

28 June 2013

ASX ANNOUNCEMENT

NIDO TO DRILL TWO EXPLORATION WELLS THROUGH INDONESIAN FARMIN DEAL

- **Nido to acquire a 10% interest in three Production Sharing Contracts (PSCs) off Indonesia from Sweden's Lundin Petroleum**
- **Drilling of two exploration wells plus a side-track scheduled to commence in the fourth quarter of 2013**
- **Nido has the right to increase its interest to 20% ahead of the drilling phase**
- **Nido's share of work program costs fully funded from existing cash reserves and production revenue**
- **Indonesian farm-ins complement Nido's existing production, development and exploration assets in the Philippines and is consistent with strategy to diversify acreage position in South East Asia**

Nido Petroleum Limited ('Nido' or 'the Company') (ASX:NDO) is pleased to advise that it has executed three separate Farm-in Agreements with Lundin Petroleum B.V. ('Lundin') to participate in the Gurita, Baronang and Cakalang PSCs located in the Penyu and West Natuna basins, offshore in the Republic of Indonesia.

Under the terms of the Baronang and Gurita Farm-in Agreements, Nido will earn a 10% participating interest in each PSC by paying a disproportionate share of the exploration costs associated with the drilling of the exploration wells in the Baronang and Gurita PSCs and paying 10% of past costs for each PSC. In relation to the Cakalang PSC, Nido will earn a 10% participating interest through payment of its pro-rated 10% share of past costs for this PSC. In addition, Nido will be responsible for its 10% share of future costs in the three PSCs.

Nido has the right to increase its participation interest in each of the three PSCs, up to a maximum of 20%, prior to the commencement of the drilling campaign, on the same terms.

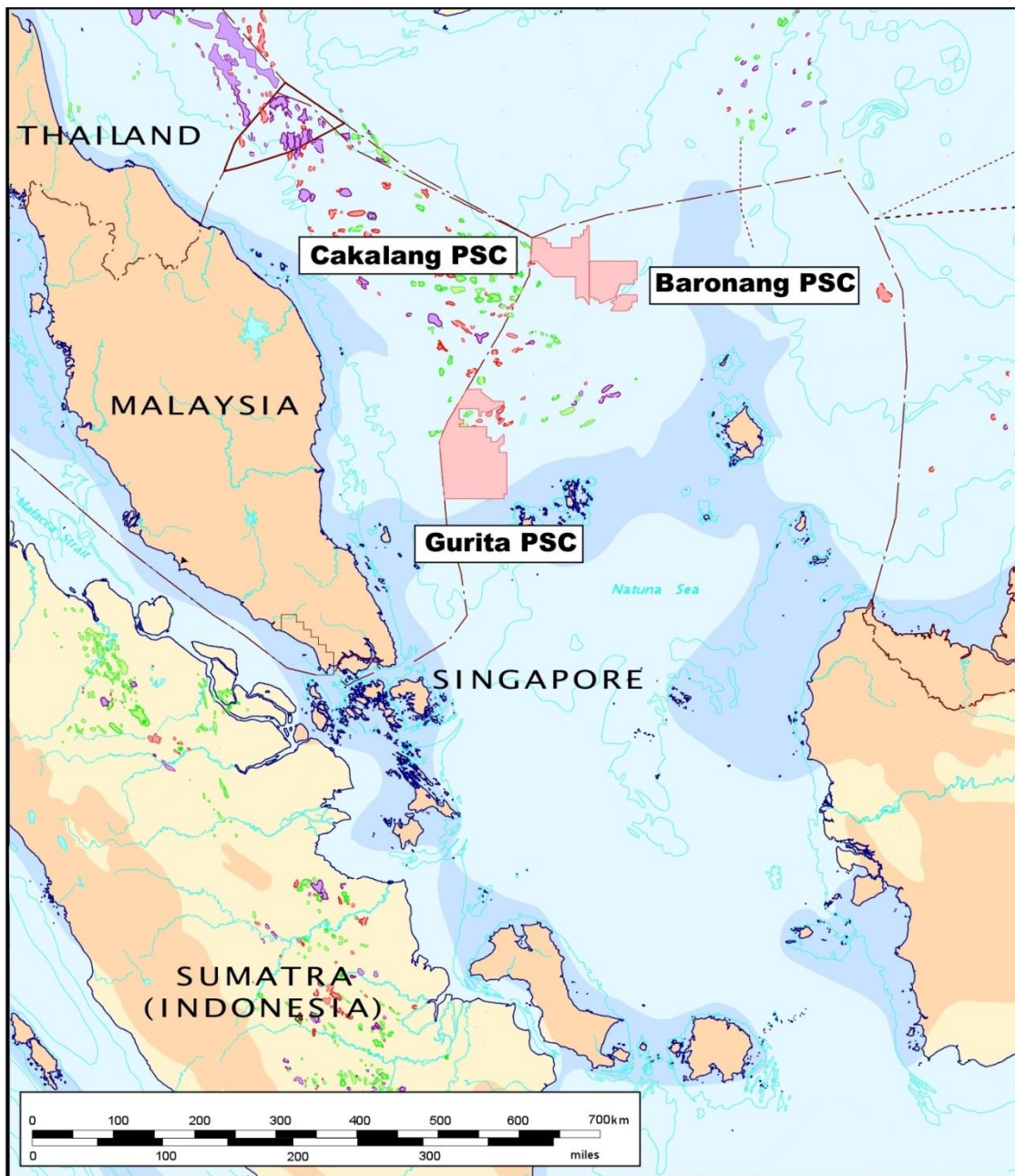
The exploration wells in the Gurita and Baronang Contract Areas form part of a larger rig-share program being coordinated by Premier Oil on behalf of Lundin. Lundin expects to commence drilling a back-to-back program in the fourth quarter of 2013, subject to finalisation of the drilling contract and well sequencing.

The assignments of interest contemplated under the three Farm-in Agreements are subject to the approval of the Government of the Republic of Indonesia's oil and gas regulator, SKKMIGAS.

Nido's Managing Director Mr Phil Byrne stated: "I am extremely pleased to progress our stated strategy of increasing Nido's footprint in the South East Asian region through these farm-in agreements. We have been assessing a range of farm-in opportunities for a number of months and believe participation in these three PSCs represents a measured opportunity for Nido shareholders to participate in a near-term exploration drilling programme in prospective basins with proven petroleum systems."

"The Indonesian work program, as well as the previously announced Baragatan well in the Philippines, will be funded from Nido's cash reserves and forecast production revenue from the Galoc Field. Lundin has demonstrated that it has a highly competent and successful team and Nido looks forward to working closely with Lundin in the exploration of this attractive portfolio," Mr Byrne said.

The map below illustrates the location of the three Indonesian PSCs:



Technical Summary Cakalang & Baronang PSCs

Located in shallow water depths of 80m or less, these two PSCs contain a mean unrisksed STOIPP of 1,230MMbbls in clastic reservoirs. The key prospects in the Baronang PSC are directly analogous with the producing fields in the adjacent Kakap PSC that were originally discovered by Marathon in 1978. In 2010 the K-fields in the Kakap PSC produced at around 4,300 barrels of oil and condensate per day and 60 million cubic feet of natural gas. Lundin have identified a number of structural traps located adjacent to a proven oil generating kitchen with additional upside in stratigraphic traps that will both be targeted in the upcoming drilling campaign.

Gurita PSC

Located in shallow water depths of 80m or less, the PSC has a number of major oil and gas discoveries adjacent to it such as the Belida Field to the north east which had ~350MMbbl reserves and reached peak production of around 140,000bopd. There is also the Sembilang Field to the east with reserves of 30MMbbls that produced at around 7,200bopd. Lundin have identified a number of prospects where syn- and post-rift sandstone reservoirs are juxtaposed against source rocks which are anticipated to be mature and actively generating at the present day. The well in the Gurita PSC is planned after the drilling campaign in the Baronang PSC.

About Lundin Petroleum

Lundin Petroleum is an independent Swedish exploration & production company listed on the Stockholm & Toronto Stock Exchanges. The company has a current market capitalisation of ~US\$7.0 billion.

Lundin operates exploration and production assets focused upon two core areas, Norway and South East Asia (Indonesia & Malaysia), as well as assets in France, Netherlands and Russia. Lundin Petroleum maintains an exploration focus seeking to generate shareholder value through exploration success and also has the resources to take exploration successes through to the production phase. The Company has made a series of significant discoveries in Norway in recent years and has also had a number of exploration successes in Malaysia.

Lundin Petroleum has existing proven and probable reserves of 202 million barrels of oil equivalent (MMboe) and a forecast net production range for 2013 of 33,000-38,000 barrels of oil equivalent per day (boepd). With the current pipeline of ongoing development projects Lundin expects to double its current production by late 2015 when the Edvard Grieg field in Norway is scheduled to come on-stream.

Lundin Petroleum has contingent resources of 923MMboe with the majority of the contingent resources relating to the giant Johan Sverdrup discovery in Norway.

For further information please contact:

Phil Byrne
Managing Director
+61 8 9474 0000
reception@nido.com.au

Media: Michael Vaughan
Cannings Purple
+61 422 602 720
mvaughan@canningspurple.com.au

Join our electronic mailing list and find more information about Nido Petroleum at: www.nido.com.au