

6 December 2010

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

Tindalo Operations Update

Nido Petroleum Limited (ASX:NDO)(Nido), as Operator of Service Contract 54A (SC 54A), wishes to provide this update on the well testing of the Tindalo-1ST1 following the completion of recent workover operations.

To allow the greatest chance of test results being a true indication of the flow characteristics of each part of the wellbore, each of four potentially productive zones are separated by inflatable external casing packers and tested individually. Since the last operations update on 23 November 2010, testing has been completed on the two deepest sections of the near-horizontal well bore with the following results:

- Each zone was flow tested for 24-48 hours to assess its productivity and potential water cut development;
- Initial results from the testing are as follows:
 - **Zone 1:** average flow rate of ~4,500bopd from a 20-metre section, with water cut steady between 16-18%. A step change decrease in the fluid rate occurred close to the end of the test which was thought to be due to a (now cleared) wellbore blockage; and
 - **Zone 2:** demonstrated lower flow rates up to approximately 1,500 bopd from a 40-metre section, with water cut increasing from 6% to approximately 30% during the test;
- During testing of both zones, the well was flowed naturally; that is, without the use of the downhole electric submersible pump (ESP); and
- Water samples were taken to determine whether the water produced is completion fluid or formation water.

Following preliminary analysis of these results, the Joint Venture has taken the decision to defer testing Zones 3 and 4 and resume testing Zone 1 for a more extended period initially on natural flow. Depending on water cut and productivity observed with time, further testing with the use of the ESP may be undertaken prior to returning to test Zones 3 and 4.

Nido will provide a further update on the progress of this testing within the next two weeks.

Yours sincerely



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Deputy Managing Director

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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%