

Quarterly Update



Fourth quarter report for the period ending 31 December 2011

Highlights

Production Activities

- Production from the Galoc oil field for the December 2011 quarter was 317,972 bbls of oil gross (72,750 bbls net to Nido);
- Two cargoes totalling 702,256 bbls of oil gross (160,673 bbls net to Nido) were lifted from the Galoc oil field during the December 2011 quarter;
- The Galoc FPSO Rubicon Intrepid departed the field on 28 November 2011 for the upgrade to a turret system at the Keppel shipyards in Singapore. This upgrade will allow for greater production uptime from the facility, and is expected to take three months to complete;
- An independent reserves audit⁽¹⁾ of the Galoc oil field up to 30 June 2011 was completed in the quarter. The Estimated Ultimate Recovery (EUR) for the Galoc field at the Proved (1P) category level on a 100% basis has increased by 19.2% to 12.4 million stock tank barrels (MMstb). The EUR of the 2P and 3P categories remain essentially unchanged⁽²⁾; and
- The Operator is progressing work on the Galoc Phase 2 FEED, with the final investment decision expected in mid-2012.

Exploration Activities

- SC 54A: A 2D seismic survey covering 73 full fold kilometres was acquired over the Lawaan – Libas prospect area in the quarter. The objective of the survey is to determine if the Lawaan and Libas prospects represent one large prospect at the Nido Limestone reservoir level;
- SC 54B: A 2D seismic survey covering 430 full fold kilometres over the Pawikan lead was completed in the quarter. The Pawikan lead is a large inversion structure about 56 square kilometres in size;
- SC 63: Operator PNOG Exploration Corporation (PNOG-EC) continued pre-planning for the commitment well;
- SC 58: The seismic inversion and Amplitude Versus Offset (AVO) project was completed in the quarter;
- New Business: Nido and Total E&P Activités Pétrolières signed a Joint Study and Bid Agreement (JSBA) to review the PECR4 Bid Round in the Philippines; and
- Shell Philippines Exploration B.V. withdrew from SC 54B on 30 December 2011.

Corporate & Financial

- Cash on hand at the end of the December 2011 quarter of AUD \$21.6 million (AUD \$15.5 million at 30 September 2011);
- Mr Jocot de Dios, Chief Executive Officer, gave notice to the Board in the quarter that he would not be renewing his employment contract. Mr de Dios ceased employment with the Company as at close of business on 20 January 2012; and
- Mr Philip A. Byrne was appointed to the position of Chief Operating Officer in the quarter. Mr Byrne commenced with the Company on 29 December 2011. Subsequent to the end of the quarter, Mr Byrne was appointed Chief Executive Officer.

HSSE

- There were no recordable HSSE incidents during the quarter.

Contacts

Nido Petroleum Ltd
ASX Code: NDO
www.nido.com.au

Perth Office:
Aquila Centre
Level 3
1 Preston Street
Como WA 6152
Australia

P: +61 8 9474 0000
F: +61 8 9474 0099

Manila Office:
Unit 38B, 38th Floor
Philamlife Tower, 8767
Paseo de Roxas Street
Makati City 1226
Philippines

P: +63 2 856 5910
F: +63 2 856 5494

Directors

Chairman: William Bloking
Non-Executive Directors:
David Whitby
Eduardo Mañalac
Andrew Edwards
Dr. Michael Ollis

Officers

Chief Executive Officer:
Phil Byrne

Chief Financial Officer:
Ashley Gilbert

Head of Exploration:
Jon Pattillo

General Counsel/
Company Secretary:
John Newman

For information email:
nido@nido.com.au

CEO's Comments on the Quarter

During the final quarter of 2011, the Galoc field continued to produce above expectations, delivering a final cargo in late November which further strengthened cash balances. Nido ended 2011 with AUD \$21.6 million in cash.

The FPSO Rubicon Intrepid departed from the Galoc field in late November for the upgrade of the M&RS to a turret system. The upgrade will take around three months to complete with production anticipated to recommence within the first quarter of 2012. The upgrade of the facility is expected to allow for greater production uptime.

Exploration activities within the quarter included 2D seismic acquisitions in SC 54A & B, and the continued pre-planning for the SC 63 commitment well, which is required to be drilled prior to the end of the sub-phase in November 2012.

Finally, I would like to take this opportunity to thank Mr Jocot de Dios for his contribution to the Company during his tenure as Chief Executive Officer. I wish Jocot every success in the future.

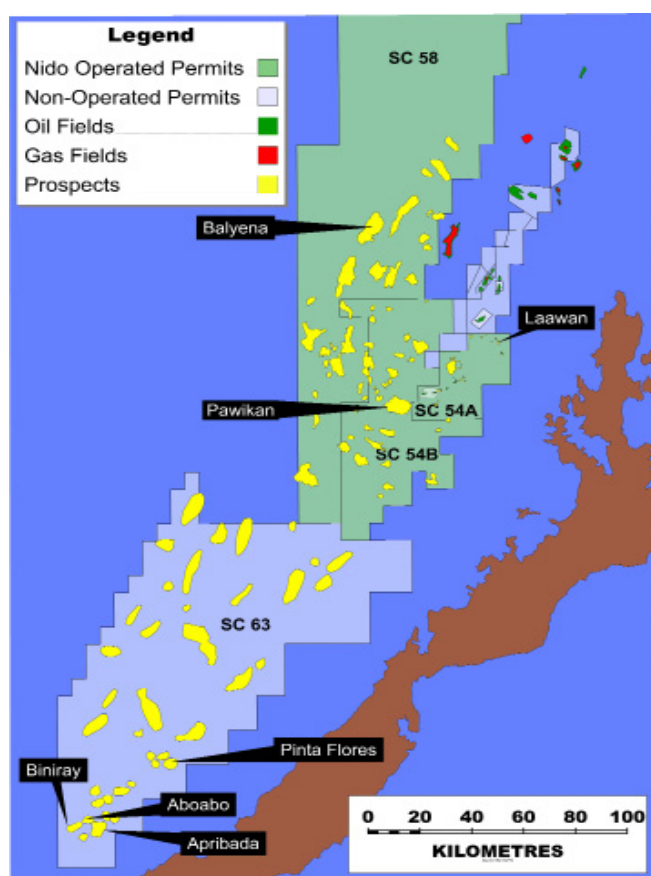
Yours sincerely



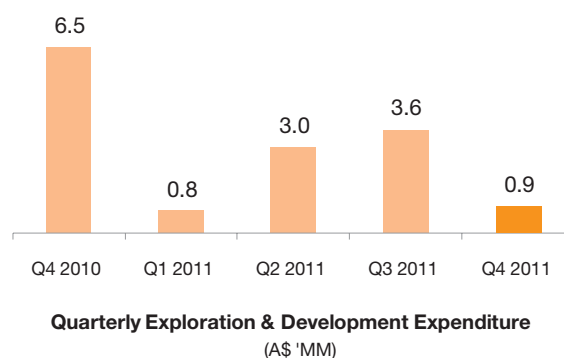
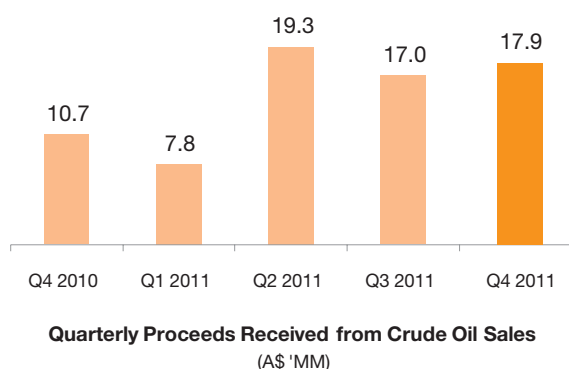
Phil Byrne
Chief Executive Officer
27 January 2012

Interest Table & Permit Map

Permit Philippines NW Palawan	Nido Interest (%)	Gross Area Hectares (*000)	Operator
SC 14A (Nido)	22.49	2	Philodrill
SC 14B (Matinloc)	28.28	16	Philodrill
SC 14C1 (Galoc)	22.88	16	GPC
SC 14C2 (West Linapacan)	22.28	18	Pitkin
SC 14D	31.42	17	Philodrill
SC 6B (Bonita)	7.81	55	Philodrill
SC 54A	42.4	88	Nido
SC 54B	60.00	316	Nido
SC 58	50.00	1,349	Nido*
SC 63	50.00	1,067	PNOC-EC
*Technical operator during Farm-in. Nido interest subject to completion of drilling farm-in commitment well.			



"In the first quarter of 2012, Nido will continue to monitor the upgrade of the M&RS at the Galoc oil field, and work with PNOC-EC in planning for the upcoming SC 63 commitment well to be drilled prior to the end of the sub-phase in November 2012."



“In the fourth quarter of 2011 Nido generated positive cash inflows of AUD \$ 6.03 million, resulting in cash on hand at 31 December 2011 of AUD \$ 21.56 million.”

PRODUCTION SUMMARY	Qtr 4 2011	Full Year 2011	Previous Qtr Q3 2011
Volumes - Lifted & Sold (bbls)			
Service Contract 14			
Galoc oil field (net to Nido)	160,673	559,780	80,838
Nido & Matinloc oil fields (net to Nido)	9,954	34,045	9,934
Subtotal: Service Contract 14	170,627	593,825	90,772
Service Contract 54A			
Tindalo oil field (net to Nido)	–	31,130	–
Total Volumes Lifted & Sold	170,627	624,955	90,772
FINANCIAL SUMMARY			
Cash Inflows – A\$ '000			
Receipts from sale of crude oil	17,938	62,016	16,990
Interest & other	22	582	12
Total Cash Inflows	17,960	62,598	17,002
Cash Outflows – A\$ '000			
Exploration & expenditure	(898)	(8,332)	(3,629)
Development expenditure	–	–	–
Production OPEX (including abandonment)	(6,973)	(35,172)	(3,977)
Income taxes	(1,411)	(5,715)	(2,437)
Repayment of borrowings & financing costs	–	(6,012)	–
Administration, other costs & foreign exchange movement	(2,645)	(10,022)	(2,271)
Total Cash Outflows	(11,927)	(65,253)	(12,314)
Cash Position – A\$ '000			
Cash on Hand	21,561	21,561	15,528
Debt – Convertible Note	–	–	–
Net Cash / (Debt)	21,561	21,561	15,528

Fourth Quarter Activity Summary – Philippine Offshore Acreage

SERVICE CONTRACT 14C1		<ul style="list-style-type: none"> • Production up-time for the Galoc oil field for the period 1 October 2011 through to shut in of production on 23 November 2011, ahead of the disconnection of the FPSO for the M&RS upgrade, was 95.3%, compared to 98.3% for the September 2011 quarter; • Average gross production for the period 1 October to 23 November 2011 was 5,888 bopd, with total oil produced in the fourth quarter of 2011 of 317,972 bbls gross (72,750 bbls net to Nido); • Cargoes 24 and 25 were lifted in the December quarter, with a total gross offtake volume of 702,256 bbls (160,673 bbls net to Nido), with total proceeds received net to Nido of AUD \$16.8 million in the quarter; • The Galoc FPSO Rubicon Intrepid departed the field on 28 November 2011 for the Keppel shipyards in Singapore. The upgrade of the M&RS to a turret system is expected to take three months. Whilst the FPSO is out of field, seabed anchoring and riser modifications will be undertaken in preparation for reconnection of the FPSO in Q1 2012. A new 3D seismic survey over the field was acquired in early 2012; • An independent reserves audit of the Galoc oil field up to 30 June 2011 undertaken by GCA⁽¹⁾ on behalf of Nido, was completed in the quarter. The EUR for the Galoc field at the Proved (1P) category level on a 100% basis has increased by 19.2% from 10.4 million stock tank barrels (MMstb) to 12.4 MMstb. Nido's net share of 1P reserves is 1.1 MMstb. The EUR of the 2P and 3P categories remain essentially unchanged⁽²⁾; and • The Operator continues to progress work on Galoc Phase 2 FEED, with FID anticipated mid-2012. Nido is currently negotiating a project financing facility which is expected to cover around 60% of Nido's share of the development costs.
Working Interest:	22.88%	
Asset / Opportunity:	Galoc oil field (production)	
SERVICE CONTRACT 14C2		<ul style="list-style-type: none"> • The SC 14C2 Joint Venture continues to focus on evaluating the potential re-development of the West Linapacan 'A' field; • The 2012 WP&B, prepared by the Operator Pitkin Petroleum Plc, was presented to the Joint Venture during the reporting period; and • The 2012 work program includes a firm technical program focused on detailed reservoir modelling over the first four months of 2012.
Working Interest:	22.28%	
Asset / Opportunity:	West Linapacan A (re-development)	
SERVICE CONTRACT 14A & 14B		<ul style="list-style-type: none"> • The Nido and Matinloc oil fields continued to produce oil on a cyclical basis. Oil production from these fields during the quarter totalled 38,079 bbls of oil (9,582 bbls net to Nido); and • A total of 39,395 bbls (9,954 bbls net to Nido) of the produced oil was lifted and sold during the quarter.
Working Interest:	Block A:22.49% / Block B: 28.28%	
Asset / Opportunity:	Nido and Matinloc oil fields (production)	
SERVICE CONTRACT 54A		<ul style="list-style-type: none"> • A 2D seismic survey covering 73 full fold kilometres was acquired over the Lawaan – Libas prospect area in the quarter. The objective of the survey is to determine if the Lawaan and Libas prospects represent one large prospect at the Nido Limestone reservoir level; • Confirmation that the two prospects are structurally connected would further upgrade the potential of the Lawaan Prospect, which is currently the leading drilling candidate in SC 54A. Prospective resource oil-in-place estimates for Lawaan and Libas are currently 34.7 mmbbls* and 12.0 mmbbls respectively (gross, unrisks, mean volume); and • Processing of the new 2D data is expected to be completed during the first quarter of 2012. <p>* DeGoyer & MacNaughton Prospective Resource estimate. Full report released to the ASX on 1 September 2011.</p>
Working Interest:	42.4%	
Asset / Opportunity:	Lawaan (exploration), Nido 1x1 (development)	

Fourth Quarter Activity Summary – Philippine Offshore Acreage

SERVICE CONTRACT 54B		<ul style="list-style-type: none"> • A 2D seismic survey covering 430 full fold kilometres over the Pawikan lead was completed in the quarter; • The Pawikan Lead is a large inversion structure about 56sq km in size that is on trend with the non-commercial oil and gas discovery well Gindara-1 located 30km to the north, and the Malampaya gas field located 60km to the north in adjacent SC 38 which is operated by Shell Philippines Exploration B.V. (SPEX); • Pre-survey operations commenced on 30 October 2011 with the deployment into the survey area of the MV 'Eagle V' to acquire a high resolution bathymetry survey ahead of the main seismic acquisition phase; • Processing of the new 2D seismic data is expected to be completed during the first quarter of 2012; and • SPEX withdrew from the block on 30 December 2011. SPEX had farmed into the block in October 2010 for the drilling of the Gindara-1 exploration well.
Working Interest:	60%	
Asset / Opportunity:	Pawikan lead (exploration)	
SERVICE CONTRACT 58		<ul style="list-style-type: none"> • The seismic inversion and Amplitude Versus Offset (AVO) project concluded in the quarter; • Technical work focused on a detailed review of the internal reservoir architecture of the reservoir targets in the main Balyena, Butanding and Dorado prospects; implications from the work support reservoir development at the Nido reservoir level in the main prospects; and • Nido continues to hold discussions with potential partners for SC 58 with the objective of using our high 50% working interest to attract new funds to offset exploration costs.
Working Interest:	50% (Subject to completing farm-in obligation)	
Asset / Opportunity:	Balyena & Butanding prospects (exploration)	
SERVICE CONTRACT 63		<ul style="list-style-type: none"> • PNOG Exploration Corporation (PNOG-EC), as Operator of SC 63, continued pre-planning for the Sub-Phase 2b commitment well; • The well is due to be drilled prior to the end of the Sub-Phase 2b in November 2012; and • Prospect maturation continued during the quarter with a number of new leads identified from within the Kawayan 3D seismic survey area.
Working Interest:	50%	
Asset / Opportunity:	Aboabo, Apribada & Pinta Flores prospects (exploration)	
SERVICE CONTRACT 6B (Bonita)		<ul style="list-style-type: none"> • The block contains the East Cadlao prospect, a possible extension of the Cadlao oil field, located in the adjacent SC 6 block (which Nido is not a participant in); and • There are currently no plans by the SC 6B Joint Venture to acquire additional seismic or consider further exploration drilling within the block during 2012.
Working Interest:	7.81%	
Asset / Opportunity:	East Cadlao prospect (exploration)	
NEW BUSINESS		<ul style="list-style-type: none"> • Nido and Total E&P Activités Pétrolières entered into Joint Study and Bid Agreement (JSBA) during the quarter to review the 15 blocks released by the Philippine Department of Energy (DOE) for the PECR4 Bid Round; and • Nido is operating the JSBA. Bid closing dates for the various blocks on offer range between April and July 2012.
Joint Study and Bid Agreement (JSBA)	Nido 30% (operator) Total 70%	
Phillippines	PECR4 Bid Round	

Corporate & Financial

- Nido's cash on hand increased during the quarter by AUD \$6.03 million to AUD \$21.56 million. Of note:
 - Cash inflows from crude oil sales totalled AUD \$17.9 million in the quarter, which were from 2 cargoes lifted at the Galoc field (AUD \$16.8 million) and liftings from the Nido and Matinloc oil fields (AUD \$1.1 million);
 - Cash outflows from production operations in SC 14 relating to the Galoc and the Nido and Matinloc oil fields amounted to AUD \$7.0 million;
 - Cash outflows for exploration activities totalled AUD \$0.9 million, predominantly relating to the seismic campaigns in SC 54A and SC 54B;
 - Taxes of AUD \$1.4 million paid in the quarter relate to the operations and taxable profits generated in the wholly owned subsidiary Nido Production Galoc Pty Ltd, which holds the SC 14 blocks (Galoc, Nido and Matinloc oil fields are located within these blocks; and
 - General administration, other costs and foreign exchange movements for the quarter totalled a net AUD \$2.6 million;
- On 1 October 2011, Dr. Michael Ollis joined the Board of Directors to replace Mr. Vince Pérez who stepped down from the Board on 17 November 2011;
- Nido announced on 10 October 2011 the appointment of Mr. Philip A. Byrne to the position of Chief Operating Officer. Mr. Byrne commenced with the Company on 29 December 2011, after serving out his notice period with his previous employer; and
- On 19 October 2011 Mr. Jocot de Dios, Chief Executive Officer, gave notice to the Board that he would not be renewing his employment contract.

Events Subsequent to Quarter End

- Jocot de Dios, Chief Executive Officer, ceased employment with the Company as at close of business on 20 January 2012; and
- Phil Byrne was appointed Chief Executive Officer effective from 20 January 2012.

Competent Person Statement

In accordance with ASX Listing Rule 5.11, the Company confirms that the hydrocarbon reserves information in this Report was reviewed and signed off by Mr David S. Ahye, B. Eng., Regional Director, Asia-Pacific, Gaffney Cline & Associates, who is a member of the Society of Petroleum Engineers and has at least five years' experience in the sector. Mr Ahye is not an employee of the Company and consented in writing to the inclusion of the hydrocarbon reserves information in the form and context in which it appears in this Report.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

NIDO PETROLEUM LIMITED

ABN

65 086 630 373

Quarter ended ("current quarter")

31 December 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months ending 31 December 2011) \$A'000
1.1 Receipts from product sales and related debtors	17,938	62,016
1.2 Payments for (a) exploration & evaluation	(898)	(8,332)
(b) development	-	-
(c) production*	(6,973)	(35,172)
(d) administration	(2,231)	(10,103)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	22	158
1.5 Interest and other costs of finance paid	-	(933)
1.6 Income taxes paid	(1,411)	(5,715)
1.7(a) Other - insurance proceeds	-	424
1.7(b) Other - farm-out milestone proceeds	-	-
Net Operating Cash Flows	6,447	2,343
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(32)	(154)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(32)	(154)
1.13 Total operating and investing cash flows (carried forward)	6,415	2,189

* Includes expenditure relating to the abandonment of the Tindalo oil field.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	6,415	2,189
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	(5,079)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	(5,079)
	Net increase (decrease) in cash held	6,415	(2,890)
1.20	Cash at beginning of quarter/year to date	15,528	24,216
1.21	Exchange rate adjustments to item 1.20	(382)	235
1.22	Cash at end of quarter	21,561	21,561

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	475
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

Represents salary and consulting fees paid to directors, including CEO.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil.

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	4,130
4.2 Development	877
4.3 Production	5,640
4.4 Administration	2,105
Total	12,752

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	20,948	14,922
5.2 Deposits at call	613	606
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	21,561	15,528

Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased	SC 54B Joint Venture Partner withdrawal from Farm In (working interest reverts)	33%	60%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	-	-	-	-
7.2	-	-	-	-
7.3	1,389,163,151	1,389,163,151	-	Fully paid
7.4	-	-	-	-
7.5	-	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7	Options <i>(description and conversion factor)</i> Future Grant of Shares (sign-on and retention bonus pursuant to employment contract for appointment of COO) Performance Rights (performance rights issued pursuant to the terms of the Long Term Incentive Policy and Employee Performance Rights Plan)	Future grant of 10,000,000 ordinary shares granted in six (6) equal tranches at six (6) month intervals commencing six (6) months after commencement of employment (29 December 2011). First five (5) tranches will be 1,666,667 Ordinary Shares with final tranche being 1,666,665 Ordinary Shares. 14,032,553 (See attachment 1)	Unquoted	<i>Exercise price</i> Nil – linked to tenure.	<i>Expiry date</i> In the event of termination of the Employment Contract by the Company (other than for cause in which case no further shares shall be issued) a maximum of 1,666,667 of any of the unvested shares shall be issued. In the event of termination by the employee the Company is not obliged to issue any unvested shares.
7.8	Issued during quarter	Future Grant of 10,000,000 Ordinary Shares	Unquoted	Nil – linked to tenure	See above
7.9	Exercised during quarter	-	-	-	-

+ See chapter 19 for defined terms.


Appendix 5B
Mining exploration entity quarterly report

7.10	Expired during quarter	541,927 Performance Rights Cancelled	Unquoted	Nil – Vest in accordance with the Employee Performance Rights Plan	30 April 2013
		749,108 Performance Rights Cancelled	Unquoted	Nil – Vest in accordance with the Employee Performance Rights Plan	28 March 2014
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 27 January 2012
John Newman
(Company secretary)

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

Attachment 1 – Performance Rights (as at 31 December 2011)

Code	Number of Performance Rights	Exercise Price	Expiry Date
NDOAS	4,347,164	Nil	30 April 2013
NDOAM	1,047,535	Nil	28 May 2013
NDOAU	7,290,807	Nil	28 March 2014
NDOAI	1,347,047	Nil	1 June 2014
TOTAL	14,032,553		