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Australian Securities Exchange Limited
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Tindalo Flows over 18,500 bopd Surpassing Expectations

Nido Petroleum Limited (Nido), as Operator of Service Contract 54A (SC 54A), is pleased to advise that the drill-stem testing (DST) of the Tindalo-1 well surpassed pre-test expectations by reaching maximum flow rates of 18,689 barrels of oil per day (bopd) on natural flow. The down hole pump installed in the well to provide artificial lift was not required as pre-test flow rate estimates were exceeded even whilst on natural flow.

Highlights so far include:

- ✓ First oil was produced to surface at 11:08 hours (Manila time) on 30 May 2010
- ✓ Some 44 metres of the Nido limestone reservoir was perforated and stimulated
- ✓ Maximum oil flow rate of 18,689 bopd was attained of 27°API oil
- ✓ Maximum oil rate was achieved on natural flow and was hardware limited
- ✓ The Extended Well Test (EWT) commenced on 6 June 2010
- ✓ To midnight 6 June, there were 26,235 barrels crude oil in inventory
- ✓ 10 month option on the Aquamarine Driller has been exercised
- ✓ The Project has maintained excellent health and safety standards

Mr. Jocot de Dios, Nido's President and CEO, said, "This is a momentous day for Nido. Tindalo transforms us into a fully fledged oil production operator and we have more than earned our stripes as a development operator with first oil coming on schedule, within budget expectations and with no accidents or injuries".

"Tindalo has immediately been put onto extended well testing and the cashflow generated will be harnessed to pursue other shallow water discoveries in SC 54A and fund Nido's 5 well exploration drilling programme in the Palawan over the next 18 to 24 months. Tindalo is only one of several discoveries in Nido's shallow water acreage which have the potential to become significant cash generators. Moreover, with the results generated from Tindalo, the prospect of a success at the Gindara prospect which lies just outboard of this trend makes us even keener to commence the exploration drilling campaign which was announced during Nido's Annual General Meeting on 21 May 2010."

"Tindalo is only the second Filipino oil field to start production since the early 1990's – the other being Galoc. It is further evidence of the increasing operational tempo of the upstream oil and gas sector in the Philippines, particularly in the NW Palawan."

Mr. De Dios added, "Of course, none of this would have been possible without the support and strong encouragement of the Philippine Department of Energy and the various provincial and local governments of Palawan. On a more personal note, it is very gratifying to be involved with a project and a company which is having such a positive impact on my country."

Well Testing Programme and Results

The Tindalo-1 DST programme commenced on 1 June 2010.

The well was perforated over a 44 metre interval from 1606-1650 mTVDss in the Nido limestone reservoir section and a standard DST programme was followed. The perforated reservoir section was acidized to open up flow paths near the well bore and stimulate productivity. This is an industry standard practice in limestone carbonate reservoirs that has been used successfully on the majority of analogue wells in the NW Palawan Basin. Following the acidisation programme, it was determined that the well was sufficiently productive for the well to be flowed naturally without artificial lift.

Following an initial cleanup flow and shut-in period, a multi-rate flow test was conducted followed by a further main build-up period. During the DST, the well was flowed for a total of some 27 hours and a maximum oil flow rate of 18,689 barrels of oil per day was achieved, with a choke setting of 136/64th and a flowing tubing head pressure of 59 psig. Importantly, the high oil flow rates were achieved by the unassisted, natural energy of the reservoir and did not require use of the installed ESP to provide artificial lift. Furthermore, downhole pressure monitoring did not show any reservoir pressure decline during the DST. The DST was completed on 5 June 2010.

The oil produced during the testing of Tindalo-1 was processed atop the drill rig and stored for later sale aboard the 'Tove Knutsen' rather than being flared or burned as is usual practice. This has economic as well as environmental benefits that are particularly noteworthy given the environmental sensitivity of the Palawan region. Several fluid and crude oil assay samples were taken from the well and these will be analysed over the coming weeks. Initial reservoir fluid testing on site suggest the crude oil has a gravity of 27°API, contains no wax, has only minor associated gas at approximately 13 scf/barrel and a moderate 1200ppm H₂S concentration.

Nido's Deputy Managing Director, Joanne Williams, said, "The results from the stimulation and DST programme have exceeded my expectations. It has been particularly welcome to see that the reservoir deliverability exceeds the capacity of the hardware on natural flow even without artificial lift from the use of the ESP."

"The EWT on Tindalo commenced 6 June at an approximate 15,000barrels per day. Some water has been produced to surface which may be a natural phenomenon of the reservoir or may have been introduced during the drilling and completion process. The well will be tested at various flow rates during the EWT to determine the optimum reservoir and watercut management strategy."

Project Execution

Ms. Williams said further, "We have taken Tindalo from a discovery in October 2008 to a producing field in just over 19 months. In fact, the SC 54A Joint Venture made the Final Investment Decision for the development on 11 December 2009 and delivered first oil on schedule less than 6 months later in May 2010 and within budgeted expectations. This is a

stunning achievement from the team which validates the rapid development approach taken. Most importantly, we have continued our excellent health, safety and environmental record without any incidents or injuries occurring during the project.”

“This achievement stands out from the industry norm, and this extraordinary result would not have been possible without the tireless efforts of our dedicated Project Manager, Mr Dave Thomson, the Tindalo project team, Nido staff and our project contractors along with the unwavering support of the SC 54A Joint Venture Partners - Kairiki Energy, Trafigura and TG World. I wish to thank all those involved for their contribution at this special moment.”

Following the successful results of the initial test, the SC 54A Joint Venture has approved the 2010 Production Operations Work Programme and Budget which contemplates the Extended Well Test and beyond and has also exercised its 10 month option on the jack-up drill rig ‘Aquamarine Driller’.

In addition to continued operations at Tindalo, work will now be accelerated on the SC 54A area development planning. The Tindalo testing results will first be used to update subsurface models for a number of prospects and leads within the block, then to rank and prioritise subsequent targets for drilling and/or completion. In addition to a further 3 discoveries, Nido has identified over 20 prospects in shallow water with the estimated potential for over 200 million barrels of oil in place.

Nido will provide further updates on the progress of the EWT upon the achievement of major production milestones, with the next milestone expected to be the first cargo offtake.

Yours sincerely



Jocot de Dios
President & CEO

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SC 54A Working Interests

Company	Working Interest
Nido Petroleum Philippines Pty Ltd (Nido, ASX: NDO) - Operator	42.4%
Yilgarn Petroleum Philippines Pty Ltd, (Kairiki, ASX: KIK)	30.1%
Trafigura Ventures III BV (Trafigura)	15.0%
TG World (BVI) Corporation (TG World)	12.5%