Nido Petroleum Limited

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NIDO TO DRILL ESTIMATED 676 MMBBLS OIP PROSPECT

- **SC 63 Joint Venture partners approve the work plan and budget for the drilling of the Baragatan Prospect offshore Palawan, Philippines;**
- **Nido is the designated Technical Operator for the duration of the drilling activities for the Baragatan Well;**
- **The Baragatan Prospect is estimated to contain gross mean Oil-in-Place of 676 mmbbls with an upside potential of 977 mmbbls;**
- **Gross, mean risk recoverable oil volumes are estimated to be 115 mmbbls with an upside potential of 166 mmbbls;**
- **Well to be drilled as soon as practicable, subject to rig availability and securing final approvals; and**
- **Nido is fully funded for its share of drilling costs.**

Nido Petroleum Ltd ("Nido", ASX : NDO) together with its Service Contract 63 ("SC 63") Joint Venture partner PNOC Exploration Corporation ("PNOC-EC") is pleased to announce the approval of the work plan and budget to drill the Baragatan Prospect. Nido holds a 50% participating interest in SC 63, and will be technical Operator during the drilling phase.

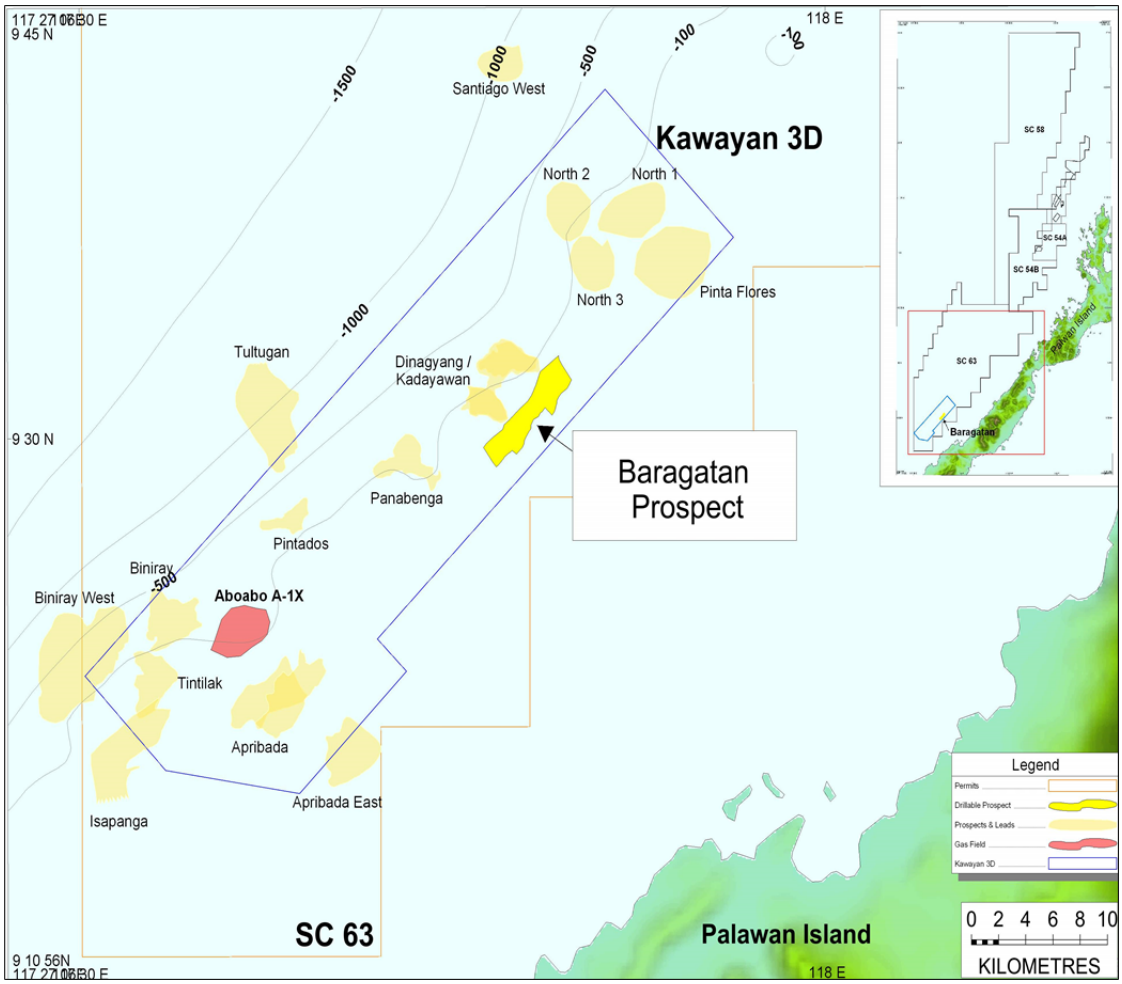
The Baragatan Prospect, located in SC 63 approximately 30 kms offshore Palawan Island, Philippines, is a large well defined rotated fault-block prospect estimated to contain gross unrisked Oil-in-Place ("OIP") volumes of 676 mmbbls with an upside potential of 977 mmbbls. Mean risked recoverable oil volumes are estimated to be 115 mmbbls with an upside potential of 166 mmbbls.

Nido's share of drilling costs is fully funded from current cash reserves and ongoing production revenue. The Joint Venture is progressing activities to secure a jack-up rig for the drilling of the exploration well and will drill the well as soon as practicable. The SC 63 Joint Venture through PNOC-EC has already secured the Strategic Environmental Plan Clearance (SEP) from the Palawan Council for Sustainable Development (PCSD) for its exploration activities within the block.

Mr Philip Byrne Managing Director said, "*I am pleased the Joint Venture has approved the drilling of the high impact Baragatan oil Prospect, in SC 63. A successful discovery has the potential to materially change the value of Nido Petroleum Limited. We are fully funded for this well from current cash reserves and ongoing production, and we look forward to securing a rig and updating the market accordingly on timing.*"

BARAGATAN PROSPECT

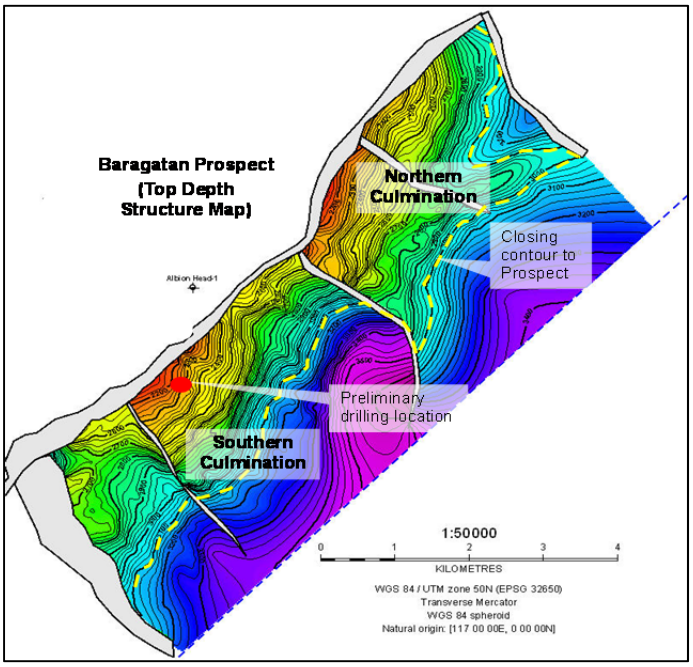
The location of the Baragatan Prospect within the southern sector of SC 63 is outlined in the map below:



The Baragatan Prospect Key facts

The Baragatan Prospect is a large NE-SW trending rotated fault block with a mapped aerial closure of ~20 sq. km. The primary reservoir objective are stacked Miocene-aged Pagasa Formation marine sandstones interpreted to be have been deposited in delta front/delta slope geological setting. The Galoc oil field in SC 14C1 produces oil from Miocene-aged fan sands associated with the slightly younger Miocene prograding delta front/delta slope depositional system predicted at the Baragatan Prospect.

The structure map to the right illustrates the Baragatan Prospect at the objective Top Pagasa Formation Reservoir level.



The Pagasa Formation sandstones in the Baragatan Prospect are characterised by a thick package of strong seismic amplitudes which can be mapped within the structure. (Refer Figure 2)

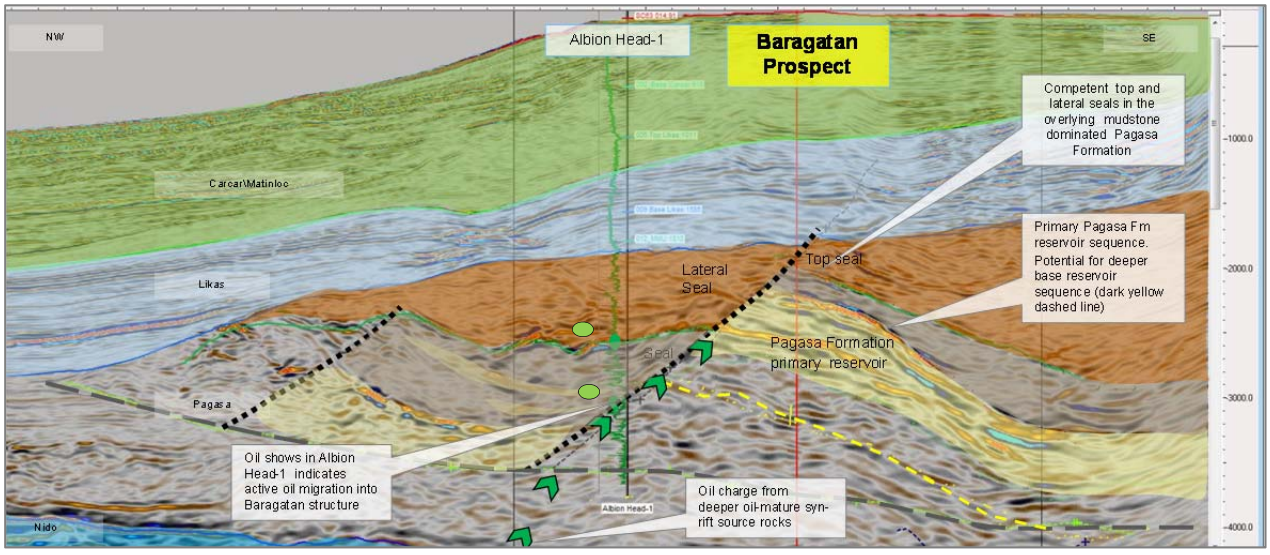


Figure 2: NW-SW section through the Baragatan Prospect (Albion Head-1 oil shows shown in green circles)

The Albion Head-1 well (Phillips 1975), drilled on old poor quality 2D seismic data, missed the Baragatan Prospect, instead drilling the main Baragatan bounding fault, leaving the Baragatan Prospect untested.

Importantly, when the bounding fault was penetrated by the Albion Head-1 well, moderate to good oil shows were encountered in an interbedded sandstone mudstone sequence within the upthrown Baragatan fault block, confirming an active oil charge into the lower part of the prospect.

The prospect is well positioned to receive oil charge from a large syn-rift graben located immediately to the south of the Baragatan structure which, based on the Joint Ventures regional studies, is interpreted to contain thick, mature oil-prone source rocks. These are the same source rocks which have produced the majority of oil and gas discovered offshore NW Palawan basin.

Resource Potential

Nido's estimate of the resource potential of the Baragatan Prospect is summarised below;

- Gross, mean OIP of 676 mmbbls and gross risk recoverable volume of 115 mmbbls.

A deeper base Pagasa Formation reservoir seismic pick is recognised which provides additional upside potential to the Baragatan Prospect as follows;

- Upside potential: Gross, mean OIP volume of 977 mmbbls and gross risk recoverable volume of 166 mmbbls.

Drilling Timing and Cost

Subject to securing appropriate Government approvals, the SC 63 Joint Venture is planning to spud the Baragatan well as soon as possible. Exact timing of drilling will be subject to rig availability and timing of securing approvals.

The Baragatan Prospect is located in approximately 70 metres of water making it suitable for drilling with a conventional 300 foot jack-up rig. Nido has already commenced making investigations as to the availability of a suitable rig. Importantly, the SC 63 Joint Venture has already secured key Long Lead Items for the well (wellhead, casing etc.) which are currently stored at the company's forward operational base in Batangas.

The well cost is estimated to be between US$ 22 – 25 million gross (US$ 11 – 12.5 million Nido share). Nido's share of the drilling cost is fully funded from current cash reserves and ongoing production from the Galoc oil field.

Yours sincerely

Phil Byrne
Managing Director

SC 63 Working Interests

Participant	**Working Interests (%)**
Nido Petroleum Philippines Pty Ltd (ASX:NDO)	**50**
PNOC-EC	50