

25 October 2010

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

Shell farms in to Nido-operated SC54B to drill Gindara Prospect

Nido Petroleum Limited (“Nido”, ASX: NDO) is pleased to announce that it has entered into an agreement with Shell Philippines Exploration B.V. (“Shell”), a subsidiary of the Royal Dutch Shell Group, to farm-out 27% out of its current 60% participating interest in the highly prospective Service Contract 54 Block B (“SC 54B”) in the NW Palawan Basin, Philippines.

Highlights of the transaction include:

- ✓ Shell farms into SC 54B acquiring a 45% participating interest (Nido contributing 27% and SC 54B partner Kairiki Energy Limited (“KIK”) contributing 18%);
- ✓ Gindara drilling window narrowed to March - May 2011;
- ✓ Drill-ship ‘Frontier Phoenix’ identified for potential use on Gindara-1; and
- ✓ Nido will remain Operator for the drilling of the Gindara-1 exploration well.

Transaction Summary

Under the terms of the Farm-in Agreement, Shell will acquire a 45% participating interest in SC 54B with Nido contributing 27% and SC 54B partner Kairiki Energy Limited contributing 18% of their respective participating interests. To earn its participating interest Shell will undertake the following:

- Contribute 75% of the Gindara-1 exploration well cost up to a maximum well cost of US\$24 million;
- pay US\$2.5 million towards past seismic costs; and
- pay its pro-rata share of the 2010 and 2011 Work Programme and Budget from the date of signing.

Under the terms of the deal, Nido will remain operator of SC 54B for the drilling of the Gindara-1 exploration well.

On completion of Shell's farm-in, participating interests in SC 54B will be as follows:

Shell Philippines Exploration B.V. (Shell)	45%
Nido Petroleum Philippines Pty Ltd (Nido, ASX: NDO) – Operator	33%
Yilgarn Petroleum Philippines Pty Ltd, (Kairiki, ASX: KIK)	22%

The transaction is subject to certain conditions, including joint venture approvals and the approval by the Philippine Department of Energy (DOE) of certain amendments to the Service Contract and the assignment of the relevant participating interest to Shell.

Commenting on the deal, Nido's President and CEO, Jocot de Dios, said, "It is with great pleasure that we welcome Shell as a partner into the SC 54B consortium. Shell is amongst the largest and most experienced oil and gas companies in the world. It has had over 96 years of operations in the Philippines and a deep understanding of its oil and gas sector."

"This arrangement allows Nido to quickly drill Gindara, our leading prospect, and remain focused on maturing exploration drilling plans in SC 58 and SC 63. Nido is working to deliver the five well exploration programme announced earlier in the year."

Gindara lies approximately 50km immediately south of the Shell operated Malampaya gas field in SC38, the largest discovery made in the Philippines to date and currently on production.

Nido's Head of Exploration, Jon Pattillo, commented, "I am pleased to have Shell join Nido in SC 54B and in the drilling of the Gindara prospect next year. An important element of Nido's exploration strategy has been to join hands with a company of Shell's global stature who bring world-class development experience and access to cutting edge technology. Nido looks forward to working closely with Shell on this exciting project".

Nido has now commenced detailed drilling planning, including the ordering of long-lead items and materials, to allow the Gindara prospect to be drilled during the March to May 2011 drilling window.

Yours sincerely,



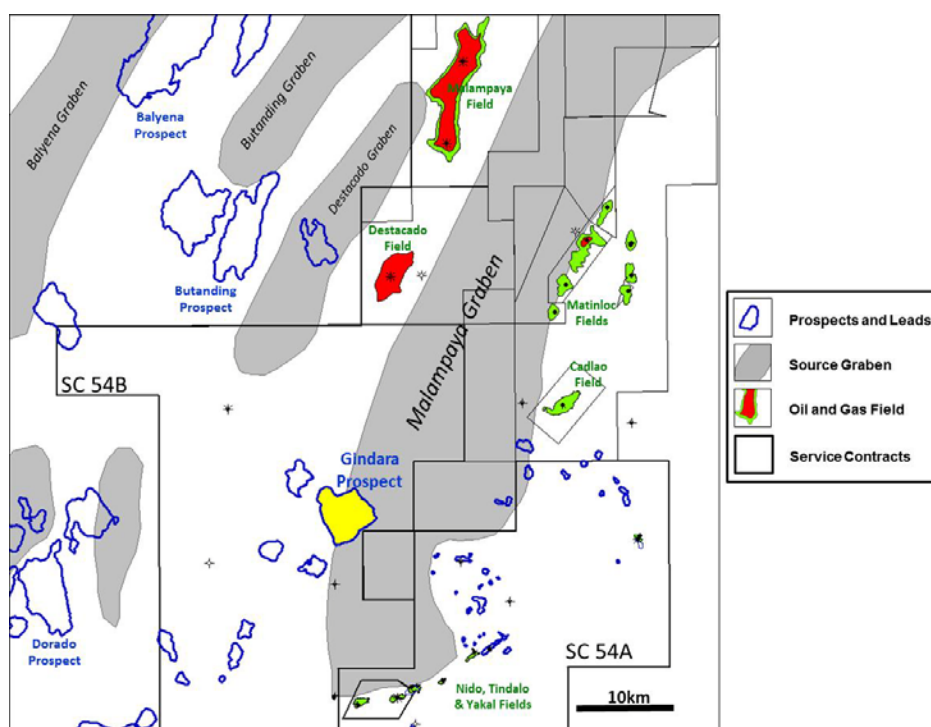
Jocot de Dios
President and CEO

For more information, please contact:

Jon Pattillo
Head of Exploration
T: +61 8 9474 0000
F: +61 8 9474 0099

www.nido.com.au

SC 54B Location Map and Gindara Prospect



SC 54B Working Interests*

Company	Working Interest
Shell Philippines Exploration B.V. (Shell)	45%
Nido Petroleum Philippines Pty Ltd (Nido, ASX: NDO) - Operator	33%
Yilgarn Petroleum Philippines Pty Ltd, (Kairiki, ASX: KIK)	22%

* Subject to the conditions precedent referred to in this release.

Royal Dutch Shell plc

Royal Dutch Shell plc is incorporated in England and Wales, has its headquarters in The Hague and is listed on the London, Amsterdam, and New York stock exchanges. Shell companies have operations in more than 90 countries and territories with businesses including oil and gas exploration and production; production and marketing of liquefied natural gas and gas to liquids; manufacturing, marketing and shipping of oil products and chemicals and renewable energy projects. For further information, visit www.shell.com

Shell's presence in the Philippines dates back to over 96 years, to when it opened its first trading office in 1914.