Nido Petroleum Limited

ABN 65 086 630 373

14 July 2015

ASX ANNOUNCEMENT

Contingent Resources Estimates for the Galoc Oil Field from Mid-Galoc Area

Highlights:

- Independent assessment by GCA estimates the mid-Galoc area of the field contains 1C Contingent Resources at **6.2** mmstb on a gross basis (**3.4** mmstb net to Nido on a Net Working Interest (NWI) basis).
- 2C and 3C Contingent Resource estimates are **9.5** mmstb and **14.6** mmstb, respectively, on a gross basis (**5.3** mmstb and **8.1** mmstb net to Nido on a NWI basis).
- Independent Contingent Resources estimation is a key milestone in the plan to develop the mid-Galoc area of the field.
- Nido has a 55.88% working interest in the Galoc oil field.

Nido Petroleum Limited (ASX:NDO) ("Nido" or the "Company") is pleased to provide the results of an independent contingent resources assessment of the mid-Galoc area of the Galoc oil field as at 30 June 2015, undertaken by Gaffney Cline and Associates ('GCA').

Details of Mid-Galoc Contingent Resources Assessment

GCA has completed its Independent Reserves and Resources assessment on the mid-Galoc area of the Galoc oil field in accordance with the SPE/WPC/AAPG/SPEE Petroleum Resource System (SPE PRMS) Definitions and Guidelines and the ASX Listing Rules including Listing Rules 5.25 to 5.44 where applicable.

The tables and information below summarise the Reserves and Resources for the mid-Galoc area of field as at 30 June 2015 in accordance with these Requirements.

Technical Review

The mid-Galoc oil accumulation is a northerly extension of the Galoc Field, located in Block C1 of Service Contract 14 (SC 14C1) in the NW Palawan basin, offshore Philippines and operated on behalf of the SC 14C1 Joint Venture by Galoc Production Company ('GPC'). The mid-Galoc area is being considered as a potential development project using horizontal drilling and sub-sea completion technology.

The Operator, GPC, has recently completed an extensive technical review of the existing geological and production data from the Galoc field incorporating the mid-Galoc area, resulting in new, integrated static and dynamic reservoir models which have underpinned the resource assessment undertaken by GCA.

Contingent Resources

The preliminary development plans for mid-Galoc are based on drilling two horizontal, subsea development wells tied back to the Galoc Field Floating Production Storage and Offloading (FPSO) facilities. Crude oil sales will be by ship-to-ship transfer from the FPSO to a shuttle tanker. The development plan is still being optimised, and has not yet been submitted to the Philippine authorities for approval.

As part of its resource assessment work, GCA reviewed various data, interpretations and models provided by GPC and conducted its own analyses of these data sets and models, amending them where necessary. The assessment conducted by GCA, in arriving at its oil in-place estimates, comprised geophysical analyses, a review of depth conversions and seismic attribute analyses, review and update of the geological model, petrophysical analyses and a review of fluid contacts.

A summary of the range of in-place oil volumes for the mid-Galoc area (MGA) based on the sensitivity modelling performed by GPC and subsequent GCA modifications is shown below.

	STOIIP (mmstb)		
	P90	P50	P10
mid-Galoc Area	52.6	77.3	113.0

GCA concluded its work with a review of the main Galoc Field production history, and GPC's latest simulation model forecasts and history-matching results. These were used as a basis for generating the production profiles that formed the basis of GCA's resource estimates.

Oil production was assumed to start on 1st January, 2018. An uncertainty range in initial per well oil rate between 2,500 stb/d and 3,000 stb/d, attributable to variable reservoir performance, was assumed. Production decline rates in the range of 19% to 23% per year were applied, consistent with the well performance observed in the Galoc Phase I development wells.

The estimates of recoverable volumes for the mid-Galoc development were based on a two-well development and assuming an economic limit of 1,200 stb/d for the field. Recovery factors range between 12% and 13% and are typical of reservoir performance under a pressure depletion mechanism.

GCA has considered production forecasts based on the Operator's preliminary development plan to be classified as Contingent Resources under the sub-category 'Development Pending'.

Contingent Resources estimated by GCA and attributable to Nido's Net Working Interest (NWI) in the Service Contract as at 30th June, 2015 are tabulated below. Nido's Net Entitlement volumes from an approved development plan (which would then be classified as Reserves) will be less than the NWI volumes shown therein.

OIL CONTINGENT RESOURCES	Gross 100% Field			Net to Nido's NWI		
Development Pending	**1C (mmstb)**	**2C (mmstb)**	**3C (mmstb)**	**1C (mmstb)**	**2C (mmstb)**	**3C (mmstb)**
mid-Galoc Area	6.2	9.5	14.6	3.4	5.3	8.1

Notes:

1. No recoverable gas volumes have been reported as there are no plans to recover the gas cap volumes.
2. Gross Field Contingent Resources are 100% of the volumes estimated to be recoverable from the project in the event that it is developed.
3. Company Net Contingent Resources in this table are the Company's 55.87952% Working Interest fraction of the Gross Field Resources; they do not represent the Company's actual Net Entitlement under the terms of the SC that governs the asset, which would be lower.
4. The volumes reported here are "unrisked" in the sense that no adjustment has been made for the risk that the project may not go ahead in the form envisaged or may not go ahead at all (i.e. no "Chance of Development" factor has been applied).
5. Contingent Resources should not be aggregated with Reserves because of the different levels of risk involved and the different basis on which the volumes are determined.

It must be appreciated that the Contingent Resources reported herein are unrisked in terms of economic uncertainty and commerciality. There is no certainty that it will be commercially viable to produce any portion of the Contingent Resources.

Contingent Resources in mid-Galoc were estimated using a deterministic approach and in the 2C and 3C cases represent production volumes that extend beyond the current expiry date of the Service Contract.

GCA has estimated a "chance of development" for the mid-Galoc development project, based on consideration of the key contingencies relating to this project. These include:

- *The preparation and submission of a Field Development Plan for mid-Galoc.*
- *The necessary approvals required from Government and JV partners.*
- *The requirement for an extension to the Service Contract.*
- *The company's ability to successfully conduct the work programme.*

Based on an assessment of these factors, and GPC management's stated intentions, GCA considers that there is a high chance that the development of the mid-Galoc Area will progress as expected.

Resources Estimates Underpin Further Development of the Galoc Oil Field

Nido's Executive Chairman, Mr William Bloking, commenting on the Independent Contingent Resources Estimation, stated: "*I am extremely pleased with the outcome of the assessment: The independent assessment of the mid-Galoc area represents a significant step-forward in the further development of the Galoc oil field."*

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Qualified Reserves and Resources Evaluator Statement

In accordance with ASX Listing Rule 5.42, the Company confirms that the hydrocarbon resources information contained in this document in relation to the mid-Galoc Area of the Galoc oil field is based on and fairly represents information prepared by Mr Stephen M. Lane, B. Sc. (Hons.) Geology, Technical Director, Gaffney Cline & Associates, who is a member of the Society of Petroleum Engineers and has at least five years' experience in the sector. Mr Lane is not an employee of the Company and consented in writing to the inclusion of the hydrocarbon resources information in the form and context in which it appears in this release. The hydrocarbon resources information contained in this document does not comply with Canadian or US standards of disclosure for oil and gas.