943)
9.6 Other (overhead recovery)	1,088
9.7 Total estimated cash outflows	(19,901)

* Forecast cash inflows for the first quarter of 2017 include revenues from 1 lifting from the Galoc oil field at a working entitlement of 55.88% for the Nido Group.

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: 20 January 2017.....

Print name: John Newman

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.