



ABN 65 086 630 373

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Perth**

**3 July 2013**

The Nido Petroleum Limited Extraordinary General Meeting (“**EGM**”) will be held at Civic Centre, Cnr Sandgate Street and South Terrace, South Perth, Western Australia, commencing at 2.00pm (Perth time) on 3 July 2013, with registration from 1.30pm.

The following documents relate to the EGM:

- Notice of Meeting for the EGM, including Explanatory Memorandum and Requisitioning Shareholders Members’ Statement; and
- Proxy Form and return envelope.

If you are attending the EGM 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 EGM in Perth, you can lodge a completed Proxy Form by returning it in the enclosed envelope by post, hand delivery, facsimile or online.

Please be aware that the Proxy Form needs to be received by the Nido Share Registrar no later than 2.00pm (Perth time) on 1 July 2013. Further details on lodging your Proxy Form can be found on the reverse side of the Proxy Form.

31 May 2013



Dear Shareholders,

On 15 May 2013 Shareholders of Nido representing just over 5% of the ordinary Shares of the Company served the Company with a Notice requesting that the Directors convene a meeting of all Shareholders pursuant to section 249D of the *Corporations Act 2001 (Cth)*.

The purpose of the meeting is to put Resolutions to Nido Shareholders to consider:

- (i) the removal of Mr William Bloking, Mr Philip Byrne and Dr Michael Ollis as Directors;
- (ii) the appointment of Mr Michael Pope as a Director; and
- (iii) the setting of an aggregate limit of \$275,000 for fees payable to Non-Executive Directors as remuneration for their services.

**Your Board recommends that you vote against each of the Resolutions as we consider that the proposed Resolutions are not in the best interests of the Company or the vast majority of its Shareholders.**

The Members' Statement provided by the Requisitioning Shareholders (as contained in Annexure "A" to this Notice) outlines the Requisitioning Shareholders' concerns and reasons for requisitioning a meeting. The Company's response to the Members' Statement is outlined in detail in the Explanatory Memorandum.

Neither the Requisitioning Shareholders nor their nominee Director, Mr Michael Pope, have provided any statement as to their strategic or operational objectives for the future of the Company. The Board also notes that Mr Michael Pope was rejected by an overwhelming majority of Shareholders at the Company's Annual General Meeting held on 24 May 2013, and this will be the fourth time that he has put himself forward for election to the Board, having been unsuccessful at the Annual General Meetings in 2011, 2012, and 2013.

In contrast, your Board has outlined a comprehensive and fully funded plan of activities for 2013 and 2014 which includes the Company's participation in the Galoc Phase II development, the drilling of the Baragatan prospect in SC 63, West Linapacan reserves certification followed by potential FEED related work in relation to a potential re-development of the West Linapacan A oil field, and a possible Galoc near-field exploration prospect (subject to Joint Venture approval).

The Board is also continuing to pursue opportunities to rationalise and high grade its asset portfolio, and to pursue potential new venture opportunities in South East Asia in order to augment and replenish further its exploration, development and production portfolio and counterbalance upcoming relinquishments. We will update Shareholders further about these matters in the coming months.

We look forward to sharing in the future success of your Company with you and to receiving your vote of confidence in our current Board.

Yours sincerely,

A handwritten signature in black ink that reads 'William A. Bloking'.

Mr William Bloking  
Chairman  
Nido Petroleum Limited

## NOTICE OF GENERAL MEETING

The EGM 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 3 July 2013 at 2.00pm (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 EGM.

## AGENDA

### 1. **Approval of the total aggregate sum of fees payable to Non-Executive Directors**

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

*"That for the purposes of ASX Listing Rule 10.17, Rule 37(a) of the constitution of the Company and for all other purposes, the total aggregate sum of fees payable to Non-Executive Directors as remuneration for their services be set at \$275,000 per annum with effect from the close of this extraordinary general meeting."*

### 2. **Approval of the removal of Mr Philip Byrne as Director**

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

*"That Mr Philip Byrne be removed as a director of the Company with effect from the close of this extraordinary general meeting."*

### 3. **Approval of the removal of Dr Michael Ollis as a Director**

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

*"That Dr Michael Ollis be removed as a director of the Company with effect from the close of this extraordinary general meeting."*

### 4. **Approval of the removal of Mr William Bloking as Director**

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

*"That Mr William Bloking be removed as a director of the Company with effect from the close of this extraordinary general meeting."*

### 5. **Approval of the election of Mr Michael Pope as a Director**

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

*"That Mr Michael Pope who offers himself for election, be elected as a director with effect from the close of this extraordinary general meeting."*

Resolution 5 is to be conditional upon Mr Michael Pope not already holding office as a director of the Company.

## **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 does not believe that the above Resolutions are in the best interests of Shareholders and, save and except to the extent that a Resolution concerns an individual Director in which case that Director abstains from considering and providing a recommendation on such Resolution, unanimously recommend that Shareholders vote against each of them.

### **Voting Entitlements**

The Directors have determined that, for the purpose of voting at the EGM, Shareholders eligible to vote at the EGM are those persons who are the registered holders of Shares at 5.00pm (Perth time) on 1 July 2013. Accordingly, transactions registered after that time will be disregarded in determining Shareholders entitled to attend and vote at the EGM.

### **How to Vote**

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

#### **Voting in Person**

To vote in person, attend the EGM 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 EGM. 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. If the Shareholder does not specify the proportion or number of votes that may be exercised by each proxy, the appointment is of no effect.

If you wish to indicate how your proxy should vote, please mark the appropriate boxes on the proxy form. If in respect of any of the items of business you do not direct your proxy how to vote, you are directing your proxy to vote as he or she decides.

If you mark the abstain box for a particular item you are directing your proxy not to vote on your behalf and your Shares will not be counted in computing the required majority in the event of a poll.

For proxies without voting instructions that are exercisable by the Chair of the EGM, the Chair of the EGM intends to vote those proxies against all of the proposed Resolutions.

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 2.00pm (Perth time) on 1 July 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

In Person:                            Nido Petroleum Ltd's registered office, Aquila Centre, Level 3, 1 Preston Street,  
COMO, WA, AUSTRALIA, 6152

By Facsimile:                       (within Australia) 1800 783 447

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

Online:                                 [www.investorvote.com.au](http://www.investorvote.com.au)

### **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 EGM or at the registration desk on the day of the EGM. Certificates of appointment of corporate representatives are available at [www.computershare.com](http://www.computershare.com) or on request by contacting Computershare Investor Services on telephone number +61 1300 557 010.

### **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 31 May 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 EGM of the Company to be held on 3 July 2013 at 2.00pm (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.

### Background to the EGM

On 15 May 2013 Nido received from the following Shareholders a request to convene a meeting of all Shareholders pursuant to section 249D of the *Corporations Act* (**Requisition Notice**):

	Shareholder	Holdings as at midnight on 15 May 2013
1.	Ronald Crawford Horne and June Elaine Horne	110,000
2.	Sharpe Superannuation Fund Pty Ltd	150,000
3.	Ivan Herbert Garsia	230,193
4.	Rita Mezzalira	250,000
5.	B Anderson & Partners Pty Ltd < B & P Superannuation Fund A/C>	310,000
6.	Gary William Honan	327,778
7.	Graeme Peddle & Kylie Peddle <Quest Super Fund A/C>	346,675
8.	Amarilo Investments Pty Ltd <PJ Hunt Family A/C>	496,084
9.	Amarilo Investments Pty Ltd ,PJ Hunt Super Fund A/C>	700,000
10.	Adrian Mezzalira	750,000
11.	Gary Honan Superannuation Pty Ltd <Gary Honan Super Fund A/C>	755,556
12.	Kylie Peddle	975,000
13.	Paul Victor Genovesi	1,200,000
14.	Mr Gregory Eurell & Mr Graeme Peddle <Greg Eurell S/F A/C>	1,690,000
15.	Justin William O'Brien	2,705,556
16.	Darryl Stuart Broderick	2,854,964
17.	Apache Cat Pty Ltd <Apache Investments A/C>	4,073,000
18.	Messara Investments Pty Ltd <Messara Family A/C>	6,450,000
19.	Michael Pope	6,500,000
20.	Daly Finance Corp	14,600,000
21.	Packwood Capital SA	17,000,000
22.	Escot Finance Ltd	48,400,000

(together the **Requisitioning Shareholders**), being members who together held at the date of the Requisition Notice at least 5% of Nido's issued share capital.

The Requisitioning Shareholders requested that the Directors convene the meeting to consider each of the Resolutions specified in the Agenda to this Notice of Meeting (**Resolutions**).

The Directors have therefore convened the EGM to consider the Resolutions in response to the Requisition Notice.

### **What have the Requisitioning Shareholders proposed at the EGM?**

The Requisition Notice required that the Directors convene the EGM to consider, and if thought fit, pass resolutions to remove Mr Philip Byrne, Mr William Bloking and Dr Michael Ollis as Directors of Nido.

The Requisition Notice also required the convening of the EGM to consider the appointment of Mr Michael Pope as a Director and that the total aggregate sum of fees payable to Non-Executive Directors as remuneration for their services be set at a sum of \$275,000 per annum.

### **Requisitioning Shareholders – Members’ Statement**

Section 249P of the Corporations Act provides that the Requisitioning Shareholders may submit a Member’s Statement for circulation to Shareholders regarding the Resolutions or any other matter that may be properly considered at the EGM.

A copy of the Members’ Statement received from the Requisitioning Shareholders in accordance with section 249P of the *Corporations Act* is set out on page 15.

### **Comments in relation to the proposed Resolutions**

The Members’ Statement outlines a number of concerns that the Requisitioning Shareholders have with the management and direction of Nido. The Board of the Company provides the following response to the issues raised:

#### **Shareholder Value and Dilution**

The Requisitioning Shareholders have expressed concern over the dilution of the Company’s share capital and the reduction in value of Nido’s Shares. The Requisitioning Shareholders also assert that Shareholders that participated in the recent placement and Share Purchase Plan have seen a significant erosion of their investment.

By way of background, in November 2012 the Nido Board determined that it was necessary to undertake a significant capital raising. The decision to raise equity was based on a range of factors including the Company’s view that it was prudent to ensure that the Company was kept adequately capitalised and fully funded in the prevailing difficult financial market environment, especially considering the significant work program that was planned for the Company in 2013.

In this context the Company announced and subsequently conducted capital raisings via placements and a Share Purchase Plan that raised gross proceeds of \$17.6 million.

The key factor influencing the Company’s decision to raise capital at this time was the funding of the Galoc Phase II development. In the September 2012 quarter, the Company was advised by the Operator that CAPEX on the project had increased by US\$6 million on prior projections to US\$43 million (Nido’s share). As a result of this, additional equity was required so as to meet the requirements of the Company’s debt facility and thereby maintain its ability to fund the Project.

Another factor at the time was the pursuit of an attractive near field exploration opportunity to the north of the Galoc oil field. A commitment for this well was being sought from the Joint Venture and Nido wanted to ensure it was appropriately funded for this opportunity.

The final matter influencing the Company’s decision was the emerging potential of the West Linapacan oil field re-development – a near-term development and production opportunity. A portion of the funds raised was therefore earmarked for FEED related work.

The decision to raise equity was not taken lightly. Ultimately the Directors had to weigh up what was in the best interests of the Company and in this context the Board reached the view that it was necessary to raise equity at this time. The Company does appreciate Shareholder concern in respect of the dilution that arose from the

capital raising initiatives but the alternative proposition - given the Company's forecast cash-flow position at the time - would have been to forego a number of exciting, value-creating opportunities that the Company expected would deliver considerable benefits to Nido and its Shareholders.

With the benefit of hindsight the Board maintains that this decision was most definitely the right one to make. Whilst other Companies are now struggling to raise funds for their projects Nido is currently in the enviable position of being fully funded for its Galoc Phase II project, fully funded for an exploration well in Service Contract 63 to test the Baragatan prospect and also fully funded for FEED work with respect to a potential West Linapacan A re-development. In addition Nido is also funded for any Galoc near-field exploration opportunity that is approved by the Galoc Joint Venture.

The Company also notes that all of the Company's Shareholders were given the opportunity at the Extraordinary General Meeting held on 25 January 2013 to vote on the conditional placement and the right to offer any shortfall shares from the Share Purchase Plan (representing \$11.6 million of the \$17.6 million raised) and both of these resolutions were approved by a majority of Shareholders at that time.

In relation to the Requisitioning Shareholders assertion that the recent participants in the Share Purchase Plan and placements have seen a significant erosion of their investment, this is currently not the case nor has it been the case for the majority of time since the recent placements and the SPP were concluded in late 2012 / early 2013.

### **Managing Director and Shareholder Value**

The Requisitioning Shareholders assert that Mr Byrne could not have failed more comprehensively in his role as Managing Director. The Board completely rejects this assertion.

There are very few oil and gas Companies of a similar size as Nido that can boast a Managing Director with Mr Byrne's experience. At the time of recruiting Mr Byrne, the Board considered that it was imperative that the Company secure someone with significant oil industry experience and contacts given the changing skill sets required of the Managing Director as the company transitioned from an exploration company to an exploration and production company as well as concerns and perceptions that followed the failed extended well test at Tindalo.

The Board believes that the Company is now beginning to reap the benefits of Mr Byrne's experience and leadership of the Company. Mr Byrne has through a process of evolution, rather than revolution, completely re-organised the Company, significantly reduced manpower and corporate overheads, and has implemented a rigorous commercial approach to all of the Company's dealings.

Mr Byrne has also added technical depth and business acumen to the Company given his background. Mr Byrne, together with the Management Team and Board, has re-oriented the Company's strategy towards a balanced and measured program of activities that is both affordable and sustainable. This approach is starting to produce results for the Company.

It is under Mr Byrne's guidance that the Company's Management Team secured a \$30 Million debt facility last year which has underpinned the Company's participation in the Galoc Phase II development and more recently secured Credit Suisse AG as a syndicated partner to the debt facility.

This was a significant achievement given the difficult economic climate that prevailed last year and Credit Suisse AG's involvement with the Company is also a vote of confidence in the Company's future.

The Company has also recently secured Joint Venture approval to drill the Baragatan Prospect in Service Contract 63 and is eagerly awaiting an update on West Linapacan A Reserves from the Operator of the Service Contract 14 C2 Block.

The Board considers that the Company has reached a point where it is well positioned for future growth given the program of activities that the Company has scheduled for 2013.

### **Farm-in Partners**

Nido notes the Requisitioning Shareholders view that the Company has failed to secure farm-in partners to drill the Company's commitment wells resulting in the possibility of the loss of those permits.

The Company again rejects this assertion. The Company has a history of being able to secure farm-in partners to its assets. The Company secured farm-in partners with respect to Block A of Service Contract 54 and was able to secure Shell as a farm-in partner into Block B of Service Contract 54.



The fact that Shell exited Block B of Service Contract 54 upon a non-commercial discovery at Gindara-1 is a practical reality of the oil and gas business. We also note in this context that the remaining Pawikan prospect in Block B of Service Contract 54 is much further away from the Malampaya gas field than Gindara-1 was and so was less attractive to Shell as a potential tie-back opportunity.

Ultimately, to criticise the Company for failing to make a commercial discovery at Gindara-1 or for Shell's exit from the Service Contract is unreasonable and completely loses sight of the Company's achievement of securing an oil Super Major to de-risk and carry the large majority of the costs of drilling this exploration well in the first place.

The Company also notes in this context that Shell were comfortable with Nido operating the Gindara-1 well which speaks volumes for the Company in terms of its Board, Management and technical capabilities as clearly Shell, as with any company of its size and reputation, has rigorous standards and expectations with respect to Companies it partners with.

The Company does acknowledge that there have been difficulties with securing farm-in partners for Service Contract 58 and Service Contract 63 but notes the market for farm-outs has been difficult. Nido also notes that our Joint Venture partner PNOC-EC has similarly had difficulty seeking farm-in partners and the territorial claims by China have not assisted in this context.

The Company was also disappointed that it was unable to recently secure a farm-in partner into Block A of Service Contract 54 following the announcement of a Memorandum of Understanding with Viking last year. Ultimately, however the negotiations did not progress as planned and Nido and its Joint Venture Partners all took the view that it was preferable to terminate discussions with Viking.

In relation to the suggestion that the Company is at risk of losing its exploration permits, this is simply not true. The Company has over a long period of time demonstrated a capacity of being able to manage its permits and obtain extensions where necessary. The Company has also announced that it will be drilling the current Sub-Phase 2b commitment well in Service Contract 63.

In relation to Service Contract 58, the Company is currently seeking an extension to the current sub-phase from the Department of Energy in the Philippines as well as an extension of the 30 June 2013 election to drill date under the terms of its farm-in agreement with PNOC-EC and Nido will update the market further about this when its negotiations with the Department and PNOC-EC are concluded.

### **Remuneration of the Managing Director**

The Requisitioning Shareholders have queried the rationale for increasing Mr Byrne's proportion of performance rights this year and note that Mr Byrne's allocation has increased from 30% of his base salary to 60% of his base salary plus superannuation.

Nido notes that it is in the process of re-orienting Executive remuneration so that a greater proportion of Executive remuneration is at risk and subject to the performance of the Company. This process of adjustment has commenced following expert advice received in 2012 from the Godfrey Remuneration Group (**Godfrey**) that the Company's Executive remuneration was pitched appropriately and competitively overall, but had too great an emphasis on fixed as opposed to 'at risk' remuneration.

On the basis of this advice, Mr Byrne's salary and superannuation were frozen at 2012 levels for 2013 and the level of his Long Term Incentive award was increased from 30% to 60% of his base remuneration. It is important to note that in the event that the Company does not perform at least as well as 50% of its relevant peer group of companies under the Company's Performance Rights plan over a three year testing period the performance rights lapse with no Shares being issued.

Shareholders would also be aware that Mr Byrne received no STI award this year in respect of the Company's performance against its 2012 targets due to the Company's share price performance over the course of 2012.

In accordance with the applicable Listing Rules of the ASX the Company sought Shareholder approval for the award of this Long Term Incentive at the Company's the Annual General Meeting of Shareholders held on 24 May 2013 and in this context an overwhelming majority of Shareholders of the Company voted in favour of the grant of Mr Byrne's Long Term Incentive award for 2013.

Ultimately the Board's reasoning for re-balancing the Managing Director's remuneration so that there is a greater proportion of at risk remuneration is to incentivise him to achieve significant Shareholder returns for the Company over the longer term and thereby align his remuneration with the interests of the Company's Shareholders.

## **Shareholders as True Owners of the Company**

Nido completely agrees with the Requisitioning Shareholders contention that the Shareholders are the true owners of the Company but completely rejects the statement that the Board and Management are self-interested and have a lack of concern for the Company.

The Board and Management Team have diligently applied themselves to the task of restructuring the Company over the last twelve months and the Board believes the Company is now well positioned given the suite of projects that are planned over the course of the next 12 months and that the Company is funded for.

Ultimately the Shareholders of the Company will have an opportunity at the EGM to express their view on all of these matters.

## **RESOLUTIONS**

**The Chairman intends to vote undirected proxies against all Resolutions.**

### **Resolution 1 – the total aggregate sum of fees payable to Non-Executive Directors as remuneration for their services be set at \$275,000**

The Company's current limit on aggregate fees that can be paid to Non-Executive Directors of the Company was set at the Company's Annual General Meeting held on 9 May 2008 where Shareholders approved an aggregate amount of \$450,000.

The Company's Board regularly takes independent, external advice on Executive and Director remuneration, but has not sought to increase this aggregate sum since 2008 because of share price performance, notwithstanding independent advice commissioned in 2010 recommending that Non-Executive Director remuneration should be increased as the levels of remuneration were below market conditions.

In terms of the fees that the Company currently pays its Non-Executive Directors, these have been reset in 2013 with reference to independent remuneration advice received in 2012 from Godfrey which reflected the changes in the Company's market capitalisation over time. The Company notes in this context that as a consequence of the advice received, the fees paid to Mr William Bloking in the 2013 Calendar Year for his membership of the Audit and Risk Management Committee and his Chairmanship of the Remuneration and Nomination Committee were abolished and the Company reduced the uplift in fees that Mr Andrew Edwards receives as the Chairman of the Audit and Risk Management Committee for the role from \$26,000 to \$13,000.

On the basis therefore of the current roles of the Board members, Mr William Bloking will receive \$110,000, Mr Andrew Edwards will receive \$79,000, Dr Michael Ollis will receive \$71,500 and Mr Eduardo Mañalac will receive \$71,500, a total of \$332,000 on an annualised basis. These fees are in line with the fees paid by other companies of similar size.

As a matter of Nido Board policy, Non-Executive Directors are not entitled to receive retirement benefits and do not participate in any incentive programs in terms of bonuses, performance rights, or options. In the event that the Company were to reduce the fees paid to its Non-Executive Directors it would, according to advice received from Godfrey, have to consider the award of equity or other forms of incentives in order to remain competitive.

Ultimately the Company considers that it needs to retain a limit greater than \$275,000 in order to attract and retain Non-Executive Directors with the requisite skills and experience that a Board of an international oil and gas Company requires and that it is not in the best interests of Shareholders to reduce the available pool of fees for this reason.

## **Recommendation**

**The Board with the exception of the Non-Executive Directors considers that Resolution 1 is not in the best interests of Shareholders and unanimously recommend that Shareholders vote against this Resolution.**

### **Resolution 2 – the removal of Mr Philip Byrne as a Director**

Mr Philip Byrne was appointed by the Company's Directors as Managing Director of the Company on 1 June 2012.

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

*Philip Byrne, MA, MSc, DIC. Petroleum Geology (Trinity College, Dublin/Imperial College, London)*

Mr Byrne has over 30 years of experience in the oil and gas industry. Prior to joining Nido Petroleum in January 2012, Mr Byrne was President, North West Shelf Australia LNG (ALNG) - the organisation responsible for marketing more than 16 million tonnes of LNG per annum on behalf of the six North West Shelf Project participants. Immediately prior to joining ALNG, Mr Byrne was the Australian Country Head of BHP Billiton Petroleum and Head of Production.

Mr Byrne commenced his career with Hamilton Brothers Oil and Gas as an Exploration Geologist and subsequently joined the BG Group where he held a number of senior exploration, business development, commercial, and leadership roles in Bulgaria, the UK, Tunisia, and India. Following BG he joined BHP Billiton Petroleum and was appointed General Manager of the company's operations in Pakistan. In this role, he had full management accountability for all aspects of gas and condensate production from the Zamzama field, which produces more than 15% of Pakistan's total energy needs.

Upon reassignment to Australia, Mr Byrne became BHP Billiton Petroleum's Vice President of Gas Marketing for Australia/Asia and subsequently became Australian Country Head and Head of Production. In this latter role, Mr Byrne was responsible for all aspects of the company's production and operational activities.

Mr Byrne is a past director of the Australian Petroleum Production and Exploration Association (APPEA) and the Australian Japanese Business Co-operation Council (AJBCC). Mr Byrne is a member of the Australian Institute of Company Directors.

## **Recommendation**

**The Board with the exception of Mr Philip Byrne considers that Resolution 2 is not in the best interests of Shareholders and unanimously recommend that Shareholders vote against this Resolution.**

### **Resolution 3 – the removal of Dr Michael Ollis as a Director**

Dr Michael Ollis was appointed as a Director of the Company on 1 October 2011 by resolution of the Board of Directors and was subsequently elected as a Director of the Company by the Company's Shareholders at the Company's Annual General Meeting held on 25 May 2012 by an overwhelming majority of Shareholders.

Details of the background of Dr Ollis including his experience, knowledge and skills and his status as an independent non-executive Director, are set out in the Company's 2012 Annual Report and reproduced below.

*Dr Michael Ollis, PhD (Fluids) University of Bristol, B Sc (Civil Engineering) University of Birmingham*

Dr Ollis has over 30 years of oil and gas experience including 16 years with BHP Billiton Petroleum in a variety of senior executive roles. Prior to his retirement from BHP Billiton Petroleum, Dr Ollis held the position of Vice President, Australia Operated Assets, in which he had overall management accountability for all of BHP Billiton Petroleum's exploration, appraisal, and development activities at the Stybarrow and Pyrenees oil fields.

Dr Ollis commenced his career as a Wellsite Petroleum Engineer and then Operations Engineer in the Petroleum Engineering Department of Shell Expro in the United Kingdom. Senior positions held by him during his career include Senior Operations Engineer for Brunei Shell Petroleum, Senior Drilling and Completions Engineering Supervisor for Hamilton Oil, Drilling Technology Manager (based in Melbourne) and Drilling Manager Americas (based in Houston) for BHP Billiton Petroleum.

Dr Ollis is a member of the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) Advisory Board (appointed March 2009). The NOPSEMA Advisory Board is responsible for giving advice on matters pertaining to the offshore safety regime to the Chief Executive Officer of NOPSEMA, the Commonwealth Minister for the Department of Resources, Energy and Tourism, and relevant State and Territory Ministers. Dr Ollis is a Graduate of the Australian Institute of Company Directors.

### **Recommendation**

**The Board with the exception of Dr Michael Ollis considers that Resolution 3 not in the best interests of Shareholders and unanimously recommend that Shareholders vote against this Resolution.**

### **Resolution 4 – the removal of Mr William Bloking as a Director**

Mr Bloking was re-elected as a Director of the Company by an overwhelming majority of the Company's Shareholders at the Annual General Meeting recently held on 24 May 2013.

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 are again reproduced 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, a Governor of the WA Branch of the American Chamber of Commerce in Australia, and an adjunct Professor at Murdoch University.

### **Recommendation**

**The Board with the exception of Mr Bloking recommends that Resolution 4 is not in the best interests of Shareholder and recommend that Shareholders vote against this Resolution.**

### **Resolution 5 – the appointment of Mr Michael Pope as a Director**

The appointment of Mr Michael Pope as a non-executive Director of the Company was rejected by an overwhelming majority of Shareholders at the Company's Annual General Meetings held on 24 May 2013 and 25 May 2012. His candidacy was also rejected at the Annual General Meeting held in May 2011.

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.

Subject to the rejection of the resolutions with respect to Mr Bloking, Mr Byrne and Dr Ollis, 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 and this view is consistent with the will of the Company's Shareholders as expressed by the overwhelming majority of votes cast at the Company's Annual General Meeting on 24 May 2013.

### **Recommendation**

**The Board considers that Resolution 5 is not in the best interests of Shareholders and unanimously recommend that Shareholders vote against this Resolution.**

## **GLOSSARY**

**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.

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

**Completed Placement** has the meaning given in Resolution 1.

**Completed Placement Shares** has the meaning given in section 1 of the Explanatory Memorandum.

**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.

**Director's Statement** means a statement by a Director who is the subject of a proposed Resolution for their removal from office.

**Explanatory Memorandum** means this explanatory memorandum which accompanies the Notice.

**General Meeting** or **EGM** or **Meeting** means the meeting convened by this Notice.

**Member's Statement** means the statement submitted by the Requisitioning Shareholders regarding the Resolutions to be considered at the EGM and attached to this Notice as Annexure A.

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

**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.

**Requisitioning Shareholders** means the Shareholders described on page [ ] of the Notice being Shareholders who together held at least 5% of Nido's issued Shares as at midnight on 14 May 2013 and who have requisitioned that the Directors call the EGM to consider the Resolutions.

**Resolution** means a resolution contained in the Notice.

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

**Share Purchase Plan** means the \$6 million share purchase plan announced by Nido on 10 December 2012.

**Share Registrar** means Computershare Investor Services Pty Ltd.

**Shareholder** means a holder of Shares.

**Viking** means Viking Energy Holdings 2 Limited

**\$** means Australian dollars.

## Annexure A – Members' Request and Members' Statement

**This is the form of Members' Request and Members' Statement provided by the Requisitioning Shareholders for the Company to Call an Extraordinary General Meeting dated 7 May 2013 and received by the Company on 15 May 2013.**

7<sup>th</sup> May 2013

The Directors  
Nido Petroleum Limited  
Level 3, 1 Preston Street  
Como WA 6152

### **MEMBERS REQUEST FOR COMPANY TO CALL A GENERAL MEETING**

Dear Sirs,

We, the undersigned, being members of the company who collectively hold in excess of 5% of the votes that may be cast at a general meeting of the Company, hereby request the directors call a meeting of the company to consider and if sought fit pass the following resolutions:

Resolution 1:

"That for the purposes of ASX Listing Rule 10.17, Rule 37(a) of the constitution of the Company and for all other purposes, the total aggregate sum of fees payable to Non-Executive Directors as remuneration for their services be set at \$275,000 per annum with effect from the close of this extraordinary general meeting."

Resolution 2:

"That Mr Phillip Byrne be removed as a director of the Company with effect from the close of this extraordinary general meeting."

Resolution 3:

"That Mr Michael Ollis be removed as a director of the Company with effect from the close of this extraordinary general meeting."

Resolution 4:

"That Mr William Bloking be removed as a director of the Company with effect from the close of this extraordinary general meeting."

Resolution 5:

"That Mr Michael Pope who offers himself for election, be elected as a director with effect from the close of this extraordinary general meeting."

Resolution 5 is to be conditional upon Mr Pope not already holding office as a director of the company.

We also enclose a statement for publication with the Notice of Meeting.

Dear Shareholders,

We, the requisitioners of this meeting, are a group of long-standing shareholders who have reached the point where we believe that action must be taken to save Nido Petroleum and to salvage some value for shareholders. This is our company, we must act to protect our interests.

It is for this reason that we have taken action to require an EGM to vote on several resolutions to bring about major change at Board level and to begin restructuring the company with an aim of returning value to shareholders.

The current Board of the company and their predecessors have presided over an extended period of massive destruction of value and dilution of the company's shares and yet continue to assure the shareholders that they possess the requisite "skills, knowledge and experience" to run our company.

This Board has installed two successive ineffective Managing Directors who have both failed to secure a farm-in partner to drill the company's commitment wells, resulting in the very real possibility of loss of some of those permits. What has been delivered is a dry-hole with a farm-in partner who walked away and a near ruinous attempt at a development which necessitated a capital raising as a result.

The Current Managing Director has stated that *"As Managing Director of Nido, my overriding vision and responsibility is to ensure long-term growth of the business and to protect and enhance shareholder value."* Could he possibly have failed in this more comprehensively?

You may note that, at the 2013 AGM, the Board has recommended a resolution for the Managing Director to receive the value of 60% of his \$500,000 (plus \$60,000 superannuation) package in free bonus rights, up from 30% in previous years. Is the Board's theory that the company's performance has suffered because the Managing Director was not adequately incentivised in past years? The increased percentage is surely not warranted by performance.

The fact is that Shareholders have seen the share price of the company slide from a peak of over \$0.60 to a recent intra-day low of 1.8c. New investors and shareholders who participated in the placement and share purchase plan at 2.7c in December of last year, have seen over 30% losses in mere months.

This placement and associated share purchase plans - needed despite the assurances that the company was adequately funded and described as a top-up placement was for a staggering 650 million shares - taking shares on issue from 1.39 billion to 2.04 billion, a 46% increase in shares on issue - and dismissed as a top-up.

Of this placement the Managing Director said *"I also firmly believe that the recent funding programme will remove a concern in the market over whether Nido could fund its 2013 planned work program, and the market will positively view Nido in 2013 now this concern has been addressed."* It is clear that the market and shareholders knew that Nido was under-funded, however this has been resolved at the cost of massive dilution and yet the share price continues to fall. Is the root cause of the concern the funding or the leadership of the company?

It is shocking that our company, with over 22.8% interest in the Galoc field which has produced over 9.9 million barrels of oil must go to the market for equity funding with a share price near 10 year lows. There is nothing in the performance to-date or the minor reforms and changes initiated by the current team to provide confidence in Nido's ability to deliver on any promise or to act in the interest of shareholders, the flippant dismissal of a 46% dilution as a mere top-up combined with the self-interest which pervades the Board and Management of the company shows the true degree of concern for us, the shareholders of the company.

We, the shareholders, are the true owners and proprietors of the company. We employ the Board to serve us, to represent our interests and make a success of our company - something which has been forgotten by the current Board. They have shown us in whose interests the company is run, and the market has passed judgement on this.

If it is their company you need do nothing, however, if it is your company and you want change you must vote for it by supporting the resolutions we propose at this EGM.

Intentionally Left Blank



**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

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

## Proxy Form



Vote online 24 hours a day, 7 days a week:

**www.investorvote.com.au**



**Cast your proxy vote**



**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 2:00pm (Perth Time) Monday 1 July 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

I ND

# 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, as the proxy sees fit) at the Extraordinary General Meeting of Nido Petroleum Limited to be held at Civic Centre, Cnr Sandgate Street and South Terrace, South Perth, Western Australia on Wednesday, 3 July 2013 at 2:00pm and at any adjournment of that meeting.

## 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.

**The Chairman of the Meeting intends to vote undirected proxies AGAINST each and every item of business.**

		For	Against	Abstain
Resolution 1	Approval of the total aggregate sum of fees payable to Non-Executive Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of the removal of Mr Philip Byrne as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of the removal of Mr Michael Ollis as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of the removal of Mr William Bloking as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of the election of Mr Michael Pope as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

<b>Individual or Securityholder 1</b>	<b>Securityholder 2</b>	<b>Securityholder 3</b>
<input style="width: 100%; height: 100%;" type="text"/>	<input style="width: 100%; height: 100%;" type="text"/>	<input style="width: 100%; height: 100%;" type="text"/>
<b>Sole Director and Sole Company Secretary</b>	<b>Director</b>	<b>Director/Company Secretary</b>

Contact Name \_\_\_\_\_ Contact Daytime Telephone \_\_\_\_\_ Date \_\_\_\_/\_\_\_\_/\_\_\_\_