

28 February 2012

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

Dear Shareholder,

By way of introduction, my name is Philip Byrne and I am the new Chief Executive Officer of Nido Petroleum Limited (ASX: NDO, "Nido"). In this letter I will provide you, our shareholders, with a summary of my own background and qualifications as well as an insight into my vision and forward strategy for Nido; a company which I truly believe holds oil and gas assets of significant growth potential.

I look forward to leading Nido into a new and exciting period ahead, after what has been a difficult couple of years for the Company and its shareholders. I share the Company's dedication to exploring our extensive North West Palawan Basin acreage in the Philippines and intend to bring a strong commercial focus in reviewing all current and future opportunities.

Strong Commercial Experience plus Technical Background

My international career in the oil and gas industry spans more than 32 years, firstly as a geologist and then in increasingly senior roles across the entire hydrocarbon value chain. Most recently I was President of North West Shelf Australia LNG (known as ALNG) which is the organisation responsible for marketing LNG on behalf of the North West Shelf Project Participants. Prior to this, I was the Australian Country Head of BHP Billiton Petroleum and Head of Production where I was responsible for all aspects of production and operational activities.

Stemming from my career with these large multinational organisations, I intend to bring a strong commercial focus to Nido, for the benefit of the Company and its shareholders in the long-term. I trust that my experience in taking difficult projects through to commercialisation, often in challenging developing markets for oil and gas, will be valuable to Nido. While I also have a technical background, I believe this strong commercial focus is an essential ingredient in delivering value creation for shareholders through the next phase of growth for the Company.

One of the principle reasons I was attracted to Nido was the impressive quality of the Company's acreage portfolio in the prolific North West Palawan Basin. This underexplored region holds significant potential, with world-class prospects contained within Nido's existing acreage position.

Additionally, having previously met several of Nido's technical team on various occasions, the prospect of leading this highly competent group of oil and gas professionals was an added attraction to the Company and the role.

The Year Ahead for Nido – Our Forward Strategy

There is much to look forward to in 2012, with our high impact exploration and development program continuing. With the FPSO upgrades complete, production at the Galoc oil field is also expected to restart next month.

The additional development potential in Galoc Phase 2 and Galoc North looks very promising. We are looking to extend the strong existing performance of this field and anticipate gross production to significantly ramp-up by the fourth quarter of 2013. We are currently working with our Joint Venture partner, Otto Energy Limited, on options to improve the Resources base through the Phase 2 Development. I am aiming for Board approval of the Phase 2 Final Investment Decision in 2012 as per the operator's schedule.

As a company with a large exploration portfolio, Nido needs to properly assess its acreage position in order to de-risk its exploration program as much as possible so as to maximise the potential value-add to shareholders. As such, we aim to secure enough funding to enable us to properly evaluate, through a substantial drilling campaign, our top prospects in the North West Palawan Basin.

As of late 2011, Nido also partnered with French oil and gas company, Total E&P Activités Pétrolières, to conduct technical and commercial evaluations of 15 blocks of the Philippine Energy Contracting Round (PECR4). This is the first release of new acreage by the Philippines Department of Energy for a number of years and provides the Company with the opportunity to look at the exploration potential across multiple basins in the Philippines. The award of blocks to the successful bidder(s) is expected to be in the second half of 2012.

We will be refreshing our farm out marketing activity this year which coincides with significant activity by international energy companies in the Palawan Basin – this bodes well for our high working interest positions in most of our acreage. While our commitment well at SC 63 is fully funded (due to be drilled by November 2012), I am also aiming for the company to be in a position to drill another exploration well in 2012.

Current Share Price Undervalues Our Company

My view is that the current share price does not fully value our existing production from the Galoc oil field and our extensive exploration and development assets in the highly prospective North West Palawan basin. Nido at the end of the 2011 year, had cash of

\$21 million and no debt. Commencing 2012 with this sound financial position, together with production and cash flows set to recommence at the Galoc oil field, along with the exciting drilling prospects over the next 24 months, places Nido in an enviable position in comparison to many mid-sized oil and gas companies.

In the current quarter, I intend to meet with as many shareholders and potential investors as possible to share my vision for the Company and answer any questions relating to the Company's long-term strategy. This includes our Annual General Meeting in Perth which is scheduled to be held in May 2012, which I would encourage you to attend.

My immediate focus at Nido will be to review all aspects of the business and assess any and all opportunities for improvement. I will be working directly with our Galoc Joint Venture partners on progressing the approval for the Phase 2 development. We will also look to drill five advanced exploration prospects over the next 24 months while continuing to pursue farm out agreements that will benefit the Company and our shareholders.

I look forward to reporting to you with positive news over the coming year and beyond. I thank you for your support of Nido in the past and hope you will continue that support as we strive to transform Nido into a successful oil and gas explorer and producer in the long term.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Philip A. Byrne', with a stylized flourish at the end.

Philip A. Byrne
Chief Executive Officer