NIDO PETROLEUM LIMITED

ABN 65 086 630 373

HALF-YEAR FINANCIAL REPORT
FOR THE PERIOD ENDED
30 June 2016

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Your Directors submit their report of the Group comprising of Nido Petroleum Limited (the Company or Nido) and its subsidiaries, for the half-year ended 30 June 2016.

DIRECTORS

The Directors of the Company in office during the half-year and until the date of this report are listed below. Directors were in office for this entire period, unless otherwise stated.

William Bloking	Chairman
Michael Fischer	Managing Director
Andrew Edwards	Non-Executive Director
Vichien Usanachote	Non-Executive Director
Chaiwat Kovavisarach	Non-Executive Director
Krairit Nilkuha	Non-Executive Director

PRINCIPAL ACTIVITIES

The principal activities of the Group during the half-year, which occurred primarily in the Philippines, included:

- Production and sale of oil;
- Appraisal and development of its oil assets; and
- Exploration for oil and gas.

REVIEW AND RESULTS OF OPERATIONS

Summary of Financial Performance

A summary of key financial indicators for the Group for the half-year, with prior period half-year comparison, is set out in the following table:

	Consolidated 30 June 2016 US$'000	Consolidated 30 June 2015 US$'000
Revenue from sale of crude oil	14,990	40,979
Gross profit / (loss)	(5,333)	2,488
Net profit / (loss) for the half-year after tax	(11,118)	(834)
Basic profit / (loss) per share from continuing operations	(25.4) cents	(1.90) cents
Net cash from / (used in) operating activities	(3,500)	3,023
Net cash used in investing activities	(899)	(74,853)
Net cash from / (used in) financing activities	(10,175)	77,090

The total net loss after tax of the Group for the half-year ended 30 June 2016 is $11.118 million (30 June 2015: loss of $0.834 million), which included the following significant items:

- Oil revenue for the half-year totalled $14.990 million (30 June 2015: $40.979 million), comprised of revenue from the Galoc oil field of $14.622 million (30 June 2015: $40.365 million), and revenue from the Nido and Matinloc oil fields of $0.368 million (30 June 2015: $0.614 million). Oil revenue for the half-year 2016 is lower than for the same period in 2015 due to a significant decline in oil price and fewer cargos being sold;

- Cost of sales for the half-year was $20.326 million (30 June 2015: $38.500 million). The decrease in cost of sales primarily relates to the lower FPSO rate, field operating costs and government taxes in the current market;
- Total financing costs for half-year of $3.460 million is primarily related to the debt facilities with Bangchak Petroleum Public Company Limited ("Bangchak");
- Office and other expenditure totalled $3.285 million (30 June 2015: $4.491 million); and
- Income tax benefit of $1,258 million (30 June 2015: tax expense of $0.090 million) primarily relates to the unwinding of the deferred tax liabilities associated with the different tax and accounting treatments of the Galoc Oil and Gas Property assets.

PERMITS SUMMARY

The following table summarises the Company's equity interests in its permits as at 30 June 2016:

Philippines

Permit	Basin	Nido Interest (%)	Approx. Area (sq. km.)	Operator
SC 14 Block A	North West Palawan	22.49	24	Philodrill (1)
SC 14 Block B	North West Palawan	28.28	155	Philodrill (1)
SC 14 Block C-1 (2)	North West Palawan	55.88	164	GPC (3)
SC 14 Block C-2 (4)	North West Palawan	22.28	178	Philodrill (1)
SC 14 Block D	North West Palawan	31.42	173	Philodrill (1)
SC 6B	North West Palawan	7.81	537	Philodrill (1)
SC 54A	North West Palawan	42.40	399	Nido
SC 54B	North West Palawan	60.00	624.5	Nido
SC 58	North West Palawan	50.00 (5)	13,487	Nido (6)
SC 63	North West Palawan	20.00	10,666	PNOC (7)

(1) The Philodrill Corporation
(2) Galoc Block
(3) Galoc Production Company WLL, a 100% owned subsidiary of Nido Petroleum Limited
(4) West Linapacan Block
(5) Subject to Nido completing its obligation under its Farm-in Agreement with the PNOC Exploration Corporation
(6) SC 58 operatorship reverts to PNOC Exploration Corporation upon completion of Nido's farm-in obligations
(7) PNOC Exploration Corporation

Indonesia

Permit	Basin	Nido Interest (%)	Approx. Net Area (sq. km.)	Operator
Baronang PSC	West Natuna Basin	10.00 (4) (5)	2,825	Lundin Petroleum (1)
Cakalang PSC	West Natuna Basin	10.00 (5)	3,339	Lundin Petroleum (2)
Gurita PSC	Penyu Sub-Basin	10.00	7,938	Lundin Petroleum (3)

(1) Lundin Baronang BV
(2) Lundin Cakalang BV
(3) Lundin Gurita BV
(4) Nido exercised its right to acquire an additional 5% working interest but this transfer of interest is yet to receive regulatory approval
(5) Nido is currently in the process of withdrawing from this PSC

PHILIPPINES ACTIVITY SUMMARY

Field	Gross Oil Production		Net Production to Nido	
	Half-Year Total	Average Daily	Half-Year Total	Average Daily
	bbls	bopd	bbls	bopd
Galoc	972,663	5,344	543,519	2,986
Nido & Matinloc	63,077	347	16,473	91
TOTAL	1,035,740	5,691	559,992	3,077

Service Contract 14 C1 (Galoc Oil Field)

The Company currently retains a combined 55.879% interest in Service Contract 14C1 which contains the Galoc oil field development. The Company's interest in the field is held by its wholly owned subsidiaries, Nido Production (Galoc) Pty Ltd and Galoc Production Company W.L.L. ('GPC') which hold a 22.879% interest and 33% interest in Service Contract SC 14C1 respectively. GPC is the Operator of the project.

Gross production from the Galoc oil field during the half year was 972,663 bbls (543,519 bbls net to Nido) with a gross average production rate of 5,344 bopd (2,986 bopd net to Nido).

Three cargoes were lifted during the reporting period, with two cargoes being sold to SK Energy in South Korea and one being sold to Thai Oil Public Co. Ltd in Thailand.

Service Contract 14 A (Nido Oil Field) & B (Matinloc Oil Field)

The Nido and Matinloc oil fields continued to produce oil on a cyclical basis during the half-year. Oil production from these fields totalled 63,077 bbls (16,473 bbls net to Nido). A total of 53,888 bbls (13,869 bbls net to Nido) was lifted and sold during the half-year.

Service Contract 14 C2 (West Linapacan)

Philodrill Corporation as Operator of the West Linapacan Joint Venture continued to carry out a review and status audit of Joint Venture activities following the removal of RMA West Linapacan Pte Ltd from the Service Contract.

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

Service Contract 54

SC 54 - Block A & B

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 these Blocks.

Nido continues to consider low cost development opportunities and other alternatives to maximise value from this asset.

Service Contract 58

The Service Contract remains in a period of suspension. Subsequent to the end of the half-year 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 63

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 finalised the terms of an assignment agreement with Dragon Oil. Upon execution of the assignment agreement and approval by the DOE, Nido and PNOC-EC will each hold a 50% participating interest in the Service Contract.

Service Contract 6B (Bonita)

During the half-year, the Joint Venture 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.

INDONESIA ACTIVITY SUMMARY

Gurita Production Sharing Contract

The Operator, Lundin Gurita BV, 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 half-year.

Baronang and Cakalang Production Sharing Contracts

During the half-year the Company was in the process of withdrawing from these PSCs.

CORPORATE ACTIVITIES

Nido successfully completed a restructure of its Facility Agreement with the Bangchak Petroleum Public Company Limited on 11 March 2016. Under the terms of the restructure, principal and interest payments are deferred until March 2018 and the facility interest no longer increases by 2% per year but is capped at 6% plus LIBOR for the term of the loan.

On 6 May 2016, Shareholders approved the grant of 350,000 retention rights to Dr Michael Fischer, Managing Director. The Retention Rights were granted subject to Dr Fischer's ongoing employment with the company and will convert into shares in eight equal tranches of 43,750 shares over a four year period. The first tranche was converted on 11 May 2016 and the subsequent tranches will convert into shares on or around 26 August 2016 and every six month period thereafter until 26 August 2019.

The fair value of the shares has been determined based on market prices prevailing on 6 May 2016. The full fair value of the shares is A$61,250 being 350,000 at A$0.175 per share at grant date. $7,467 share based payments expense has been recognised for the half year ended 30 June 2016.

SUBSEQUENT EVENTS

Subsequent to 30 June 2016 the following occurred:

- The Company released the results of an independent Contingent Resources assessment of the Galoc Oil Field as at 1 August 2016, undertaken by ODIN Reservoir Consultants Pty Ltd. Further details of these contingent resources estimates were provided in the ASX Release dated 17 August 2016, available on the Company's website.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the Class Order applies.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is included on the following page and forms part of this report.

Signed in accordance with a resolution of the Directors.

William Bloking
Chairman

18 August 2016

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Nido Petroleum Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 30 June 2016 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Graham Hogg
Partner

Perth

18 August 2016

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Nido Petroleum Limited, I state that:

In the opinion of the Directors:

(a) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(1) giving a true and fair view of the financial position as at 30 June 2016 and the performance for the half-year ended on that date of the consolidated entity; and

(2) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

(b) There are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

William F. Bloking

William Bloking
Chairman

18 August 2016

NIDO PETROLEUM LIMITED
CONDENSED CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2016

	Notes	30 June 2016 US$'000	30 June 2015 US$'000
Revenue from sale of crude oil		14,990	40,979
Other revenue	2(a)	3	9
Total revenue		**14,993**	**40,988**
Cost of sales	3(a)	(20,326)	(38,500)
Gross profit / (loss)		(5,333)	2,488
Other income / (expense)	2(b)	(338)	30
Administrative and other expenses	3(b)	(3,285)	(4,491)
Foreign currency gains		40	4,991
Finance costs	3(c)	(3,460)	(3,942)
Profit / (loss) from continuing operations before income tax		**(12,376)**	**(924)**
Income tax benefit	4	1,258	90
Net (loss) from continuing operations for the period		**(11,118)**	**(834)**
Other comprehensive (loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(34)	(5,301)
Other comprehensive (loss) for the period, net of tax		**(34)**	**(5,301)**
Total comprehensive (loss) for the period		**(11,152)**	**(6,135)**
		US Cents	**US Cents**
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings / (loss) per share		(25.40)	(1.90)
Diluted earnings / (loss) per share		(25.40)	(1.90)

NIDO PETROLEUM LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2016

	Notes	30 June 2016 US$'000	31 December 2015 US$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	2,957	17,531
Trade and other receivables	6	10,739	13,930
Inventories		10,699	5,086
Current tax asset		1,484	1,388
Other financial assets		45	51
Total Current Assets		25,924	37,986
Non-Current Assets			
Plant and equipment		182	236
Oil and gas properties	7	46,559	57,918
Exploration and evaluation expenditure	8	71,669	71,023
Other financial assets	9	18,001	17,998
Total Non-Current Assets		136,411	147,175
Total Assets		162,335	185,161
LIABILITIES			
Current Liabilities			
Trade and other payables	10	21,198	20,553
Income tax payable		346	299
Provisions		549	517
Financial liabilities	11	-	2,663
Total Current Liabilities		22,093	24,032
Non-Current Liabilities			
Provisions		24,552	24,320
Deferred tax liability		4,835	6,609
Financial liabilities	11	80,000	88,200
Total Non-Current Liabilities		109,387	119,129
Total Liabilities		131,480	143,161
Net Assets		**30,855**	**42,000**
EQUITY			
Contributed equity	12	151,567	151,567
Other reserves		289	316
Accumulated losses		(121,001)	(109,883)
Total Equity		**30,855**	**42,000**

	Notes	30 June 2016 US$'000	30 June 2015 US$'000
Cash flows from operating activities			
Receipts from customers		22,448	27,127
Payments to suppliers and employees		(21,586)	(21,498)
Interest received		3	9
Interest paid		(4,373)	(376)
Income tax paid		(470)	(2,239)
Put option derivative		478	-
Net cash flows from / (used in) operating activities		(3,500)	3,023
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		-	(73,041)
Expenditure on oil and gas properties		379	-
Expenditure on exploration and evaluation assets		(1,278)	(1,782)
Payments for plant and equipment		-	(30)
Net cash flows used in investing activities		(899)	(74,853)
Cash flows from financing activities			
Proceeds from borrowings		-	108,000
Payments for financing costs		(175)	(569)
Repayment of borrowings		(10,000)	(30,341)
Net cash flows from / (used in) financing activities		(10,175)	77,090
Net increase / (decrease) in cash and cash equivalents		(14,574)	5,260
Effect of foreign exchange rates		-	(11)
Cash and cash equivalents at beginning of the period		17,531	8,911
Cash and cash equivalents at end of period	5	**2,957**	**14,160**

NIDO PETROLEUM LIMITED
CONDENSED CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2016

	Contributed Equity US$'000	Share Based Payment Reserve US$'000	Foreign Currency Translation US$'000	Accumulated Losses US$'000	Total Equity US$'000
At 1 January 2015	151,567	10,111	(4,674)	(78,755)	78,249
Loss for the period	-	-	-	(834)	(834)
Other comprehensive income/(loss)	-	-	(5,301)	-	(5,301)
Total comprehensive profit/(loss) for the period, net of tax	-	-	(5,301)	(834)	(6,135)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	-	-	
	-	-	-	-	
At 30 June 2015	**151,567**	**10,111**	**(9,975)**	**(79,589)**	**72,114**
At 1 January 2016	151,567	10,126	(9,810)	(109,883)	42,000
Loss for the period	-	-	-	(11,118)	(11,118)
Other comprehensive loss	-	-	(34)	-	(34)
Total comprehensive loss for the period, net of tax	-	-	(34)	(11,118)	(11,152)
Transactions with owners in their capacity as owners:					
Share based payments	-	7	-	-	7
	-	7	-	-	7
At 30 June 2016	**151,567**	**10,133**	**(9,844)**	**(121,001)**	**30,855**

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of Preparation and Corporate Information

Nido Petroleum Limited (the "Company") is a company limited by shares, domiciled and incorporated in Australia. Its shares are publicly traded on the Australian Stock Exchange. The interim condensed consolidated half-year financial statements of the Company comprises the Company and its subsidiaries (collectively referred to as the "Group").

This general purpose interim condensed consolidated financial report of the Group for the half-year ended 30 June 2016 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and was authorised for issue in accordance with a resolution of the directors on 16 August 2016.

The Group is a for profit entity and is primarily involved in Hydrocarbon exploration, evaluation, development, production and marketing.

The half-year financial report does not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Nido Petroleum Limited as at 31 December 2015.

It is also recommended that the half-year financial report be considered together with any public announcements made by Nido Petroleum Limited during the half-year ended 30 June 2016 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

Apart from the adoption of new or revised standards noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

(b) Adoption of New or Revised Standards

All new and amended Accounting Standards and Interpretations effective from 1 January 2016 have been adopted, including:

- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations

This standard AASB 2014-3 amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:

a. the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and
b. the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

The adoption of AASB 2014-3 had no effect on the Group.

- AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements

This standard amends AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of AASB 2014-9 had no effect on the Group.

		Consolidated	
		30 June 2016	30 June 2015
		US$'000	US$'000
2.	**OTHER REVENUE AND OTHER INCOME**		
(a)	**Other Revenue**		
	Interest revenue – other parties	3	9
(b)	**Other Income**		
	Loss on settlement of crude oil put options	(338)	-
	Other	-	30
		(338)	30
3.	**EXPENSES**		
(a)	**Cost of Sales**		
	Amortisation of oil and gas properties	11,166	12,647
	Production costs net of inventory movement	9,160	25,853
		20,326	38,500
(b)	**Administrative and Other Expenses**		
(i)	**Administrative expenses**		
	Employee benefits		
	Wages and salaries	2,399	2,053
	Defined contribution superannuation expense	138	102
	Share based payments expense	7	-
	Statutory retirement benefit expense (Philippines)	6	-
	Other employee benefits	110	98
	Total employee benefits	2,660	2,253
	Office and other expenses		
	Office and other expenses	1,773	2,890
	Overhead recovery	(2,311)	(1,570)
	Total overhead net recovery	(538)	1,320
	Depreciation and impairment expenses		
	Depreciation of plant and equipment	62	40
	Impairment write-down / (reversal) of exploration assets[1]	-	(346)
	Total depreciation and impairment	62	(306)
	Lease payments		
	Operating lease rental	200	254
	Total Administrative Expenses	2,384	3,521

[1]The reversal of the impairment for 2015 relates to an over-estimation of the 2014 costs associated of the PSC Baronang wells which were accrued for at year-end 2014.

		Consolidated	
		30 June 2016	**30 June 2015**
		US$'000	**US$'000**
3.	**EXPENSES - Continued**		
(ii)	**Other**		
	Exploration and evaluation expenditure expensed	901	970
	Total Administrative and Other Expenses	3,285	4,491
(c)	**Finance cost**		
(i)	**RBL facility finance costs**		
	Interest expense	-	3,736
(ii)	**BCP Revolving term loan facility costs**		
	Interest expense	3,372	-
(iii)	**Other finance costs**		
	Unwind of the effect of discounting on provisions	88	206
	Total finance costs	3,460	3,942

4. INCOME TAX

Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate

	30 June 2016 US$'000	30 June 2015 US$'000
Total accounting (loss) before income tax	(12,375)	(924)
At the Group's statutory income tax rate Australia 30%, Philippines 30% (2015: Australia 30%, Philippines 30%)	(3,713)	(277)
Adjustments in respect of current year income tax		
Non-deductible expenses	178	472
Non-assessable income	(591)	(1,211)
Prior year over/(under)-provision	4	-
Optional standard deduction	940	397
Deferred tax assets not recognised	1,924	1,315
Other	-	(786)
Income tax (benefit) for the year	(1,258)	(90)

	Consolidated	
	30 June 2016	**31 December 2015**
	US$'000	**US$'000**
5. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	2,952	17,490
Short term deposits	5	41
	2,957	17,531
6. RECEIVABLES		
Trade and Other Receivables – Current		
Crude oil receivables	-	5,529
Deposits held by Joint Operations	7,970	4,455
GST Receivables	12	94
Prepayments	1,044	1,378
Other	1,713	2,474
	10,739	13,930
7. OIL AND GAS PROPERTIES		
Production phase, at cost	187,029	187,222
Accumulated amortisation and impairment losses	(140,470)	(129,304)
	46,559	57,918
Reconciliations		
Production phase – net		
As at 1 January	57,918	33,095
Additions – including restoration asset	(193)	5,058
Acquisition of subsidiary (including transaction costs*) – refer note 14	-	65,198
Other reclass to inventory	-	(450)
Impairment	-	(19,457)
Amortisation of oil and gas properties	(11,166)	(25,526)
Net carrying value	46,559	57,918

* Includes allocation of Galoc Production Company WLL transaction costs of US$1.585 million (net of transaction costs US$63.613 million)

	Consolidated	
	30 June 2016	**31 December 2015**
	US$'000	**US$'000**

8. EXPLORATION AND EVALUATION EXPENDITURE

	30 June 2016 US$'000	31 December 2015 US$'000
Exploration and evaluation expenditure, at cost	71,669	71,023
Reconciliation		
As at 1 January	71,023	43,236
Additions	646	1,381
Acquisition of subsidiary (including transaction costs*) - refer note 14	-	26,406
Net carrying value	71,669	71,023

* Includes allocation of Galoc Production Company WLL transaction costs of $0.642 million (net of transaction costs $25.764 million)

9. OTHER FINANCIAL ASSETS

	30 June 2016 US$'000	31 December 2015 US$'000
Galoc FPSO Standby Letter of Credit Collateral Support	11,251	11,251
Galoc Decommissioning Fund Deposit	6,600	6,600
Other	150	147
	18,001	17,998

10. TRADE AND OTHER PAYABLES

	30 June 2016 US$'000	31 December 2015 US$'000
Trade Creditors	9,059	8,531
Other Creditors	12,139	12,022
	21,198	20,553

11. FINANCIAL LIABILITIES

Current		
Financial liability measured at amortised cost	-	2,663
Non-Current		
Financial liability measured at amortised cost	80,000	88,200

Bangchak Petroleum Public Company Limited Facility

On 12 December 2014, Nido Petroleum Limited (Nido) entered into a revolving debt loan facility for up to US$120 million with the Bangchak Petroleum Public Company Limited ('Bangchak'). The primary purpose of the debt facility was to fund the acquisition of oil and gas assets approved by Bangchak. Nido has used the facility to acquire Otto Energy Ltd's (OEL) shares in Galoc Production Company WLL ('GPC'). The facility was restructured with effect from 11 March 2016.

The key terms of the restructured Facility Agreement are as follows:

- Nido made an advanced principal payment of US$10 million leaving a residual balance of $US78.2 million of principal outstanding under the Facility Agreement, as well as a payment of US$0.890 million of interest accrued to 15 March 2016;
- repayment of all other principal payments were deferred effective from February 2016 and will recommence in March 2018;
- the interest rate on the Facility is capped at 6% + LIBOR for the remainder of the term and will not increase by 2 per cent per annum as outlined in the original facility agreement;
- interest on the outstanding loan balance will accrue until the re-commencement of principal payments in March 2018;
- Bangchak will provide additional financial support to ensure there are sufficient funds to meet contractual obligations, up to a cumulative cap of $US4 million subject to certain conditions being met;
- if the oil price recovers such that the realised price for a single cargo exceeds US$45/barrel, Nido and Bangchak will discuss whether Nido has any ability to accelerate the repayment of deferred interest on the existing loan; and
- the Nido group provided a negative pledge with respect to the creation of any new security over its assets (save for securities created in the ordinary course of business).

12. CONTRIBUTED EQUITY

	Consolidated	
	30 June 2016	31 December 2015
Ordinary Shares	US$'000	US$'000
Issued and paid up capital 43,809,462 ordinary shares (2015: 43,765,712)	151,567	151,567

Movement of shares on issue

	Six Months Ended 30 June 2016		Year Ended 31 December 2015	
	US$'000	Number of Shares	US$'000	Number of Shares
Beginning of the period	151,567	43,765,712	151,567	2,188,266,468
Consolidation of capital (1 for 50)	-	-	-	(2,144,500,756)
Issued during the period – under employment contract (*)	-	43,750	-	-
End of the period	151,567	43,809,462	151,567	43,765,712

On 29 May 2015, Nido consolidated the Company's share capital, on the basis of 1 share for every 50 existing shares, as approved by shareholders at the Annual General Meeting on 22 May 2015.

(*) Refer to Note 13 for details of share based payments.

13. SHARE BASED PAYMENTS

On 6 May 2016, Shareholders approved the grant of 350,000 retention rights to Dr Michael Fischer, Managing Director.

The Retention Rights were granted subject to Dr. Fischer's ongoing employment with the Company and will convert into Shares in eight equal tranches of 43,750 Shares over a four year period. The first tranche was converted on 11 May 2016 and the subsequent tranches will convert into Shares on or around 26 August 2016 and every six month period thereafter until 26 August 2019.

The fair value of the shares has been determined based on market prices prevailing on 6 May 2016. The full fair value of the shares is A$61,250 being 350,000 at A$0.175 per share at grant date. An amount of $7,467 share based payments expense has been recognised for the half year ended 30 June 2016.

14. SEGMENT INFORMATION

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director and his leadership team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the phase of operation within the oil and gas industry. Discrete financial information about each of these operating businesses is reported to the Managing Director and his leadership team on at least a monthly basis.

The reportable segments are based on operating segments determined by the similarity of activity type and phase of operations, as these are the sources of the Group's major risks and have the most effect on the rates of return.

Reportable Operating Segments Identified

For management purposes, the Group has organised its operating segments into two reportable segments as follows:

- Production & Development Assets Segment: This segment includes oil producing assets and assets and activities that are in the development phase but have not yet achieved first oil and/or gas production.
- Exploration and Evaluation Assets Segment: This segment includes assets and activities that are associated with the determination and assessment of the existence of commercial economic reserves.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, the Group's financing (including finance costs, finance income and foreign exchange movements) are managed on a group basis and are not allocated to operating segments.

Accounting Policies

The accounting policies used by the Group in reporting segments internally are the same as those used to prepare the half-year financial report, and are consistent with those used to prepare the annual financial report for the year ended 31 December 2015.

Income tax expense is allocated to the appropriate segments based on the taxable profits generated by each segment. There have been no inter-segment transactions.

It is the Group's policy that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which Management believes would be inconsistent.

The following items are not allocated to segments as they are not considered part of core operations of any segment and are managed on a Group basis:

- Net gains on disposal of available for sale assets;
- Finance costs and Interest revenues;
- Foreign currency gains/(losses); and
- Corporate costs.

14. SEGMENT INFORMATION – Continued

The following table presents revenue and profit or loss information for reportable segments for the half-years ended 30 June 2016 and 30 June 2015.

Operating Segments	**Production and Development US$'000**	**Exploration and Evaluation US$'000**	**Total Operations US$'000**
Half-year ended 30 June 2016			
Revenue			
Revenue from sale of crude oil - external customers	14,990	-	14,990
Total segment revenue			**14,990**
Result			
Segment result before amortisation and tax	5,853	(924)	4,929
Amortisation	(11,166)	-	(11,166)
Income tax benefit	1,258	-	1,258
Total segment result	(4,055)	(924)	(4,979)
Reconciliation of segment result after tax to net loss after tax			
Foreign currency gains			40
Finance costs			(3,460)
Corporate costs			(2,384)
Other revenue and income / (expense)			(335)
Net loss after tax			**(11,118)**
Half-year ended 30 June 2015			
Revenue			
Revenue from sale of crude oil - external customers	40,979	-	40,979
Total segment revenue			**40,979**
Result			
Segment result before amortisation and tax	15,131	(975)	14,156
Amortisation	(12,647)	-	(12,647)
Income tax benefit	90	-	90
Reversal of impairment of exploration and evaluation expenditure	-	346	346
Total segment result	2,574	(629)	1,945
Reconciliation of segment result after tax to net loss after tax			
Foreign currency gains			4,991
Finance costs			(3,942)
Corporate costs			(3,867)
Other revenue and income / (expense)			39
Net loss after tax			**(834)**

14. SEGMENT INFORMATION – Continued

The following table presents segment assets.

Operating Segments	Production and Development US$'000	Exploration and Evaluation US$'000	Unallocated Other Assets US$'000	Total Operations US$'000
Segment Operating Assets				
30 June 2016	87,169	72,561	2,605	162,335
31 December 2015	110,267	72,394	2,500	185,161

15. ACQUISITION OF GALOC PRODUCTON COMPANY WLL

(a) Acquisition Summary and Consideration

On 17 February 2015, the Group acquired 100% of the shares in Galoc Production Company WLL ('GPC') for cash consideration of $87.423 million. GPC holds 33% interest in the Galoc oil field, located in Service Contract 14C1 in the Philippines. The Group now holds 55.88% working interest in the Galoc oil field and has operatorship of the project. The acquisition was accounted for as an asset acquisition.

Nido funded the cash acquisition through a combination of cash reserves and debt. The net cost of the acquisition of the subsidiary is as follows:

	US$'000
Initial consideration offered (as at 1 July 2014)	108,000
Final price paid on settlement after closing adjustments (17 February 2015)	87,423
Add: Transaction related costs	2,227
Total consideration	**89,650**

* $10.800 million was paid in December 2014 as a deposit, with $76.623 million paid in February 2015.

(b) Assets Acquired and Liabilities Assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition (including costs of acquisition of $ 2.227 million);

	2015 US$'000
Current assets:	
Cash and cash equivalents	6,206
Trade and other receivables	5,016
Inventories	6,899
Other financial assets	581
Non-current assets:	
Oil and gas properties	65,198
Exploration and evaluation expenditure	26,406
Other financial assets	6,600
Current liabilities:	
Trade and other payables	(8,354)
Provisions	(1,746)
Non-current liabilities:	
Provisions	(9,018)
Other liabilities	(8,138)
Total net assets acquired	**89,650**

15. ACQUISITION OF GALOC PRODUCTION COMPANY WLL - Continued

(c) Measurement of Fair Values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Asset Acquired	**Valuation Technique**
Inventories	The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.
Oil & gas properties and exploration & evaluation assets	The fair value is determined by considering discounted cash flows and market comparison techniques and applying judgement in relation to what market participants would apply. Discounted cash flows consider the present value of the net cash flows expected to be generated by the project, applying a risk-adjusted discount rate. Market comparison techniques consider the value of identified hydrocarbon reserves and resources associated with the project.

For all other assets and liabilities, the fair value is equal to their carrying amounts.

16. DIVIDENDS PAID AND PROPOSED

There were no dividends paid or proposed for the half-year on ordinary shares.

17. CONTINGENT LIABILITIES

There were no significant changes in Contingent Liabilities from those reported in the Financial Statements for the year ended 31 December 2015.

18. COMMITMENTS

There have been no significant changes to Commitments from those reported in the Financial Statements for the year ended 31 December 2015.

19. RELATED PARTY TRANSACTIONS

There have been no new related party transactions entered into since 31 December 2015, other than as disclosed below:

- On 15 March 2016 Nido made a principal repayment of $10 million of the debt facility with Bangchak Petroleum Public Company Limited ('Bangchak') as part of the restructure of the revolving debt loan facility and revised the agreement. Refer to Note 10.
- On 31 May 2016 Nido signed a Dubai Fateh crude oil put option contract with Bangchak Petroleum Public Company Limited for 90,000 barrels of crude oil at a strike price of $47 per barrel. The premium paid to Bangchak for the option was $162,000. The average June 2016 Dubai Fateh oil price was $46.256 per barrel, and Nido exercised the put option and received proceeds of $66,960 from Bangchak.

20. SUBSEQUENT EVENTS

Subsequent to 30 June 2016 the following occurred:

- The Company released the results of an independent Contingent Resources assessment of the Galoc Oil Field as at 1 August 2016, undertaken by ODIN Reservoir Consultants Pty Ltd. Further details of these contingent resources estimates were provided in the ASX Release dated 17 August 2016, available on the Company's website.

Independent auditor's review report to the members of Nido Petroleum Limited

We have reviewed the accompanying half-year financial report of Nido Petroleum Limited, which comprises the condensed consolidated balance sheet as at 30 June 2016, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 20 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Nido Petroleum Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Nido Petroleum Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

G-Hogg

Graham Hogg
Partner

Perth

18 August 2016

CORPORATE DIRECTORY

Directors

William Bloking	Chairman
Michael Fischer	Managing Director
Andrew Edwards	Non-Executive Director
Chaiwat Kovavisarach	Non-Executive Director
Vichien Usanachote	Non-Executive Director
Krairit Nilkuha	Non-Executive Director

Company Secretary
John Newman

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Stock Exchange Listing
The Company’s securities are listed on the official list of ASX Limited.
ASX Code: NDO