

10 December 2010

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

Lodgment of Share Trading Policy

Nido Petroleum Limited (ASX:NDO)(Nido), is pleased to provide a copy of its Share Trading Policy in accordance with Listing Rule 12.9 which comes into effect on 1 January 2011.

Yours sincerely



John Newman
Company Secretary

Nido Petroleum Limited Policy on Share Trading

(AS APPROVED 22 November 2010)

Nido Petroleum Limited Policy on Share Trading

1. INTRODUCTION

1.1 Purpose

The purpose of this policy is to:

- (a) provide a brief summary of the law on insider trading, and other relevant laws;
- (b) set out the restrictions on dealing in securities by people who work for or are associated with Nido Petroleum Limited and its subsidiary companies (**Nido or the Company**); and
- (c) assist in maintaining market confidence in the integrity of dealings in Nido securities.

If you do not understand any part of this policy or how it applies to you, you should discuss the matter with the Company Secretary before dealing in any Nido securities.

1.2 Statement of policy

Whenever you have inside information which may affect the value of securities, you must not:

- (a) deal in the securities; or
- (b) communicate the information to anyone else.

This prohibition applies regardless of how you learned the information. It applies not only to Nido securities, but also to securities of other companies such as Nido's joint venture partners. Securities is defined in section 2.2 below.

The concepts of "**inside information**", "**securities**", "**dealings**" and "**communicating information**" are explained below.

If a Nido Personnel (as defined in paragraph 2.1 below) accidentally gives somebody inside information when he or she should not have, the Nido Personnel must immediately tell that person that it is inside information and warn them against trading in Nido securities, getting others to trade in Nido securities, or communicating the information to others.

1.3 This policy was adopted by the Board on 22 November 2010 and forms part of the Company's Corporate Governance policies.

1.4 A copy of this policy will be provided to all Nido Personnel as part of the Company's induction procedures.

2. APPLICATION

2.1 Who is covered by this policy

This policy applies to all:

- (a) Executive, non-executive directors and Leadership Team members (**Key Management Personnel**);
- (b) full-time, part-time and casual employees; and
- (c) contractors and consultants,

of Nido and Nido group companies (**Nido Personnel**).

To avoid any doubts, any reference in this policy to a director includes an alternate director.

2.2 **What securities are covered by this policy?**

This policy applies to the following securities:

- (a) Nido shares;
- (b) any other securities which may be issued by Nido such as options and convertible notes;
- (c) derivatives (such as exchange-traded options and warrants) and other financial products issued by third parties in relation to Nido shares and options; and
- (d) securities of any other company or entity that may be affected by inside information (such as a Nido joint venture partner, another party involved in a corporate transaction with Nido or a Nido contractor or shareholder).

2.3 **What is dealing?**

For the purposes of this policy, dealing in securities means to buy or sell securities, or enter into transactions in relation to securities, either directly or through a family trust, superannuation fund, company or in any other manner, and includes:

- (a) trading in securities (ie subscribing for, buying, selling or entering into an agreement to do any of those things);
- (b) advising, procuring or encouraging another person (such as a family member, friend, associate, colleague, broker, financial planner, investment adviser, family company or family trust) to trade or refrain from trading in securities; and
- (c) directly or indirectly communicating that information to another person whom the Nido Personnel believes is likely to deal in, or procure another person to deal in, those securities.

2.4 **What is communicating information?**

Communicating information includes passing it on, directly or indirectly, to another person (such as a family member, friend, associate, colleague, broker, financial planner, investment adviser, family company or family trust).

3. **CONCEPTS AND PROHIBITED CONDUCT**

3.1 **What is insider trading?**

In broad terms, you will commit insider trading if you:

- (a) deal in Nido securities or securities of another entity while you have inside information; or
- (b) communicate inside information to another person knowing (or where you should have reasonably known) that the other person would, or would be likely to use that information to deal in, or procure someone else to deal in, securities. This is commonly known as "tipping".

Individuals who contravene the insider trading provisions of the Corporations Act 2001 (Cth) are liable to prosecution or to civil penalty action by the Australian Securities and Investments Commission. In a criminal prosecution, the maximum penalty for an individual is \$220,000 and/or 5 years' imprisonment. In a civil penalty proceeding, a penalty of up to \$200,000 may

be imposed. In both cases, the offender may be ordered to pay compensation to anyone who suffered loss as a result of the insider trading.

Separately, someone who engages in insider trading may be sued by another party or Nido in a civil action, for any loss suffered as a result of the insider trading.

3.2 What is inside information?

Inside information is information that:

- (a) is not generally available to people; and
- (b) if it was generally available, would (or would be likely to) influence persons who commonly invest in securities in deciding whether or not to subscribe for, purchase or sell Nido securities or securities of another entity.

Information is 'generally available' if it:

- (a) consists of readily observable matter;
- (b) has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in any of the classes of securities issued by Nido and since it was made known, a reasonable period for it to be disseminated among those persons has elapsed. That is, information will be 'generally available' if it has been released to ASX or published in an annual report or prospectus or similar document and a reasonable period of time has elapsed after the information has been disseminated in one of these ways; or
- (c) consists of deductions, conclusions or inferences made or drawn from information referred to in paragraph 3.2(a) of this policy or information made known as mentioned in paragraph 3.2(b) of this policy, or both.

It does not matter how you come to have the inside information - for example, whether you learn it in the course of carrying out your responsibilities, or in passing in the corridor, or in the lift or at a dinner party.

The financial impact of the information is important, but strategic and other implications can be equally important in determining what amounts to inside information. The definition of "information" is broad enough to include rumours, matters of supposition, intentions of a person (including Nido) and information which is not definite enough to warrant public disclosure.

3.3 What are some examples of inside information?

The following list is illustrative only. Inside information about Nido could include:

- (a) information relating to Nido drilling exploration results or reserve statements;
- (b) information on the outcome of any economic studies, such as Pre-Feasibility Studies and Definitive Feasibility Studies;
- (c) information on changes in production or production forecasts;
- (d) information relating to Nido's financial results or forecast results;
- (e) a possible sale or acquisition of assets by Nido;
- (f) a possible change in Nido's capital structure (for example, a new issue of capital/equity to raising monies or a buy-back of shares);
- (g) a proposed dividend or change in dividend policy;
- (h) board or senior management changes;

- (i) an event which could have a material impact (either positively or negatively) on production or profits (for example, disconnection or shut-in of production, a significant safety or environmental incident);
- (j) a proposed change in the nature of Nido's business;
- (k) a proposed takeover or merger involving Nido;
- (l) a notification to ASX of a substantial shareholding in Nido;
- (m) any information required to be disclosed to ASX under its continuous disclosure rules; and
- (n) any possible claim against Nido or other unexpected liability.

3.4 **Securities of other companies**

The prohibition on insider trading is not restricted to information affecting Nido securities. If you possess inside information in relation to securities of another company or entity, including suppliers or customers of Nido, you must not deal in those securities. In the course of your duties as an employee, director, adviser, consultant or contractor of Nido or a Nido group company, you may obtain inside information in relation to another company. For example:

- (a) in the course of negotiating a transaction with Nido, another company might provide confidential information about itself;
- (b) in the course of negotiating a transaction with Nido, another company might provide confidential information about a third party; or
- (c) information concerning a proposed transaction or other action by Nido might have a material effect on a third party.

4. **WHAT OTHER CONDUCT IS PROHIBITED?**

4.1 **Short term dealing**

You must not engage in short term or speculative dealing in Nido securities.

4.2 **Hedging**

If you are a Key Management Personnel or employee of Nido who participates in a Nido equity-based incentive plan (for example, a share or option plan), you must not enter into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in Nido securities.

An unvested entitlement is a Nido share or option which is still subject to time and/or performance hurdles.

4.3 **Margin loans**

If you are a Key Management Personnel (other than the Chairman) of Nido and you intend to enter into a margin loan or other financing arrangement where there is a risk that Nido securities will be traded pursuant to the terms of the margin loan or financing arrangement (together a **Margin Loan**), you must obtain the prior written consent of the Chairman to enter into the Margin Loan and disclose to the Chairman the following information regarding the Margin Loan (**Loan Information**):

- (a) key terms;
- (b) number of Nido securities involved;
- (c) the trigger points;

- (d) the right of the lender to sell the securities unilaterally; and
- (e) any other material details.

If you are the Chairman of Nido and you intend to enter into a Margin Loan, you must obtain the prior written consent of two of the other directors / the Board to enter into the Margin Loan and disclose to those directors / the Board the Loan Information.

4.4 Prohibited periods

Unless otherwise approved by the Board in exceptional circumstances (for example, genuine and pressing need, see clause 5.3), you are not permitted to deal in Nido securities (including financial products issued or created over or in respect of Nido securities) during any Prohibited Period.

A Prohibited Period consists of:

- (a) Nido's closed periods (see below); and
- (b) any other blackout period that the Board declares from time to time. The Board may at its discretion declare a blackout period for a specified period (such as when Nido is considering matters which are subject to continuous disclosure exceptions, or prior to the announcement to ASX of a significant matter or event, or upon recommendation of the Managing Director).

Nido's closed periods comprise 2 weeks immediately leading up to and including each of the following days:

- (a) the day the quarterly report is announced;
- (b) the day half year results are announced;
- (c) the day full year results are announced; and
- (d) the day of Nido's annual general meeting.

Nido Personnel should also wait at least 2 business days after the relevant release before dealing in securities so that the market has had time to absorb the information.

5. PERMITTED CONDUCT

5.1 When is dealing permitted if you are an Employee, Contractor or Consultant?

If you are a employee, contractor or consultant of Nido, the following rules apply:

- (a) subject to the rules of any applicable Nido equity-based plan (for example, a share incentive plan or option incentive plan) you can deal in Nido securities at any time provided:
 - (i) you obtain the prior written consent of the Chief Executive Officer (Refer to Annexure 1 – Securities Trading Request Notice);
 - (ii) you confirm to the Chief Executive Officer that you do not have inside information;
 - (iii) the dealing does not occur during a Prohibited Period (refer to 4.4 above);
 - (iv) you are not involved in short term or speculative dealing; and
 - (v) you are not hedging the risk of any fluctuation in value of any unvested entitlement in Nido securities;

- (b) if you subsequently deal in those securities – you must confirm the dealing in writing to the Chief Executive Officer and Company Secretary within two business days after the dealing. The confirmation must include:
- (i) your name;
 - (ii) the name of any person who dealt on your behalf;
 - (iii) details of your interest (direct or indirect) in the Nido securities the subject of the dealing;
 - (iv) the date of the dealing;
 - (v) the number of Nido securities subscribed for, bought or sold;
 - (vi) the amount paid or received for those securities; and
 - (vii) the number of Nido securities held by you (directly or indirectly) before and after the dealing.

5.2 **When is dealing permitted if you are a Key Management Personnel?**

If you are a Key Management Personnel of Nido, the following rules apply:

- (a) you can only deal in Nido securities (or financial products issued by third parties in relation to Nido securities which operate to limit the economic risk of a vested holding in Nido securities) provided:
- (i) you obtain the prior written consent of the Chairman (or two of the other directors / the Board if you are the Chairman) (Refer to Annexure 1 – Securities Trading Request Notice);
 - (ii) you confirm to the Chairman (or two of the other directors / the Board if you are the Chairman) that you are not in possession of any inside information;
 - (iii) the dealing does not occur during a Prohibited Period (refer to 4.4 above);
 - (iv) you are not involved in short term or speculative dealing; and
 - (v) you are not hedging the risk of any fluctuation in value of any unvested entitlement in Nido securities;
- (b) if you subsequently deal in those securities – you must confirm the dealing in writing to the person to whom your prior notice was given and the Company Secretary within two business days after the dealing. The confirmation must include:
- (i) your name;
 - (ii) the name of any person who dealt on your behalf;
 - (iii) details of your relevant interest (direct or indirect) in the Nido securities the subject of the dealing;
 - (iv) the date of the dealing;
 - (v) the number of Nido securities subscribed for, bought or sold;
 - (vi) the amount paid or received for those securities;
 - (vii) the number of Nido securities held by you (directly or indirectly) before and after the dealing, including where the securities are held indirectly, the names of the holder of securities on the Company's share register and the name of any underlying beneficiary; and

- (viii) sufficient information to enable Nido to comply with the requirements to notify a change of interests to ASX.

5.3 **When is dealing permitted during a Prohibited Period or other restricted trading?**

In exceptional circumstances, the Board may waive compliance with the provisions of paragraph 4.4, for any duration as the Board sees fit, by giving notice in writing to the affected Nido Personnel. The written notice may be given via email.

The Nido Personnel seeking a waiver under this clause must apply in writing to the Board setting out the circumstances of the proposed dealing and the reason the waiver is requested.

Exceptional circumstances for these purposes include, but are not limited to, severe financial hardship or compulsion to deal with securities by court order, or any other circumstances deemed exceptional by the Chairman or Chief Executive Officer.

Unless otherwise specified in the notice, and to the extent applicable, any dealing permitted under this paragraph 5.3 must comply with the other sections of this policy, including paragraphs 1.2 and 3.4 of this policy.

5.4 **Exclusions**

Paragraphs 4.1 and 4.4 to 5.3 of this policy do not apply to certain passive trades, including:

- (a) transfers of securities already held into a superannuation fund or other saving scheme which the Nido Personnel is a beneficiary;
- (b) investments in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of the entity) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (c) where a Nido Personnel is a trustee, trading in the securities of the entity by that trust provided the Nido Personnel is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the Nido Personnel;
- (d) undertakings to accept, or the acceptance of, takeover offers;
- (e) trading under an offer or invitation made to all or most security holders, such as a rights issue, share purchase plan, dividend or distribution reinvestment plan or equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board;
- (f) margin calls;
- (g) participation in an employee share plan operated by the Company (e.g. applying for an allocation of securities under an employee share offer or exercising vested rights or options under an employee share plan), unless securities in the Company granted under an employee share plan cease to be held under the terms of that plan; and
- (h) trading under a pre-approved non-discretionary trading plan,

however, such dealings are still subject to paragraphs 1.2 and 3.4 of this policy.

5.5 **Do I have any other obligations to Nido ?**

In addition to the insider trading and other restrictions in this policy, you also owe a duty of confidentiality to Nido and the Nido group companies. You must not reveal any confidential information concerning Nido or any of the Nido group companies, use that information in any way which may injure or cause loss to Nido or any of the Nido group companies, or use that information to gain an advantage for yourself.

Under the Corporations Act 2001 (Cth), breach of these duties may result in:

- (a) liability for a civil penalty;
- (b) criminal liability, if recklessness or dishonesty is involved; and/or
- (c) liability to compensate Nido for any damage it suffers as a result of the disclosure.

6. CONSEQUENCES OF BREACH

6.1 What if I breach this policy?

Strict compliance with this policy is mandatory for all Nido Personnel covered by this policy.

Contravention of the Corporations Act 2001 (Cth) is a serious matter which may result in criminal or civil liability.

In addition, breaches of this policy may damage Nido's reputation in the investment community and undermine confidence in the market for Nido securities. Accordingly, breaches will be taken very seriously by Nido and will be subject to disciplinary action, including possible termination of a person's employment or appointment.

7. PUBLICATION

7.1 Where can I find this policy?

- (a) A copy of this policy will be available on the Nido internet website and the ASX website.
- (b) A copy of this policy will be provided to all new directors and employees of Nido and Nido group companies as part of Nido's induction procedures.

7.2 Will I receive any training on this policy?

If you do not understand this policy or wish to receive training on how to comply with this policy, please contact the Company Secretary.

8. REVIEW

This policy will be reviewed annually to ensure that it continues to comply with all applicable laws and good corporate governance practices.

9. EXPLANATION OF TERMS

For the purposes of this policy:

"**communicating information**" has the meaning give to it in paragraph 2.4 of this policy.

"**deal in securities**" has the meaning given to it in paragraph 2.3 of this policy.

"**director**" means a director of Nido Petroleum Limited and includes any related party of the director.

"**inside information**" has the meaning given to it in paragraphs 3.2 and 3.3 of this policy.

"**insider trading**" has the meaning given to it in paragraph 3.1 of this policy.

"Key Management Personnel" has the meaning give to it in paragraph 2.1 of this policy.

"Nido Personnel" has the meaning give to it in paragraph 2.1 of this policy.

"securities" has the meaning give to it in paragraph 2.2 of this policy.