

# Q2

2016 Activities Report



## Quarterly Report

For the period ending 30 June 2016

### HIGHLIGHTS

- ◆ **Nido's net production from the Galoc oil field during the second quarter was 260,350 bbls on a 55.88% participating interest basis**
- ◆ **Production uptime for the Galoc oil field was 99.93% during the quarter and average gross daily production was 5,120 bopd (2,861 bopd net to Nido)**
- ◆ **Cargoes 51 and 52 were lifted on 19 April 2016 and 28 June 2016 respectively with the total lifted volume of 351,861 bbls (196,618 bbls net to Nido) for cargo 51 and a total lifted volume of 334,670 bbls (187,012 bbls net to Nido) for cargo 52**
- ◆ **Cyclical production continued from the Nido and Matinloc oil fields (8,502 bbls net to Nido)**
- ◆ **The Company's AGM was held on 6 May 2016 at Nido's offices in Como, Perth with all resolutions passed**

I am pleased to provide to you the following summary of the Company's activities for Q2 2016.

Galoc up-time was 99.93% for the quarter with gross average daily oil production of 5,120 bbls (2,861 bopd on a net to Nido basis) with total production of 465,913 bbls (260,350 bbls net to Nido).

Cargoes 51 and 52 were lifted on 19 April 2016 and 28 June 2016 respectively with the total lifted volume of 351,861 bbls (196,618 bbls net to Nido) for cargo 51 and a total lifted volume of 334,670 (187,012 bbls net to Nido) for cargo 52.

The Nido and Matinloc oil fields continued to produce oil on a cyclical basis during the quarter. Oil production from these fields totalled 32,529 bbls (8,502 bbls net to Nido).

I am pleased to report that the Company's Annual General Meeting was held on 6 May 2016 at the Company's offices in Como, Perth and all resolutions were passed with an overwhelming majority.

The Galoc Joint Venture continued to progress sub-surface and preliminary engineering studies and is still considering a possible appraisal well in the mid-Galoc area of the field to confirm the commerciality of a potential Phase III development project.

The Company also continued to evaluate exploration, development and production assets in the region and is consider-

ing a number of assets in this context.

Subsequent to quarter end, the Permanent Court of Arbitration in the Hague issued a ruling and found in favour of the Philippines in their long-running territorial dispute with the Peoples Republic of China regarding the South China Sea. At this stage there is no clarity on the impact this ruling may have on SC 58 and SC 63 and we will be following developments in the Philippines closely.

A handwritten signature in black ink, appearing to read 'M Fischer'.

**DR MIKE FISCHER**  
**MANAGING DIRECTOR**

FINANCIAL AND CORPORATE

<b><u>LIFTING SUMMARY</u></b>	<b>Qtr 2 2016</b>	<b>Year-to-date 2016</b>	<b>Previous Qtr Q1 2016</b>
<b>Volumes - Lifted &amp; Sold (stb)</b>			
<b>Service Contract 14:</b>			
Galoc oil field (net to Nido)	383,630	581,633	198,003
Nido & Matinloc oil fields (net to Nido)*	9,745	13,870	4,125
<b>TOTAL VOLUMES LIFTED &amp; SOLD</b>	<b>393,375</b>	<b>595,503</b>	<b>202,128</b>
<b><u>FINANCIAL SUMMARY</u></b>			
<b>Cash Inflows— US\$ '000</b>			
Receipts from sale of crude oil	9,402	22,448	13,046
Interest & other	2	901	899
Refund of development expenditure	-	379	379
Proceeds from debt facility	-	-	-
<b>TOTAL CASH INFLOWS</b>	<b>9,404</b>	<b>23,728</b>	<b>14,324</b>
<b>Cash Outflows—US\$ '000</b>			
Exploration expenditure	(798)	(1,370)	(572)
Development expenditure	-	-	-
Production OPEX	(9,031)	(19,728)	(10,697)
Income taxes	(470)	(470)	-
Repayment of borrowings & financing costs	(175)	(14,548)	(14,373)
Administration & other expenses	(1,075)	(2,185)	(1,110)
Foreign exchange movement & other	9	(1)	(10)
<b>TOTAL CASH OUTFLOWS</b>	<b>(11,540)</b>	<b>(38,302)</b>	<b>(26,762)</b>
<b>Cash Position – US\$ '000</b>			
Cash on Hand	2,957	2,957	5,093
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\$3.0 million and debt outstanding of US\$78.2 million.

**INFLOWS**

Galoc production remained steady and cash inflows from crude oil sales totalled US\$9.4 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. There was one crude oil hedge put option executed during the quarter (against the June 2016 average Dubai oil price), however the resulting cash inflow upon settlement was received in July 2016.

**OUTFLOWS**

Cash outflows from production operations at the Galoc oil field and the Nido/Matinloc oil fields amounted to US\$9.0 million. There were no cash outflows for costs of crude oil hedge put options as the June option premium was paid in July 2016.

Cash outflows for exploration activities of US\$0.8 million relate mainly to new venture and Galoc exploration activity.

Principal repayments and interest payments were deferred until at least 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.

Income tax expense payments totalled \$0.5 million during the quarter. General administration expenditure totalled US\$1.1 million for the quarter.

**FINANCIAL AND CORPORATE**

**PRELIMINARY (UNAUDITED) Q2 and HALF YEAR FINANCIAL INFORMATION**

Nido has provided preliminary Q2 and Half Year 2016 financial information to BCP Energy International Pte Ltd ('BCPE') for their quarterly reporting process. The preliminary financial information is unaudited and subject to change and is set out in the following table:

<b><i>Statement of Comprehensive Income for the Half Year 2016 (US\$ '000)</i></b>	<b>30 June 2016</b>
Revenue from sale of crude oil	14,990
EBIT	(8,916)
Net profit / (loss) for the half year 2016	(11,118)
<b><i>Balance Sheet as at 30 June 2016 (US\$ '000)</i></b>	
Current Assets	25,924
Non-current Assets	136,411
Current Liabilities	22,093
Non-current Liabilities	109,387
Net Assets	30,855
<b><i>Statement of Cash Flows for the Half Year 2016 (US\$ '000)</i></b>	
Net cash (used in) operating activities	(3,500)
Net cash (used in) investing activities	(899)
Net cash (from) financing activities	(10,175)

**PRODUCTION AND DEVELOPMENT—Philippines**

**SERVICE CONTRACT 14C1 - GALOC OIL FIELD**

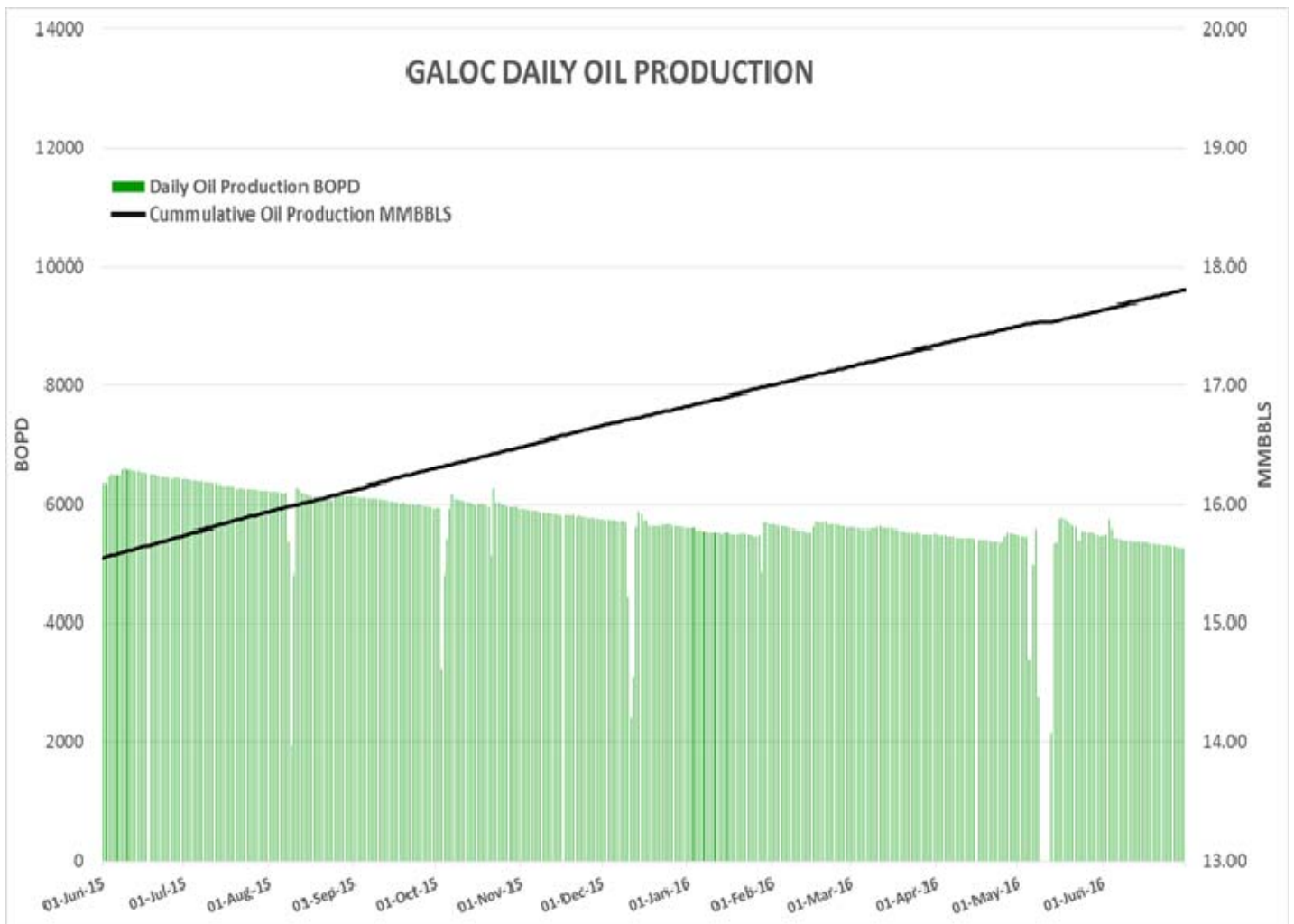
<b>Location:</b>	Palawan Basin, Philippines		
<b>Area:</b>	16,000 hectares	<b>Operator:</b>	Galoc Production Company W.L.L.
<b>Nido's Interest:</b>	55.88%	<b>Activity:</b>	Galoc Production

Gross production from the Galoc oil field during the quarter was 465,913 bbls (260,350 bbls net to Nido) with a gross average production rate of 5,120 bopd (2,861 bopd net to Nido).

Cargo 51 was lifted on 19 April 2016 with 351,861 bbls (196,618 bbls net to Nido) with a realised FOB price of US\$40.53 per bbl. Cargo 51 was sold to SK Energy in South Korea.

Cargo 52 was lifted on 28 June 2016 with 334,670 bbls (187,012 bbls net to Nido) with a realised FOB price of US\$48.15 per bbl. Cargo 52 was sold to Thai Oil Public Co. Ltd. in Thailand.

The Joint Venture is still considering a possible appraisal well in the mid-Galoc area to confirm the commerciality of a potential Phase III development. In this context the Joint Venture continued to progress relevant sub-surface and preliminary engineering studies.



**PRODUCTION AND DEVELOPMENT—Philippines**

**SERVICE CONTRACT 14C2 - WEST LINAPACAN A**

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

There was limited operational activity undertaken by the Joint Venture during the quarter. Nido continues to explore ways to maximise value from the asset and is still considering whether there are any potential low cost development opportunities.

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

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

The Nido and Matinloc oil fields continued to produce oil on a cyclical basis during the quarter. Oil production from these fields totalled 32,529 bbls (8,502 bbls net to Nido). A total of 38,162 bbls (9,745 bbls net to Nido) was lifted and sold during the quarter.

## EXPLORATION AND APPRAISAL—Philippines

### SERVICE CONTRACT 54A and 54B

<b>Location:</b>	Palawan Basin, Philippines		
<b>Area:</b>	88,000 hectares	<b>Operator:</b>	Nido
<b>Nido's Interest:</b>	42.4% (Block A) 60% (Block B)	<b>Opportunity:</b>	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

<b>Location:</b>	Palawan Basin, Philippines		
<b>Area:</b>	1,067,000 hectares	<b>Operator:</b>	PNOC-EC
<b>Nido's Interest:</b>	20%	<b>Activity:</b>	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 are currently negotiating an assignment agreement with Dragon Oil. Upon finalisation of the terms of the assignment and approval by the DOE, it is the intention of the parties that PNOC-EC and Nido will each hold a 50% participating interest in the Service Contract.

### SERVICE CONTRACT 58

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

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

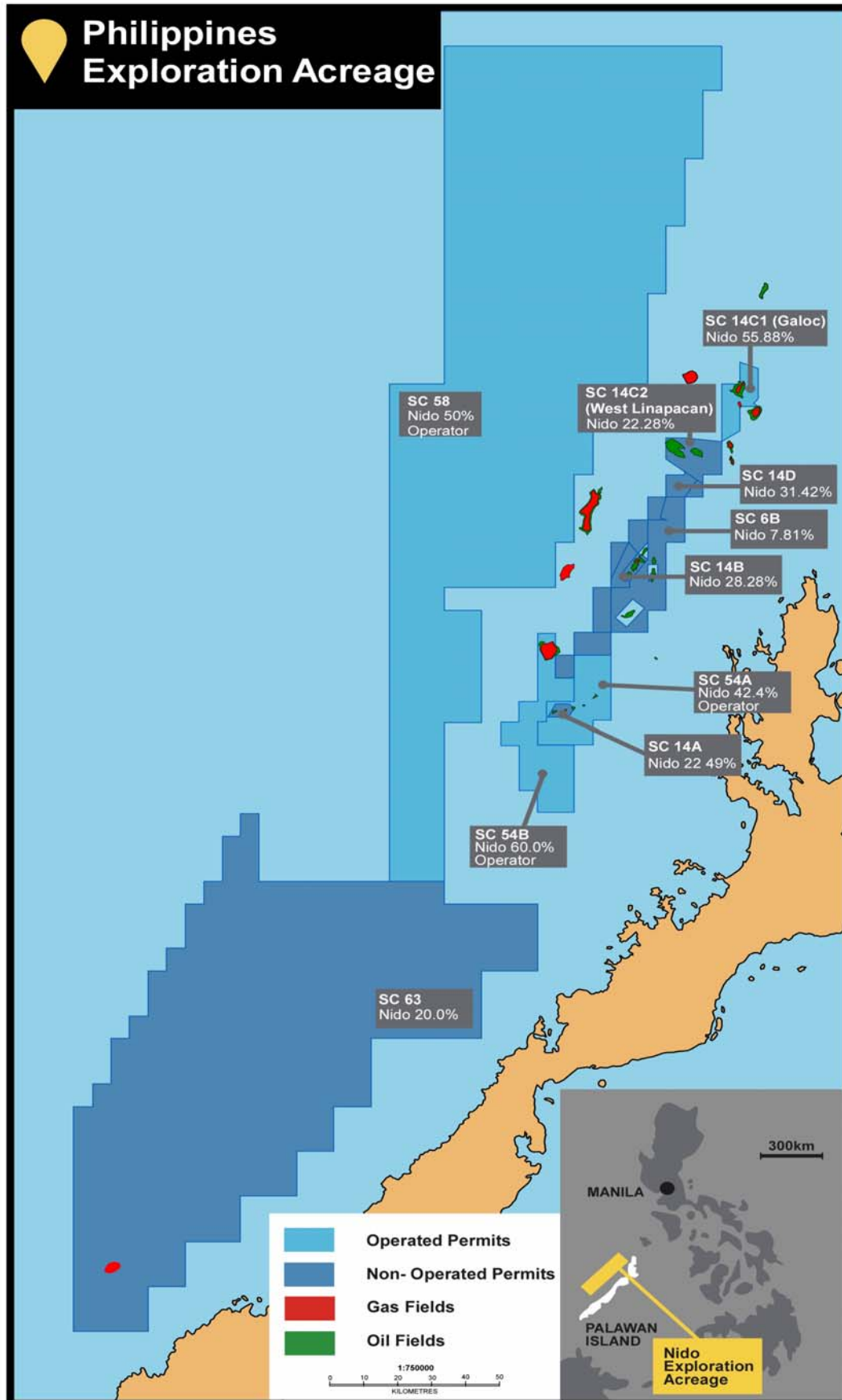
The Service Contract remains in a period of suspension. Subsequent to the end of the quarter the Permanent Court of Arbitration in the Hague ruled in favour of the Philippines over the Peoples Republic of China regarding ownership of the West Philippine Sea in which SC 58 is located. The Company is continuing to monitor the situation closely to understand any impact of the ruling on SC 58 and will update the market further if there are any material developments.

### SERVICE CONTRACT 6B - BONITA

<b>Location:</b>	Palawan Basin, Philippines		
<b>Area:</b>	55,000 hectares	<b>Operator:</b>	Philodrill Corporation
<b>Nido's Interest:</b>	7.81%	<b>Opportunity:</b>	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 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**

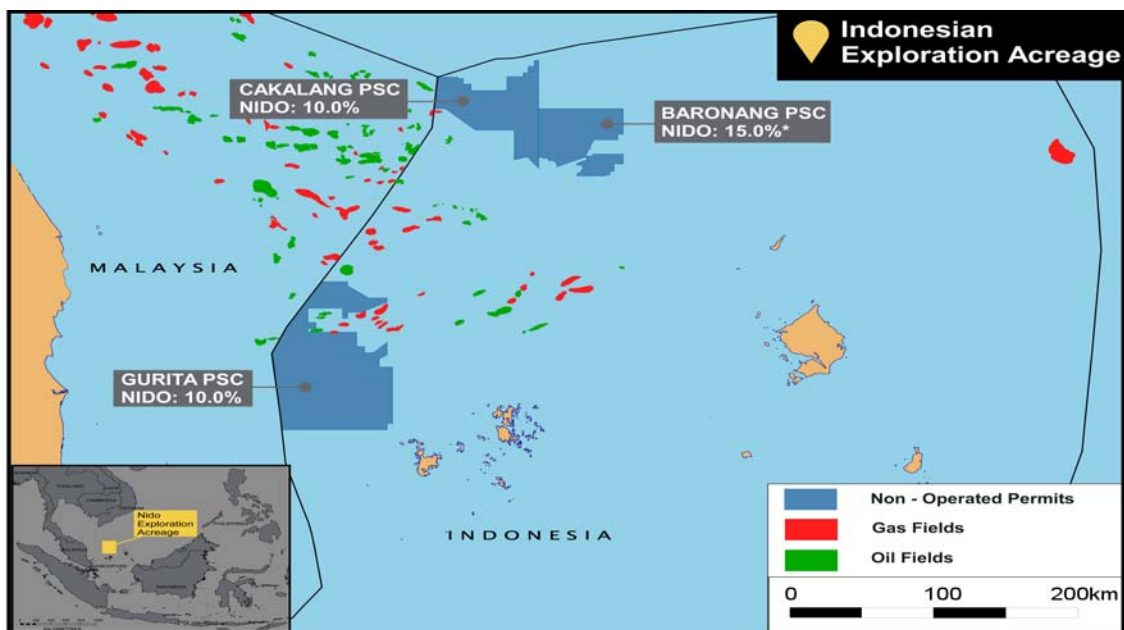
Location:	West Natuna Basin, Indonesia		
Area:	337,200 hectares	Operator:	Lundin Petroleum
Nido's Interest:	10.00%	Action:	Withdrawal from PSC

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 quarterly report

### Report has been prepared in \$US

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

Name of entity

NIDO PETROLEUM LIMITED

ABN

65 086 630 373

Quarter ended ("current quarter")

30 June 2016

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$US'000	Year to date (6 months ending 30 June 2016) \$US'000
1.1 Receipts from product sales and related debtors	9,402	22,448
1.2 Payments for (a) exploration & evaluation	(798)	(1,277)
(b) development	-	379
(c) production	(9,031)	(19,727)
(d) administration	(1,075)	(2,279)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	3
1.5 Interest and other costs of finance paid	-	(4,373)
1.6 Income taxes paid	(470)	(470)
1.7(a) Other – Put option derivative proceeds	-	898
<b>Net Operating Cash Flows</b>	<b>(1,970)</b>	<b>(4,398)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments net of cash acquired	-	-
(c) other fixed assets	-	-
1.9 Net Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,970)</b>	<b>(4,398)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,970)	(4,398)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc (net of costs).	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17(a)	Repayment of borrowings	-	(10,000)
1.17(b)	Payment for financing costs	(175)	(175)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	(175)	(10,175)
	<b>Net increase (decrease) in cash held</b>	(2,145)	(14,573)
1.20	Cash at beginning of quarter/year to date	5,093	17,531
1.21	Exchange rate adjustments to item 1.20	9	(1)
1.22	<b>Cash at end of quarter</b>	2,957	2,957

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$US'000
1.23	Aggregate amount of payments to the parties included in item 1.2	267
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Represents fees paid to Directors, including the Managing Director salary.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available* \$US'000	Amount used \$US'000
3.1 Loan facilities	120,000	78,200
3.2 Credit standby arrangements	-	-

*\*Relates to the amount available under the revolving debt loan facility with Bangchak Petroleum Public Company which was revised on 11 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 30 June 2016 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 30 June 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.*

## Estimated cash outflows for next quarter

	\$US'000
4.1 Exploration and evaluation	(1,607)
4.2 Development	-
4.3 Production	(8,994)
4.4 Administration	(1,071)
<b>Total</b>	<b>(11,672)</b>

*\* Forecast cash inflows for the third quarter of 2016 include revenues from 2 liftings from the Galoc oil field at a working entitlement of 55.88% for the Nido Group.*

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$US'000	Previous quarter \$US'000
5.1 Cash on hand and at bank	2,951	5,049
5.2 Deposits at call	6	44
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>2,957</b>	<b>5,091</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**  
**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	-

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	-	-	-	-
7.2	-	-	-	-
7.3	43,809,462	43,809,462	-	Fully paid

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

7.4	Changes during quarter	Grant of 43,750 Ordinary Shares as part of Dr. Michael Fischer's Sign-On and Retention Bonus (first tranche)	43,750	Nil	Fully paid
	(a) Increases through issues				
	(b) Decreases through returns of capital, buy-backs				
7.5	<b>+Convertible debt securities</b> <i>(description)</i>	-	-	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

7.7	<b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	<b>Future Grant of Shares</b> (sign-on and retention bonus pursuant to employment contract for appointment of Managing Director)	As at 30 June 2016, remaining future grant of 306,250 Retention Rights to be granted in seven further tranches of 43,750 ordinary shares at six month intervals commencing on or around 26 August 2016.	Unquoted	Nil – linked to tenure	In the event of the termination of the Employment Contract by the Company (other than for cause in which case no further shares shall be issued) a maximum of 43,750 ordinary shares of any of the unvested Retention Rights shall be issued. In the event of termination by Dr. Fischer the Company is not obliged to issue any unvested Retention Rights.
	<b>Performance Rights</b> (performance rights issued pursuant to the terms of the Long Term Incentive Policy and Employee Performance Rights Plan)	Nil	Nil	Nil	Nil
	<b>Managing Director Performance Rights</b> (performance rights issued to the Managing Director with Shareholder approval – same terms and conditions as Employee Performance Rights Plan)	Nil	Nil	Nil	Nil

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

7.8	Issued during quarter				
	<b>Future Grant of Shares</b> (sign-on and retention bonus pursuant to employment contract for appointment of Managing Director)	350,000 rights to future shares pursuant to Sign-On and Retention Bonus (as at 30 June, 306,250 remaining as per 7.7 above)	Unquoted	Nil	N/A
7.9	Exercised during quarter				
	<b>Future Grant of Shares</b> (sign-on and retention bonus pursuant to employment contract for appointment of Managing Director)	First Tranche of 43,750 rights to future shares pursuant to Sign-On and Retention Bonus (refer to 7.4(a) above)	Nil	Nil	Nil
	<b>Performance Rights</b> (performance rights issued pursuant to the terms of the Long Term Incentive Policy and Employee Performance Rights Plan)	Nil	Nil	Nil	Nil
7.10	Expired during quarter	Nil	Nil	Nil	Nil -
7.11	<b>Debentures</b> (totals only)				

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

7.12	<b>Unsecured notes</b> ( <i>totals only</i> )		
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+ See chapter 19 for defined terms.



## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 22 July 2016  
John Newman  
(Company secretary)

## 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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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