

15 May 2009

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

Nido to Pursue Tindalo Development Opportunity

Nido Petroleum Limited (Nido) is pleased to advise that its Board of Directors has resolved to commit the resources of the Company to pursuing the development of the Tindalo oil discovery in the Philippines.

- **Tindalo oil discovery in SC 54 to be fast-tracked to development**
- **Final Investment Decision expected September 2009 quarter**
- **First oil targeted for early 2010**

The Tindalo development, located within the inboard, shallower portion of Service Contract 54 offshore Philippines, has the capacity to provide a second cashflow stream to Nido within the next 12 months. The Nido Board has endorsed the first project in the area and will fast-track the Tindalo development utilizing a jack-up rig based production scenario.

Contributing to this decision is the Board's confidence in the growth of the upstream oil sector in the Philippines. This comes at a time when industry activity in the country continues to increase, short-term prospects for oil prices are improving and long-term sentiment remains positive.

Impact to Nido

Nido's President, Jocot de Dios, said that, "The addition of Tindalo production to the current Galoc output could potentially double Nido's current net production position within the next 12 months. The strategic impact of this development is to reduce the Company's reliance on any single cashflow stream and to deliver ongoing revenue."

Mr de Dios went on to say, "Nido, as the Operator of Service Contract 54, will have direct control over the Tindalo development and we are confident that we will be able to duplicate the top-quartile operational performance achieved last year during the drilling programme in 2008. It will be noted that both the Yakal and Tindalo discoveries, the first in 14 years in the Philippines, were drilled last September and October on schedule, within budget and with an exemplary health and safety record."

Final Investment Decision (FID)

Nido is seeking to achieve FID in the September quarter of 2009 after the following work programme has been successfully concluded:

- Confirmation of key project criteria including production and capital cost ranges and availability of project services and hardware;
- Finalisation of the detailed Plan of Development (POD); and
- Securing appropriate Joint Venture and Philippine Government approvals.

Project Execution

The objective of the Tindalo development is to utilize a jack-up rig to complete the already drilled Tindalo-1 well and produce oil into a floating storage and offtake vessel (FSO). After recent discussions with several service providers, Nido expects that these services and associated hardware will be readily available in the current "soft-market" at costs discounted to those experienced even 12 months ago.

Coordinating the mobilization of key pieces of hardware will determine the schedule from FID to first oil and it is likely that this could be achieved within six months of FID.

Development Concept Selection

Nido's Deputy Managing Director, Joanne Williams, said "Earlier this year we evaluated all available development concepts – in the current market conditions, the rig-based development option delivers earliest first oil and cashflow with the lowest risk capital exposure. With the expected combination of highly productive pinnacle reef reservoir and the excellent fiscal terms in the Philippines, the initial Tindalo development is expected to fund and support the subsequent development of the remaining inboard area of SC54, which includes 3 further discoveries and as many as 20 follow-up, low risk drilling targets."

Yours sincerely



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About Nido Petroleum Limited

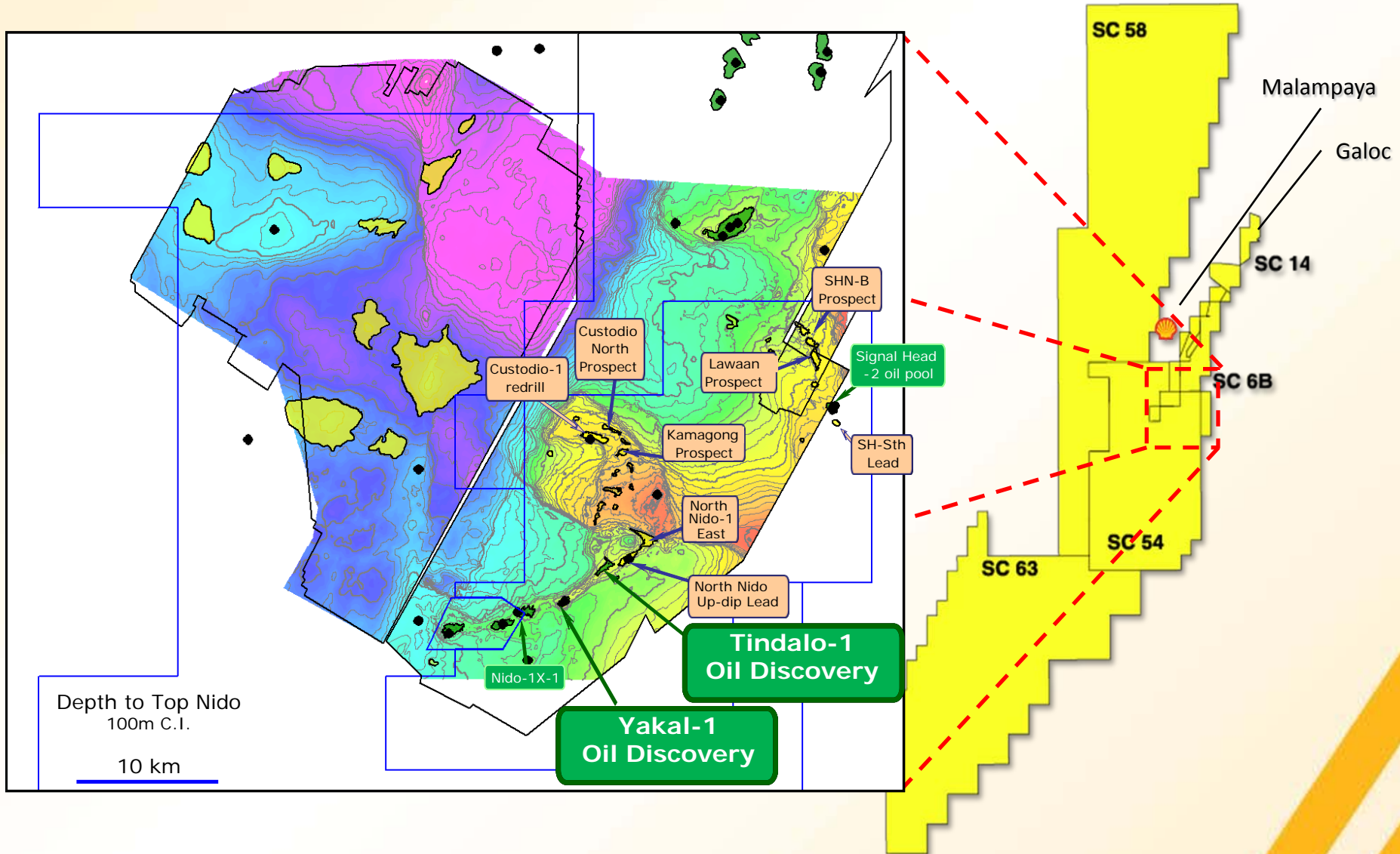
Nido Petroleum Limited is an oil and gas company with over 2,945,000 hectares (29,450 sq km) of exploration and development assets in the North West Palawan Basin in the Philippines.

Nido's core production asset includes a 22.279% interest in the Galoc oil field. Galoc lies within SC14 in 300 metres of water, some 60 km offshore of Palawan Island. The Galoc reservoir is some 2,200 metres below the sea floor and first production commenced 9 October 2008.

Just as Galoc started flowing oil, Nido completed drilling in the neighbouring exploration assets (SC 54) resulting in two new oil discoveries at Tindalo and Yakal, a 100% strike rate that punctuates a drought of over 14 years in the Philippines.

Shallow Water Developments:

SC54 Inboard Development Area





Shallow Water Developments:

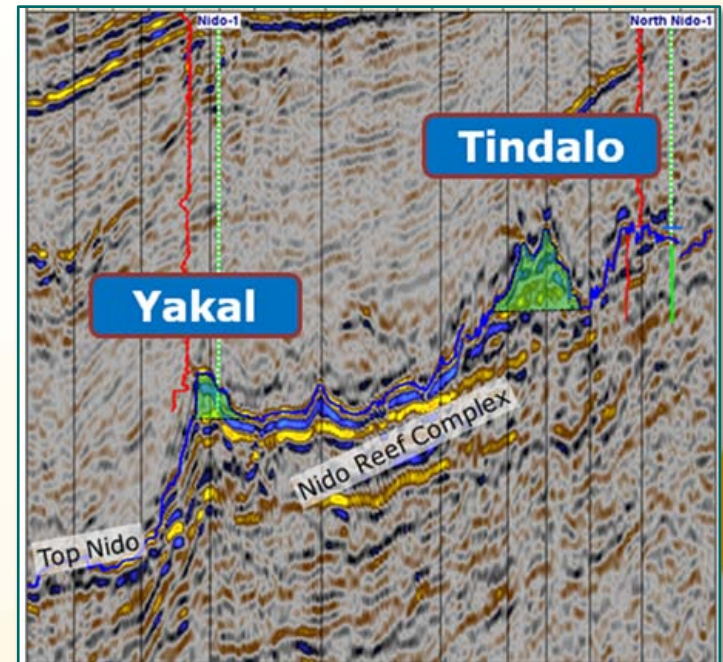
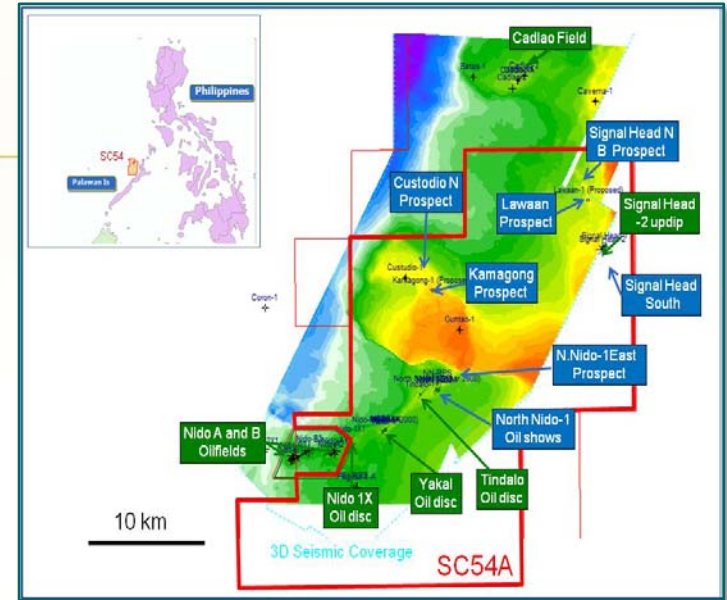
SC 54 Discoveries

- 🔥 **Discovery:** Tindalo-1 and Yakal-1; Sept-Oct 2008
- 🔥 **Location:** SC 54, 40km offshore Palawan, Philippines
- 🔥 **Working Interests:**

| Joint Venturer | Working Interest |
|------------------------------------|------------------|
| Nido Petroleum (<i>Operator</i>) | 60% |
| Kairiki Energy | 40% |

- 🔥 **Water Depth:** 30 – 120 metres
- 🔥 **Reservoir:** Nido limestone pinnacle reef play
- 🔥 **Seismic:** Vintage 2D, full 3D coverage (1998); PSDM(2002)
- 🔥 **Productivity – Nearby Analogues**
 - Excellent nearby analogues Nido A and Nido B fields achieved:
 - Plateau production 7,000 – 12,000 barrels per day per well
 - Recovered approximately 40% of oil in place on plateau
- 🔥 **Contingent Resources:**

| | Tindalo Contingent Resources | | | |
|----------------|------------------------------|------|------|------|
| | P90 | P50 | P10 | Mean |
| STOIIP (MMbbl) | 5.0 | 11.0 | 24.5 | 13.4 |





Tindalo - A Rig-based Development Plan



- 🔥 **Work programme focussed on fast-track Tindalo development**
 - Single well production to jack-up rig and floating storage and offtake vessel
 - Confirmation of key project criteria
 - Plan of Development
 - Project Approvals
 - Final Investment Decision (FID)
- 🔥 **First Oil Target Early 2010**