



ABN 65 086 630 373

ANNUAL GENERAL MEETING

Perth

24 May 2013

The Nido Petroleum Limited Annual General Meeting (“**AGM**”) will be held at Civic Centre, Cnr Sandgate Street and South Terrace, South Perth, Western Australia, commencing at 3.00 pm (Perth time) on 24 May 2013, with registration from 2.30 pm.

The following documents relate to the AGM:

- Notice of Meeting for the AGM, including Explanatory Memorandum;
- Notice of how to access a copy of the Company's electronic Annual Report for the year ended 31 December 2012; and
- Proxy Form and return envelope.

If you are attending the AGM in Perth and have not lodged a Proxy Form, please bring the Proxy Form with you to assist with registration.

If you are not attending the AGM in Perth, you can lodge a completed Proxy Form by returning it in the enclosed envelope, by facsimile or online.

Please be aware that the Proxy Form needs to be received by the Nido Share Registrar by no later than 3.00 pm (Perth time) on 22 May 2013. Further details on lodging your Proxy Form can be found on the reverse side of the Proxy Form.

NOTICE OF HOW TO ACCESS A COPY OF THE COMPANY'S ELECTRONIC ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012.

Nido has adopted regulations that enable it to no longer distribute a hard copy Annual Report, unless a Shareholder elects to continue to receive a hard copy.

In accordance with the Corporations Act, Nido advises that a copy of its Annual Report for the year ended 31 December 2012 is available to view or download at the website address, www.nido.com.au.

Please note that if you have elected to continue to receive a hard copy of the Company's Annual Report, the Annual Report will accompany this Notice of Meeting or alternatively it will be mailed to you no later than 21 days before the Annual General Meeting.

However, if you did not elect to continue to receive a hard copy of the Company's Annual Report and now (or some time in the future) wish to receive a hard copy of the Company's Annual Report then please contact Nido's Share Registrar on +61 8 9323 2000. They will be pleased to mail you a copy.

NOTICE OF ANNUAL GENERAL MEETING

The AGM of Nido Petroleum Limited ("Nido" or "the Company") will be held at Civic Centre, Cnr Sandgate Street and South Terrace, South Perth, Western Australia, on Friday, 24 May 2013 at 3.00 pm (Perth time).

Terms used in this Notice and the Explanatory Memorandum are defined in the glossary to this document.

The Explanatory Memorandum which accompanies and forms part of this Notice describes the matters to be considered at the AGM.

AGENDA

ORDINARY BUSINESS

1. Annual Financial Report

To receive and consider the Annual Financial Report, the Directors' Report and the Auditor's Report of Nido for the financial year ended 31 December 2012.

2. Adoption of the Remuneration Report (non-binding Resolution)

To consider and, if thought fit, to pass the following as an advisory Resolution -

Resolution 2:

"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Annual Remuneration Report for Nido (which is contained in the Directors' Report) for the financial year ended 31 December 2012 be adopted."

Note – the vote on this Resolution is advisory only and does not bind the Directors or the Company. However, if more than 25% of the votes cast on this resolution are against the resolution, then Resolution 6 (Holding a Spill Meeting) below will be put to shareholders for their consideration and vote.

Voting exclusion statement:

In accordance with the Corporations Act the Company will disregard any votes cast on this Resolution by or on behalf of the Company's Key Management Personnel or their Closely Related Parties (each collectively referred to as a "Prohibited Voter"). However, a Prohibited Voter may vote directed proxies for someone other than a Prohibited Voter. If you appoint the person chairing the meeting as proxy, and do not direct the proxy how to vote and you are not a Prohibited Voter, you authorise the person chairing the meeting to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel, and you will be taken to have directed the Chairman to vote in accordance with his stated intention to vote in favour of this Resolution. If you do not want your vote exercised in favour of this Resolution you should direct the person chairing the meeting to vote against, or abstain from voting on, this Resolution.

3. Election of Directors

To consider and, if thought fit to pass the following as separate ordinary Resolutions –

Resolution 3(a):

That Mr William Bloking, a Director of the Company who retires by rotation in accordance with Rule 35(c) of the Constitution and, being eligible, offers himself for re-election, be elected as a Director of the Company.

Resolution 3(b):

That Mr Andrew Edwards, a Director of the Company who retires by rotation in accordance with Rule 35(c) of the Constitution and, being eligible, offers himself for re-election, be elected as a Director of the Company.

Resolution 3(c):

That Mr Michael Pope, who offers himself for election and is eligible for election in accordance with Rule 35(h)(3) of the Company's Constitution, be elected as a Director of the Company.

4. Renewed Approval to Operate Existing Employee Performance Rights Plan

To consider and, if thought fit, to pass the following Resolution as an ordinary Resolution -

Resolution 4:

"That, for the purposes of Listing Rule 7.2 (exception 9(b)) and for all other purposes, the Nido Petroleum Limited Employee Performance Rights Plan 2010 (as amended), tabled at the meeting (and signed by the Chairman of the meeting for the purpose of identification), is approved."

Voting exclusion statement:

For the purposes of Listing Rule 14.11, and for all other purposes, the Company will disregard any votes cast on this Resolution 4 by any Director entitled to receive Performance Rights under the Nido Petroleum Limited Employee Performance Rights Plan 2010 or an Associate of any of those persons.

However, the Company will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. Issue of Performance Rights to Mr Philip Byrne, Managing Director

To consider and, if thought fit, to pass the following Resolution as an ordinary Resolution -

Resolution 5:

"That for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders approve and authorise the Directors to grant 25,846,154 Performance Rights to Mr Philip Byrne, Managing Director, or his nominee and to allot and issue Shares on the vesting of those Performance Rights, on the terms and conditions detailed in the Explanatory Memorandum."

Voting exclusion statement:

For the purposes of Listing Rules 10.13 and 14.11, and for all other purposes, the Company will disregard any votes cast on this Resolution 5 by Mr Byrne (or his nominee) or any of his Associates.

However, the Company will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

CONTINGENT BUSINESS

6. Holding a Spill Meeting

Condition for Resolution 6: Resolution 6 will be considered at the AGM only if at least 25% of the votes cast on Resolution 2 are against the adoption of the Remuneration Report. Such a vote will constitute a second strike for the Company. The Explanatory Memorandum further explains the circumstances in which Resolution 6 will be put to the meeting.

If the condition described above is satisfied, to consider and, if thought fit, pass the following Resolution as an ordinary Resolution -

Resolution 6:

"That, as required by the Corporations Act:

- (a) a meeting of the Company's members be held within 90 days of the date of the 2013 Annual General Meeting (the "spill meeting");*
- (b) each of the Directors in office when the Board resolution to make the Directors' Report for the financial year ended 31 December 2012 was passed and who are not a Managing Director cease to hold office immediately before the end of the spill meeting; and*
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the spill meeting be put to the vote at the spill meeting."*

Voting exclusion statement:

In accordance with the Corporations Act the Company will disregard any votes cast on this Resolution by or on behalf of the Company's Key Management Personnel or their Closely Related Parties (each collectively referred to as a "Prohibited Voter"). However, a Prohibited Voter may vote directed proxies for someone other than a Prohibited Voter. If you appoint the person chairing the meeting as proxy, and do not direct the proxy how to vote and you are not a Prohibited Voter, you authorise the person chairing the meeting to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel, and you will be taken to have directed the Chairman to vote in accordance with his stated intention to vote against this Resolution. If you do not want your vote to be exercised against this Resolution you should direct the person chairing the meeting to vote for, or abstain from voting on, this Resolution.

NOTES:

These notes form part of the Notice of Meeting.

Background information

To assist you in deciding how to vote on the above Resolutions, background information to the Resolutions is set out in the Explanatory Memorandum forming part of this Notice of Meeting.

Recommendation

The Board believes that the Resolution 2, Resolution 3(a), Resolution 3(b), Resolution 4 and Resolution 5 are in the best interests of Shareholders and unanimously recommend that Shareholders vote in favour of each of them. The Board does not believe that Resolution 3(c) and Resolution 6 are in the best interests of Shareholders and unanimously recommend that Shareholders vote against these two resolutions.

Voting Entitlements

The Directors have determined that, for the purpose of voting at the AGM, Shareholders eligible to vote at the AGM are those persons who are the registered holders of Shares at 7.00pm (Sydney time) on 22 May 2013.

How to Vote

You may vote by attending the AGM in person, by proxy, or by an authorised representative.

Voting in Person

To vote in person, attend the AGM on the date and at the place set out above. Shareholders are asked to arrive at the venue 30 minutes prior to the time designated for the meeting, if possible, so that the Company may check their shareholding against the Company's share register and note attendances.

Voting by Proxy

A Shareholder has the right to appoint a proxy, who need not be a Shareholder of the Company. A proxy can be an individual or a body corporate. A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body corporate may exercise as a proxy at the AGM. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

If a Shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise.

To vote by proxy, the Proxy Form (together with the original of any power of attorney or other authority, if any, or certified copy of that power of attorney or other authority under which the Proxy Form is signed) must be received at the Share Registrar of Nido no later than 3.00 pm (Perth time) on 22 May 2013 (Proxy Forms received after that time will be invalid). Proxy Forms must be received before that time via any of the following methods:

By Post: Computershare Investor Services Pty Limited
 GPO Box 242
 Melbourne, Victoria 3001

By Facsimile: (within Australia) 1800 783 447

By Facsimile: (outside Australia) +61 3 9473 2555

Online: www.investorvote.com.au

Proxy Voting on Resolution 2 (Remuneration Report), Resolution 4 (Renewed Approval to Operate Existing Employee Performance Rights Plan), Resolution 5 (Issue of Performance Rights to Mr Philip Byrne, Managing Director) and Resolution 6 (Holding a Spill Meeting).

If the Chairman is to act as your proxy (whether by appointment or by default) and you have not given directions on how to vote by completing the appropriate box in the voting directions section of the proxy form for Resolution 2 (Remuneration Report), Resolution 4 (Renewed Approval to Operate Existing Employee Performance Rights Plan), Resolution 5 (Issue of Performance Rights to Mr Philip Byrne, Managing Director) and Resolution 6 (Holding a Spill Meeting), the proxy form expressly directs and authorises the Chairman to cast your votes "for" Resolution 2, Resolution 4 and Resolution 5 and "against" Resolution 6. This express authorisation is included because without it the Chairman would be precluded from casting your votes as these resolutions are connected with the remuneration of Key Management Personnel.

Corporate Representatives

A body corporate may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company and/or the Company's Share Registrar, Computershare Investor Services, before the AGM or at the registration desk on the day of the AGM. Certificates of appointment of corporate representatives are available at www.computershare.com or on request by contacting Computershare Investor Services on telephone number +61 1300 557 010.

Questions from Shareholders

The Chairman of the meeting will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management and performance of the Company.

Mr Robert Kirkby of Ernst & Young, as the auditor responsible for preparing the Auditor's Report for the year ended 31 December 2012 (or his representative), will attend the AGM. The Chairman of the meeting will allow a reasonable opportunity for the Shareholders to ask the auditor questions at the meeting about:

- the conduct of the audit; and
- the content of the Auditor's Report.

To assist the Board and the auditor of the Company in responding to any questions you may have, please submit any questions you may have by fax or to the address below by no later than 5.00pm (Perth time) on 17 May 2013.

By mail: Level 3, 1 Preston Street, Como, Western Australia

By fax: + 61 (8) 9474 0099


In person at the Registered Office: Level 3, 1 Preston Street, Como, Western Australia

As required under section 250PA of the Corporations Act, at the meeting, the Company will make available those questions directed to the auditor received in writing at least 5 business days prior to the AGM, being questions which the auditor considers relevant to the content of the Auditor's Report or the conduct of the audit of the Annual Financial Report for the year ended 31 December 2012. The Chairman of the meeting will allow a reasonable opportunity for the auditor to respond to the questions set out on this list.

Enquiries

Shareholders are invited to contact the Company Secretary, John Newman, on +61 8 9474 0000 if they have any queries in respect of the matters set out in these documents.

By order of the Board



John Newman
Company Secretary
Dated 19 April 2013

The Notice of Meeting, Explanatory Memorandum and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum and all attachments are important documents and should be read carefully. If you have any questions regarding the matters set out in this Explanatory Memorandum or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

This Explanatory Memorandum has been prepared for the Shareholders of the Company in connection with the AGM of the Company to be held on 24 May 2013 at 3.00 pm (Perth time) at Civic Centre, Cnr Sandgate Street and South Terrace, South Perth, Western Australia. The purpose of this Explanatory Memorandum is to provide Shareholders with information that the Board believes to be material to Shareholders in deciding whether or not to approve the Resolutions detailed in the Notice.

1. Annual Financial Reports

The Corporations Act requires the Annual Financial Report, Directors' Report, and the Auditor's Report ("**Annual Report**") to be received and considered at the AGM. A copy of the Company's 2012 Annual Report can be accessed on-line at www.nido.com.au. Alternatively, a hard copy will be made available on request.

The Corporations Act does not require Shareholders to vote on the Annual Report. However, Shareholders attending the AGM will be given a reasonable opportunity to ask questions about, or make comments on, the financial statements and reports.

The Company's auditor, Ernst & Young, will be present at the AGM and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the Auditor's Report, the Company's accounting policies, and the independence of the auditor.

2. Approval of the Remuneration Report

The Annual Report for the year ended 31 December 2012 contains a Remuneration Report which:

- sets out the remuneration policy for the Company and the process for determining the remuneration of its Directors and executive officers;
- discusses the relationship between the remuneration policy and the Company's performance; and
- details the remuneration arrangements for each Director, including the Managing Director, and senior executives.

The Remuneration Report is contained within the Directors' Report in the Company's Annual Report which is available in the Annual Report section of the website at www.nido.com.au. If you wish to receive a hard copy of the Company's Annual Report, please refer to page 2 of the Notice of Meeting.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. Voting on the adoption of the Remuneration Report is for advisory purposes only and will not bind the Directors or the Company.

However, as a consequence of recent changes to the Corporations Act, if at least 25% of the votes cast on the resolution are voted against the adoption of the Remuneration Report at the meeting, a vote on Resolution 6 (Holding a Spill Meeting) will be required to be put to Shareholders. The operation and consequences of Resolution 6 are set out under the Explanatory Memorandum to that Resolution below.

The Chairman of the AGM will allow reasonable opportunity for Shareholders to ask questions about, or comment on, the Remuneration Report at the meeting.

Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 2.

3. Election of Directors

The Chairman intends to vote undirected proxies in favour of the re-election of Mr William Bloking and Mr Andrew Edwards and against the election of Mr Michael Pope.

3(a) Re-election of William Bloking, FAICD

Rule 35(c) of the Company's Constitution requires that no Director may hold office without re-election beyond the third AGM following the meeting at which the Director was last elected or re-elected. In this context Mr William Bloking retires from office and, being eligible, offers himself for re-election as a Director of the Company.

Details of the background of Mr William Bloking including his experience, knowledge and skills and his status as an independent Director, are set out in the Company's 2012 Annual Report and below.

Mr Bloking, Bachelor of Science, Mechanical Engineering (Summa cum Laude) (University of South Carolina)

Mr Bloking has over 39 years' experience in the energy sector, 33 of those with ExxonMobil and the BHP Billiton Group, holding senior executive positions in Australia, Asia, South America and the United States. Until his retirement in January 2007, Mr Bloking was President of Australia/Asia Gas at BHP Billiton Petroleum, where he had overall strategic, commercial and corporate accountability for BHP Billiton's international LNG business and its domestic gas business in Australia. Prior to joining BHP, he had spent 24 years with ExxonMobil holding a variety of senior executive positions including Senior Advisor, Corporate Strategic Planning, Chief Operating Officer of Esso Eastern Products Trading Company, Supply Operations Manager for the Far East and Western Hemisphere and General Manager of Natural Gas in Indonesia.

Mr Bloking is currently Chairman of Transerv Energy Limited (appointed 14 March 2011) and Executive Chairman and President of KAL Energy, Inc. (appointed 26 June 2007), and he is a Non-Executive Director of the Lions Eye Institute (appointed 1 October 2003), and the West Australian Symphony Orchestra (appointed 19 August 2005). He is also a Fellow of the Australian Institute of Company Directors.

Mr Bloking was formerly Chairman of the Australian National Offshore Petroleum Safety Authority (appointed 1 March 2008, resigned 25 August 2009), Cool Energy Ltd (appointed 10 January 2007, resigned 6 March 2009), Norwest Energy NL (appointed 6 March 2007, resigned 30 June 2009) and Cullen Wines (Australia) Pty Ltd (appointed 27 May 2006, retired 21 November 2009). He was also formerly the Managing Director of Eureka Energy Limited (appointed 22 February 2012, resigned 20 June 2012) and a Non-Executive Director of the John Holland Group (appointed 1 January 2007, resigned 7 November 2012) and Miclyn Express Offshore Limited (appointed 19 February 2010, resigned 29 October 2012).

Mr Bloking was also formerly a Director of the Australian Petroleum Production and Exploration Association, a National Vice Chairman of the Australia China Business Council, and a Governor of the WA Branch of the American Chamber of Commerce in Australia.

Recommendation

The Board (with the exception of Mr Bloking) recommends that you vote for the re-election of Mr Bloking as non-executive Director of the Company.

3(b) Re-election of Andrew Edwards, FAICD

Rule 35(c) of the Company's Constitution requires that no Director may hold office without re-election beyond the third AGM following the meeting at which the Director was last elected or re-elected. In this context Mr Andrew Edwards retires from office and, being eligible, offers himself for re-election as a Director of the Company.

Details of the background of Mr Andrew Edwards including his experience, knowledge and skills and his status as an independent Director, are set out in the Company's 2012 Annual Report and below.

Mr Andrew Edwards, B.Comm (University of Western Australia), FCA

Mr Edwards is a former managing partner of PricewaterhouseCoopers, Perth Office (PwC), past National Vice President of the (then) Securities Institute of Australia (now the Financial Services Institute of Australasia) and past President of the Western Australian division of that Institute, past State Chairman of the Institute of Chartered Accountants local Education Committee and a past member of its National Education Committee.

Mr Edwards is a current Board member of Mermaid Marine Australia Limited (appointed 18 December 2009), Aspire Mining Limited (appointed 1 July 2011), Activ Foundation Inc (appointed 27 October 2008) and is Chairman of MACA Limited (appointed 1 October 2010). He is also a Fellow of the Australian Institute of Company Directors.

Recommendation

The Board (with the exception of Mr Edwards) recommends that you vote for the re-election of Mr Edwards as non-executive Director of the Company.

3(c) Election of Mr Michael Pope

Rule 35(h)(3) of the Company's Constitution provides that a Shareholder is eligible for election to the office of a Director if he or she has, within the requisite time period, given the Company a signed notice stating his or her desire to be a candidate for election at that meeting.

Mr Michael Pope has nominated himself under the Company's Constitution and offers himself for election as a Director of the Company.

Mr Pope has provided the following statement in support of his election to the Board. It is presented as submitted and without amendment. The views expressed are those of Mr Pope and not of the Company:

Candidate's Statement

"Mr Michael Pope, B. Eng (Mech. Hons.), B. Com (Corp. Finance Inv. Finance), Grad Cert (Oil and Gas).

Mr Pope offers himself for election to the Board of Directors, he has broad experience in the upstream oil and gas industry, primarily in well design and construction. Throughout his career he has held positions with industry leading oil and gas operators, service providers and drilling contractors. Mr Pope is currently the Supervising Drilling Engineer for an Australian based LNG mega-project with a well construction budget of over a billion dollars.

Mr Pope has been a shareholder of the company since 2005 and as at the 15th March 2013 was the 19th largest shareholder of the company.

In contrast to the Chairman, who has stated that the share price performance has been a significant disappointment to the Board and Leadership team, Mr Pope believes that the performance of the Board and Leadership team has been the significant disappointment and that the market price of the company's shares accurately reflects this performance.

The present Board and their predecessors have presided over erosion, dilution and destruction of millions of dollars of shareholder value, Mr Pope urges shareholders, including new shareholders who participated in recent placements to inform themselves of the track record of the Board and Leadership team and to vote to remove them and to vote against adoption of the Remuneration Report.

The current Board and Leadership team have demonstrated over several years an inability to set and achieve reasonable goals, they have a track record of over-promising and under delivering, this is borne out in the share price and recent placement at around 10 year lows.

If elected Mr Pope will waive fees as a director for the first year of service."

Recommendation

On the basis of the information that Mr Pope has previously provided to the Company, and taking into consideration the interviews that Board members and external Board consultants have conducted with Mr Pope for the 2011 and 2012 Annual General Meetings, the Board has unanimously concluded that Mr Pope would not be competitive in an external, merit-based search for an independent, non-executive Director, primarily because he does not have the requisite experience or critical personal attributes necessary for the role. **The Board is therefore of the unanimous view that it is not in the interests of the Company's Shareholders that Mr Pope is elected, and recommend that Shareholders vote against his election.**

Subject to the re-election of Mr Bloking and Mr Edwards, and a negative outcome with respect to Mr Pope's election, the Board will comprise an independent Chairman (Mr Bloking), a non-independent Managing Director (Mr Byrne) and three independent non-executive Directors (Mr Mañalac, Mr Edwards and Dr. Ollis).

The Board considers that this mix of non-executive Directors, complemented by Mr Byrne as Managing Director, collectively brings the range of skills, knowledge, and experience necessary to direct the Company.

4. Renewed approval to operate existing Employee Performance Rights Plan

Resolution 4 seeks the renewed approval of the Company's Employee Performance Rights Plan.

The Employee Performance Rights Plan, which is the Company's Long Term Incentive Plan for Management and Staff, was approved by the Board on 15 March 2010 and by Shareholders at their Annual General Meeting in May 2010. To obtain the benefit of exception 9(b) of Listing Rule 7.2 (which is explained in detail below), Resolution 4 seeks the renewed approval of the Employee Performance Rights Plan by the Shareholders of the Company.

Under the Employee Performance Rights Plan, the Directors are authorised to periodically make offers of Performance Rights to employees. Following the 3-year Performance Period established in the Employee Performance Rights Plan, and subject to the Company achieving the performance criteria set out therein against a Peer Group of companies, Performance Rights held by an employee may convert into Shares in the Company. However, in the event the Company fails to achieve the minimum performance criteria established in the Employee Performance Rights Plan, all of the employee's Performance Rights lapse with no Shares being issued.

As permitted under the rules of the Employee Performance Rights Plan, the Board has made a minor amendment to the Employee Performance Rights Plan, updating the Peer Group of companies, to accurately reflect the group of ASX listed oil and gas companies that the Company considers relevant to its performance.

Listing Rule requirements

Subject to the exceptions in Listing Rule 7.2, Listing Rule 7.1 prohibits a listed company from issuing or agreeing to issue equity securities (which includes Performance Rights) equal to an amount of more than 15% of a company's ordinary capital in any 12 month period without Shareholder approval (15% Limit).

Exception 9(b) of Listing Rule 7.2 permits securities issued under an employee incentive scheme (such as the Employee Performance Rights Plan) to be excluded from the 15% Limit where Shareholders have approved the issue of securities under the employee incentive scheme within 3 years before the date they are issued.

Resolution 4, if passed, will allow Performance Rights to be granted under the Employee Performance Rights Plan during the 3 years after the date of this AGM without Shareholder approval under Listing Rule 7.1.

A summary of the terms of the Employee Performance Rights Plan is attached as Annexure A to this Explanatory Memorandum and a copy of the Employee Performance Rights Plan is available on the Company's website at www.nido.com.au.

Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 4.

5. Issue of Performance Rights to Mr Philip Byrne, Managing Director

Mr Byrne is the Managing Director of the Company. Under the Company's remuneration policy Mr Byrne is entitled to receive a long term incentive as part of his overall remuneration, subject to Shareholder approval first being obtained.

The form of long term incentive that the Company is offering Mr Byrne is Performance Rights issued on terms identical to the terms of the Company's Long Term Incentive Policy and Shareholder approved Employee Performance Rights Plan.

The number of Performance Rights to be offered to Mr Byrne is determined by dividing the long term incentive dollar value (i.e. 60% of his base remuneration) by the value of a performance right on the date the award was approved by the Board which equates to 25,846,154 Performance Rights.

The key performance criterion for these Performance Rights (identical to that for the Employee Performance Rights Plan) is the Company's total shareholder return performance relative to that of a Peer Group of ASX listed oil and gas companies over the Performance Period as described below:

Performance Ranking Range Compared to Peer Group	Number of Performance Rights Exercisable
Below 50th percentile of relative total shareholder return as compared against the Peer Group	No Performance Rights exercisable
50th percentile of relative total shareholder return as compared against the Peer Group	50% of the rights in the Offer available to be exercised and converted into Shares
51st percentile to 74th percentile of total shareholder return as compared against the Peer Group	For each Performance Ranking Range percentile increase above 50%, the number of Performance Rights exercisable and converted into Shares in the Offer increases by 2% For example, if the Performance Ranking Range is at the 52nd percentile, 54% of the rights in the Offer are available to be exercised and converted into Shares
75th percentile or higher of total shareholder return as compared against the Peer Group	100% of rights in the Offer available to be exercised and converted into Shares

The Board considers that this key performance criterion and its time dimension are fundamental in that they closely align the incentive with the interests of Shareholders, since no incentive is received unless Shareholders have been rewarded with attractive share performance relative to the Company's Peer Group over time.

Under the terms of the Performance Rights which are being offered to Mr Byrne, Mr Byrne is entitled to nominate an associate to hold his Performance Rights. Mr Byrne has indicated that he will be nominating an associate to hold his allocation of 25,846,154 Performance Rights.

The Board considers that the proposed grant of Performance Rights to Mr Byrne is reasonable given the circumstances of the Company and Mr Byrne in that the proposed grant:

- aligns Mr Byrne's incentives with Shareholder interests;
- assists the Company to retain the services of Mr Byrne by providing an attractive long term retention tool that builds an ownership of the Company mindset; and
- ensures that the extent to which Mr Byrne benefits from any award is reasonably and objectively linked to the Company's comparative performance against a Peer Group of ASX listed oil and gas companies over a long term three year period.

Listing Rule requirements

Listing Rule 10.11 provides that a company must not issue or agree to issue equity securities to a related party without the prior approval of holders of ordinary securities. Accordingly, under Resolution 5, approval is sought for the issue of Performance Rights, and Shares upon the vesting of those Performance Rights, to Mr Byrne (or his nominee).

Listing Rule 10.13 requires the following information to be included in this Notice of Meeting:

- the Performance Rights will be issued to Mr Philip Byrne, Managing Director, (or his nominee);
- subject to Shareholder approval being obtained, the maximum number of securities that the Company may issue to Mr Byrne (or his nominee), for the purposes of the approval sought is 25,846,154. The Company will grant Mr Byrne (or his nominee) 25,846,154 Performance Rights and if all Performance Rights vest Mr Byrne (or his nominee) will be entitled to 25,846,154 Shares;
- Performance Rights to be issued to Mr Byrne (or his nominee) will be issued not later than 1 month after 24 May 2013. It is anticipated that the Performance Rights will be issued in one tranche on or around 31 May 2013;
- Mr Byrne is the Managing Director and is considered a related party of the Company pursuant to section 228(2)(a) of the Corporations Act, as he is a Director of the Company;
- any Shares issued to Mr Byrne on vesting of the Performance Rights will rank equally in all respects with other Shares in the Company and the Company will apply for the Shares to be quoted on ASX;
- the proposed grant of the Performance Rights to Mr Byrne (or his nominee) will be made on terms and conditions identical to the terms and conditions of the Employee Performance Rights Plan (available through the Company's website www.nido.com.au);
- the key terms of the Performance Rights are set out above, and in Annexure A to this Explanatory Memorandum;
- no consideration is payable by Mr Byrne at the time of grant of the Performance Rights or upon the issue of Shares to which he may become entitled on the vesting dates, which are identical to the vesting dates under the Employee Performance Rights Plan. Therefore no funds will be raised by the grant of the Performance Rights, or the issue of Shares upon the vesting of those Performance Rights, to Mr Byrne (or his nominee); and
- a voting exclusion statement is provided at Resolution 5 of the Notice and in this section of the Explanatory Memorandum.

If approved by Shareholders, the grant of the Performance Rights to Mr Byrne pursuant to Resolution 5 will not be included in the 15% calculation of the Company's annual placement capacity under Listing Rule 7.1, given the issue would fall under Listing Rule 7.2 Exception 14 (if approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1).

Corporations Act requirements

Under Chapter 2E of the Corporations Act, a public company cannot give a "financial benefit" to a "Related Party" unless one of the statutory exceptions applies or shareholders have in a general meeting approved the giving of that financial benefit.

Mr Byrne is a "Related Party" of the Company as defined in the Corporations Act because he is a Director of the Company, and the issue of Performance Rights to him constitutes the giving of a "financial benefit".

The Performance Rights are being issued to Mr Byrne (or his nominee) as part of his remuneration package in respect of services provided to the Company and to be provided to the Company. The Board considers that the issue of Performance Rights to Mr Byrne forms an important part of the Company's long term incentive strategy as it relates to Mr Byrne.

Section 211 of the Corporations Act provides an exception to the need to obtain shareholder approval to the giving of a financial benefit to a Related Party where the financial benefit is remuneration to an officer of a public company and giving the remuneration would be reasonable given the respective circumstances of the public company and the Related Party (including the responsibilities involved in the office or employment).

The Board considers that the grant of Performance Rights to Mr Byrne is reasonable given the circumstances of the Company and Mr Byrne.

Recommendation

The Board, with the exception of Mr Byrne, recommend that Shareholders vote in favour of Resolution 5 for the reasons set out in this section of the Explanatory Memorandum.

6. Holding a Spill Meeting

The Corporations Act was amended in June 2011 to introduce the "two-strikes" rule. The two strikes rule provides that if at least 25% of the votes cast on the adoption of the remuneration report at two consecutive AGMs are against adopting the remuneration report, members will have the opportunity to vote on a "spill resolution" (as described below).

At last year's AGM, 31% of the votes cast on the resolution to adopt the remuneration report were against adopting the report. This constitutes a "first strike".

If at least 25% of the votes cast on Resolution 2 are against adopting the remuneration report at the 2013 AGM this will constitute a "second strike" and Resolution 6 will be put to the meeting and voted on as required by section 250V of the Corporations Act (the **spill resolution**).

If less than 25% of the votes cast on Resolution 2 are against adopting the remuneration report at the 2013 AGM, then there will be no second strike and Resolution 6 will not be put to the meeting.

If put, the spill resolution will be considered as an ordinary Resolution.

If the spill resolution is passed, a further meeting of members must be held within 90 days (the **spill meeting**). Immediately before the end of the spill meeting, each of the Directors who approved the last Directors' Report, cease to hold office (if they still hold office at the time), with the exception of a Managing Director of the Company (the **Relevant Directors**).

The Directors that approved the last Directors' Report were Mr William Bloking, Mr Philip Byrne, Mr Eduardo V. Mañalac, Mr Andrew Edwards and Dr. Michael Ollis.

Each Relevant Director is eligible, but not required, to seek re-election as a Director of the Company at the spill meeting.

Recommendation

The Board unanimously recommends that Shareholders vote against Resolution 6.

GLOSSARY

Annual General Meeting or AGM means the meeting convened by this Notice.

Annual Report means the Company's Annual Report for the year ended 31 December 2012; containing the Annual Financial Report, the Directors' Report and the Auditor's Report.

Associate means a reference to "Associate" in relation to a Listing Rule and has the meaning given to it in Listing Rule 14.11.

ASX means the Australian Securities Exchange, operated by ASX Limited (ABN 98 008 624 691).

ASX Listing Rules or **Listing Rules** means the listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

Board means the Board of Directors of the Company.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

Company or **Nido** means Nido Petroleum Limited (ABN 65 086 630 373).

Constitution means the Company's constitution, as amended from time to time.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company from time to time and **Director** means any one of them.

Employee Performance Rights Plan means the Nido Petroleum Limited Employee Performance Rights Plan 2010 as amended from time to time and as set out on the Company's website.

Explanatory Memorandum means this explanatory memorandum which accompanies the Notice.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly, including any Director of the Company.

Long Term Incentive Policy means the Nido Petroleum Limited Long Term Incentive Policy adopted on 15 March 2010.

Notice or Notice of Meeting means the notice of Annual General Meeting.

Performance Right means a right to subscribe for a Share, subject to meeting particular performance hurdles, such as those set out in the Employee Performance Rights Plan.

Proxy Form means the proxy form attached to the Notice.

Related Party has the meaning given to that term in section 228 of the Corporations Act.

Resolution means a resolution contained in the Notice.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

ANNEXURE A - Key terms of the Performance Rights

- (a) **(Performance Rights)**: Each Performance Right represents an entitlement to one Share. The Company may allot or procure the transfer of a Share upon the exercise of a Performance Right. Shares issued upon exercise of Performance Rights will rank pari passu with all existing Shares.
- (b) **(Price Payable)**: No payment is required for the grant of a Performance Right or upon its vesting.
- (c) **(Acceleration of Vesting)**: The vesting of the Performance Rights will be accelerated in certain circumstances, including where a takeover bid is made to Shareholders, or where a statement is lodged with the ASX to the effect that a person has become entitled to not less than 50% of the Shares.
- (d) **(Lapse of Performance Rights)**: The Performance Rights will lapse in certain circumstances, including where the performance criteria have not been satisfied within the required time period, or an employee ceases their employment with the Company.
- (e) **(Not transferable)**: The Performance Rights may not be transferred to any person at any time, save in circumstances where the Board has stipulated that some or all Performance Rights are transferable to the offer or under a takeover bid. However, any Shares acquired on the vesting of Performance Rights will be transferable (subject to any restrictions contained in the offer notice, the restrictions contained in the Company's Policy on Share Trading, and any other restrictions prescribed by the Board).
- (f) **(Quotation of Performance Rights and Shares)**: The Performance Rights will not be quoted on the ASX. Upon the issue of Shares in accordance with rules identical to those of the Employee Performance Rights Plan, the Company will immediately apply for quotation of those Shares on the ASX.
- (g) **(No participation in future issues)**: Holders of the Performance Rights may only participate in new issues of securities if the Performance Right has vested, and the Shares in respect of the Performance Rights have been allotted or transferred before the record date for determining entitlements to the issue.
- (h) **(Tranches)**: Performance Rights will vest on such date following the end of the Performance Period as the Board shall determine.
- (i) **(Performance Period)**: means the period of 36 months following the commencement date of an allocation of Performance Rights.
- (j) **(Peer Group)**: means Woodside Petroleum Limited, Otto Energy Limited, Kairiki Energy Limited, AWE Limited, Horizon Oil Limited, Karoon Gas Limited, MEO Australia Limited, Senex Energy Limited, Nexus Energy Limited, New Zealand Oil and Gas Limited, Tap Oil Limited, Oilex Limited, Oil Search Limited, Pan Pacific Petroleum NL, Roc Oil Limited, Carnarvon Petroleum Limited, Cue Energy Resources Limited, Rialto Energy Limited, Transerv Energy Limited, Neon Energy Limited, Samson Oil & Gas Limited, Austex Oil Limited, AED Oil Limited and Santos Limited.

— 000001 000 NDO
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



Online:
www.investorvote.com.au



By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au



Cast your proxy vote



Access the annual report



Review and update your securityholding

Your secure access information is:

Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 3:00pm (Perth Time) Wednesday 22 May 2013

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Nido Petroleum Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Nido Petroleum Limited to be held at Civic Centre, Cnr Sandgate Street and South Terrace, South Perth, Western Australia on Friday, 24 May 2013 at 3:00pm (Perth Time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 2, 4, 5 and 6 (except where I/we have indicated a different voting intention below) even though Items 2, 4, 5 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

The Chairman of the Meeting intends to vote undirected proxies in favour of each Item of business with the exception of Items 3c and 6 where the Chairman of the Meeting will be voting against.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 2, 4, 5 and 6 by marking the appropriate box in step 2 below.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Item 2	Adoption of the Remuneration Report (non-binding Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3a	Election of Director - Mr William Bloking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3b	Election of Director - Mr Andrew Edwards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3c	Election of Director - Mr Michael Pope	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Renewed Approval to Operate Existing Employee Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5	Issue of Performance Rights to Mr Philip Byrne, Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6	Holding a Spill Meeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business with the exception of Items 3c and 6 where the Chairman of the Meeting will be voting against.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / / _____

NDO

999999A

Computershare +