

# Q3

2015 Activities Report



## Quarterly Report

For the period ending 30 September 2015

### HIGHLIGHTS

- ◆ **Nido's net production from the Galoc oil field during the second quarter was 314,132 bbls on a 55.88% participating interest basis**
- ◆ **Production uptime for the Galoc oil field was 100% during the quarter and average gross daily production was 6,110 bopd**
- ◆ **During the quarter, the Company released contingent resource estimates for the mid-Galoc area of the Galoc oil field undertaken by Gaffney Cline and Associates**
- ◆ **Mr Krairit Nilkuha was appointed as a Non-Executive director of the Company on 21 August 2015**
- ◆ **Dr. Michael Fischer commenced his role as Managing Director of the Company on 26 August 2015**

I am pleased to provide to you the following summary of the Company's activities for Q3 2015, my first quarterly report since commencing with the Company on 26 August 2015.

Galoc up-time was 100% for the quarter with gross average daily oil production of 6,110 bbls (3,414 bopd on a net to Nido basis) with total production of 562,160 bbls (314,132 bbls net to Nido).

In relation to the potential Phase III development, the Joint Venture has continued to progress sub-surface and preliminary engineering studies and is considering a possible appraisal well in the mid-Galoc area of the field to confirm the commerciality of the project.

During the quarter the Company released contingent resource estimates for the mid-Galoc area of the Galoc oil field. The independent assessment completed by Gaffney Cline & Associates estimates the mid-Galoc area of the field to contain 1C and 2C Contingent Resources at 6.2 mmstb and 9.5 mmstb on a gross basis respectively (3.4 mmstb and 5.3 mmstb net to Nido on a Net Working Interest (NWI) basis) as at 30 June 2015.

The Company has continued to evaluate new exploration, development and production opportunities in the region and is currently considering a number of options. We will update the market with any material developments.

I am also pleased to report that Mr Krairit Nilkuha was appointed as a Non-Executive Director of the Company on 21 August 2015.

We move into the final quarter of the year with great enthusiasm. I am confident that Nido is well positioned to capitalise on opportunities in this current low oil price environment and we are looking forward to meeting the challenges ahead as we strive to build a significant regional upstream E&P business.

A handwritten signature in black ink, appearing to read "Mike Fischer".

**DR MIKE FISCHER**  
**MANAGING DIRECTOR**

**FINANCIAL AND CORPORATE**

<b>LIFTING SUMMARY</b>	<b>Qtr 3 2015</b>	<b>Year-to-date 2015</b>	<b>Previous Qtr Q2 2015</b>
<b>Volumes - Lifted &amp; Sold (stb)</b>			
<b>Service Contract 14:</b>			
Galoc oil field (net to Nido)	194,415	850,462	387,243
Nido & Matinloc oil fields (net to Nido)*	6,583	24,494	9,550
<b>TOTAL VOLUMES LIFTED &amp; SOLD</b>	<b>200,998</b>	<b>874,956</b>	<b>396,793</b>
<b>FINANCIAL SUMMARY</b>			
<b>Cash Inflows— US\$ '000</b>			
Receipts from sale of crude oil	21,383	48,510	12,297
Interest & other	1,148	1,157	7
Proceeds from debt facility	-	108,000	-
<b>TOTAL CASH INFLOWS</b>	<b>22,531</b>	<b>157,667</b>	<b>12,304</b>
<b>Cash Outflows—US\$ '000</b>			
Exploration expenditure	(974)	(2,757)	(783)
Development expenditure	-	-	-
Production OPEX	(11,910)	(30,470)	(9,859)
Income taxes	-	(2,239)	(1,239)
Repayment of borrowings & financing costs	(4,002)	(35,288)	(1,852)
Equity investment - GPC	-	(73,041)	287
Administration & other expenses	(1,312)	(4,279)	(1,604)
Foreign exchange movement & other	(86)	(97)	(2)
<b>TOTAL CASH OUTFLOWS</b>	<b>(18,284)</b>	<b>(148,171)</b>	<b>(15,052)</b>
<b>Cash Position – US\$ '000</b>			
Cash on Hand	18,407	18,407	14,160
Debt – Secured Debt Facility	(88,200)	(88,200)	(88,200)

\* Nido and Matinloc figures are subject to change based on the latest lifting/production volume adjustment from the Operator

Nido ended the quarter with cash on hand of US\$18.4 million and debt outstanding of US\$88.2 million.

**INFLOWS**

Galoc production was steady and cash inflows from crude oil sales totalled US\$21.4 million with receipts from 2 cargoes. There were no cash distributions from the SC14 A&B joint venture (Nido & Matinloc oil fields) during the quarter.

Interest & other inflows include an amount of US\$1.1 million received on settlement of a crude oil hedge put option on 8 September 2015. Funds were received as a result of the put option strike price being higher than the average Brent oil price for the month of August 2015.

**OUTFLOWS**

Cash outflows from production operations at the Galoc oil field and the Nido & Matinloc oil fields amounted to US\$11.9 million.

Cash outflows for exploration activities of US\$1.0 million relate mainly to new venture exploration expenses and expenditure relating to the mid-Galoc area.

Payment of principal, interest and other financing costs of US\$4.0 million primarily relates to interest payments on the revolving debt facility with The Bangchak Petroleum Public Company Limited ('BCP'). No principal repayments were made to BCP during the quarter.

General administration expenditure totalled US\$1.3 million respectively for the quarter, and there were no income tax payments made in the quarter.

## FINANCIAL AND CORPORATE

### PRELIMINARY (UNAUDITED) Q3 FINANCIAL INFORMATION

Nido has provided preliminary Q3 financial information to BCP Energy International Pte Ltd ('BCPE') for their quarterly reporting process. The preliminary financial information is unaudited and subject to change and is set out in the following table:

<b><i>Statement of Comprehensive Income for the nine months ending 30 September 2015 (US\$ '000)</i></b>	<b>30 Sept 2015</b>
Revenue from sale of crude oil	51,086
EBIT	398
Net (loss) for the nine months ending 30 Sept 2015	(4,423)
 <b><i>Balance Sheet as at 30 September 2015 (US\$ '000)</i></b>	
Current Assets	36,584
Non-current Assets	164,788
Current Liabilities	10,932
Non-current Liabilities	121,683
Net Assets	68,757
 <b><i>Statement of Cash Flows for the nine months ending 30 September 2015 (US\$ '000)</i></b>	
Net cash from operating activities	8,363
Net cash (used in) investing activities	(75,854)
Net cash (from) financing activities	77,083

## PRODUCTION AND DEVELOPMENT—Philippines

### SERVICE CONTRACT 14C1 - GALOC OIL FIELD

Location:	Palawan Basin, Philippines		
Area:	16,000 hectares	Operator:	Nido (GPC)
Nido's Interest:	55.88%	Activity:	Galoc Production

Gross production from the Galoc oil field during the quarter was 562,160 bbls (314,132 bbls net to Nido) with a gross average production rate of 6,110 bopd (3,414 bopd net to Nido).

Cargo 47 was lifted on 8 August 2015 with 347,916 bbls (194,415 bbls net to Nido) with a realised FOB price of US\$49.84 per bbl. Cargo 47 was sold to Singapore Petroleum Company in Singapore.

Contingent resource estimates for the mid-Galoc area of the Galoc oil field, as at 30 June 2015, were undertaken by Gaffney Cline & Associates on behalf of the Company.

GCA's assessment estimated 1C, 2C and 3C Contingent Resources on a gross basis at 6.2 mmstb, 9.5 mmstb and 14.6 mmstb (3.4 mmstb, 5.3 mmstb and 8.1 mmstb net to Nido on a NWI basis).

In relation to the potential Phase III development, the Joint Venture continued to progress relevant sub-surface and preliminary engineering studies. The Joint Venture is now considering a possible appraisal well in the mid-Galoc area to confirm the commerciality of the Phase III development.

Production is expected to be slightly lower for Q4 as a result of re-

pairs which will need to be carried out with respect to the hydraulic swivels on the FPSO's riser turret mooring system.

At this stage it is expected that the repairs will take between 5-10 days to carry out during which time production will need to be shut-in to enable the repairs to be carried out safely.

**Rubicon  
Intrepid  
on  
location**



## Resources Information

The contingent resource information contained in this report concerning the Mid-Galoc Area of the Galoc oil field is a summary of the report filed by the Company on the ASX on 14 July 2015 and was released on the relevant date with the written consent of Mr Stephen Lane, B.Sc. (Hons.) Geology, Technical Director, Gaffney Cline & Associates who is a member of the Society of Petroleum Engineers and has at least five years' experience in the sector. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcements and confirms that all of the material assumptions and technical parameters underpinning the estimates in the relevant announcements continue to apply and have not materially changed.

## PRODUCTION AND DEVELOPMENT—Philippines

### SERVICE CONTRACT 14C2 - WEST LINAPACAN A

Location:	Palawan Basin, Philippines		
Area:	18,000 hectares	Operator:	Philodrill Corporation
Nido's Interest:	22.28%	Activity:	Re-development of the West Linapacan 'A' field

The Philodrill Corporation as Operator of the Joint Venture has been carrying out a review and status audit of joint venture activities following the removal of RMA West Linapacan Pte Ltd from the Service Contract.

### SERVICE CONTRACT 14A & 14B - NIDO & MATINLOC OIL FIELDS

Location:	Palawan Basin, Philippines		
Area:	68,000 hectares	Operator:	Philodrill
Nido's Interest:	Block A 22.49% Block B 28.28%	Activity:	Production

The Nido and Matinloc oil fields continued to produce oil on a cyclical basis during the quarter. Oil production from these fields totalled 33,959 bbls (8,504 bbls net to Nido). A total of 25,938 bbls (6,583 bbls net to Nido) was lifted and sold during the quarter.

## EXPLORATION AND APPRAISAL—Philippines

### SERVICE CONTRACT 54A and 54B

Location:	Palawan Basin, Philippines		
Area:	88,000 hectares	Operator:	Nido
Nido's Interest:	42.4% (Block A) 60% (Block B)	Opportunity:	Multiple small field development opportunities

During the 3rd quarter of 2014 the Company was granted a 3 year moratorium with respect to Service Contract 54. The moratorium period extends from 5 August 2014 to 5 August 2017 and provides both the Block A and Block B Joint Ventures sufficient time to study the presently sub-commercial areas and other areas of interest within these Blocks.

### SERVICE CONTRACT 63

Location:	Palawan Basin, Philippines		
Area:	1,067,000 hectares	Operator:	PNOC-EC
Nido's Interest:	20%	Activity:	Evaluating Baragatan exploration well results

During the quarter, Dragon Oil gave notice of its intention to withdraw from SC 63, subject to Government approval. The SC63 Operator, PNOC-EC, is continuing to progress subsurface studies post the drilling of the Baragatan– 1A well. Nido and PNOC-EC are presently reviewing the forward strategy for the block ahead of a decision whether to enter the next 12 month Sub-Phase which commences on 24 November 2015 and carries a two well commitment.

### SERVICE CONTRACT 58

Location:	Palawan Basin, Philippines		
Area:	1,349,000 hectares	Operator:	Nido*
Nido's Interest:	50% (Subject to completing farm-in obligation)	Opportunity:	Multiple prospects (exploration)

\* Technical Operator during Farm-in. Nido interest subject to completion of drilling farm-in commitment well.

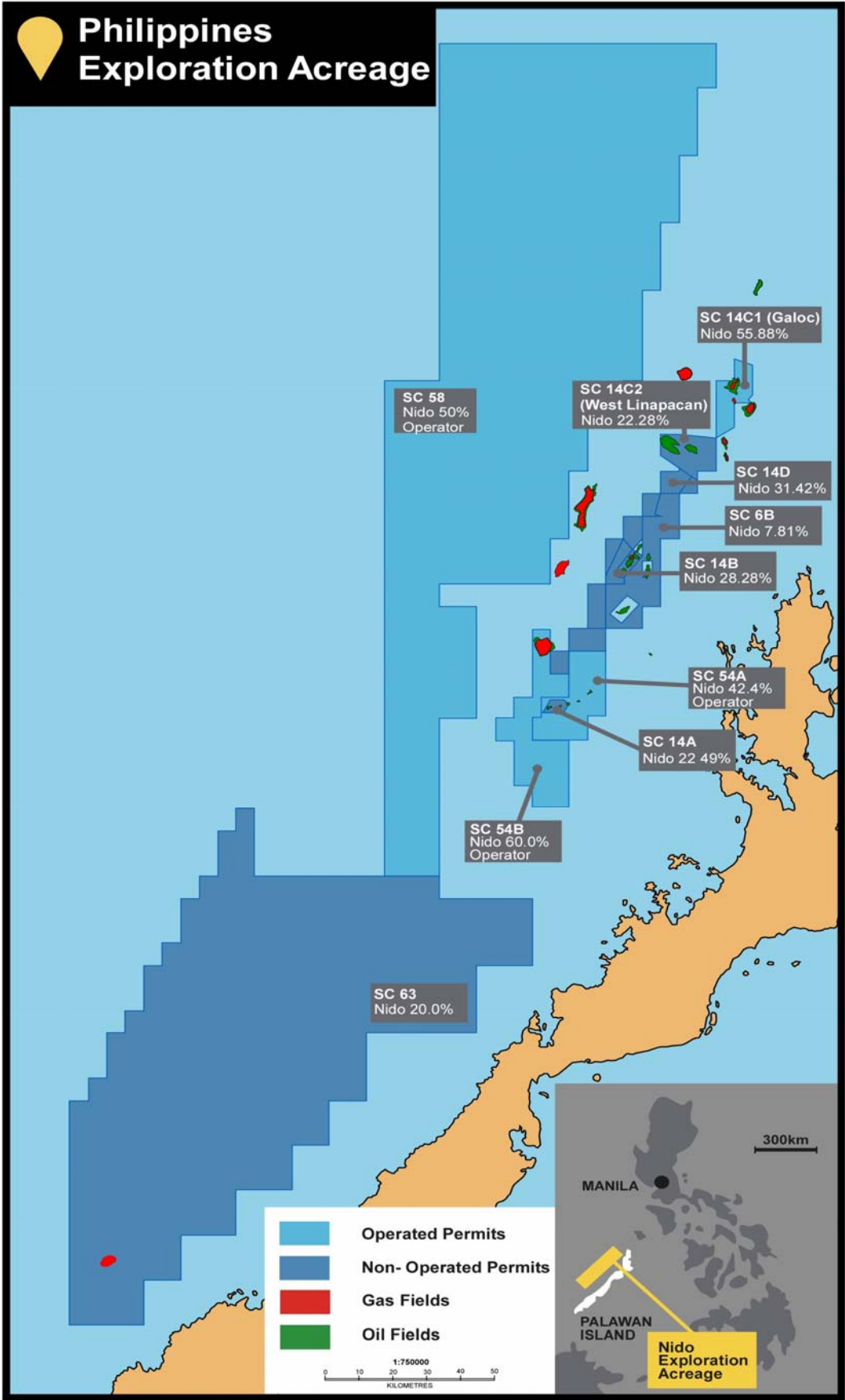
During the first quarter of 2015 Nido obtained approval from the DOE to place the Service Contract into a period of suspension pending the outcome of arbitration proceedings between the Philippines and the Peoples Republic of China over ownership of the West Philippine Sea in which SC 58 is located. The Company also obtained a further extension of the election to drill decision required under the Company's farm-out agreement with PNOC-EC.

### SERVICE CONTRACT 6B - BONITA

Location:	Palawan Basin, Philippines		
Area:	55,000 hectares	Operator:	Philodrill
Nido's Interest:	7.81%	Opportunity:	Exploration

During 2015, the Joint Venture has focused on maturing leads in the northern part of the block and the East Cadlao structure located to the east of the Cadlao oil field in SC 6. Reprocessing of approximately 402 sq km of the existing TQ3D seismic survey is ongoing and is expected to be completed in early 2016.

EXPLORATION AND APPRAISAL — Philippines





## EXPLORATION AND APPRAISAL — Indonesia

### BARONANG PRODUCTION SHARING CONTRACT

Location:	West Natuna Basin, Indonesia		
Area:	282,500 hectares	Operator:	Lundin Petroleum
Nido's Interest:	10.00% (15%*)	Action:	Withdrawal from PSC

Nido is in the process of withdrawing from this Production Sharing Contract

*\*Nido exercised its right to acquire an additional 5% working interest but this transfer of interest is yet to receive regulatory approval.*

### CAKALANG PRODUCTION SHARING CONTRACT

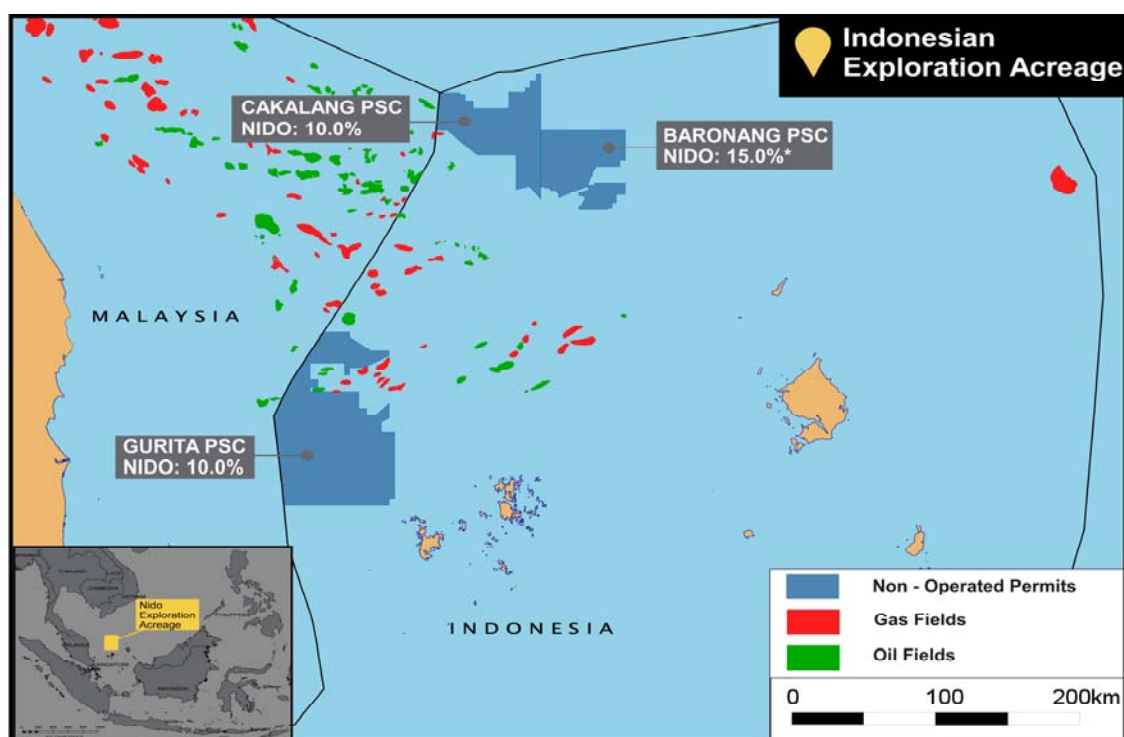
Location:	West Natuna Basin, Indonesia		
Area:	337,200 hectares	Operator:	Lundin Petroleum
Nido's Interest:	10.00%	Action:	Withdrawal from PSC

Nido is in the process of withdrawing from this Production Sharing Contract.

### GURITA PRODUCTION SHARING CONTRACT

Location:	Penyu Sub-Basin, Indonesia		
Area:	801,800 hectares	Operator:	Lundin Petroleum
Nido's Interest:	10.00%	Action:	Evaluating Gobi-1 well results

The Operator Lundin is continuing a technical review of the block following the drilling of the Gobi-1 well in Q4 of 2014.





# Appendix 5B

## Mining exploration entity quarterly report

### Report has been prepared in \$US

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

NIDO PETROLEUM LIMITED

ABN

65 086 630 373

Quarter ended ("current quarter")

30 September 2015

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$US'000	Year to date (9 months ending 30 September 2015) \$US'000
1.1	Receipts from product sales and related debtors	21,383	48,510
1.2	Payments for (a) exploration & evaluation	(974)	(2,757)
	(b) development	-	-
	(c) production	(11,910)	(30,470)
	(d) administration	(1,286)	(4,223)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	5	14
1.5	Interest and other costs of finance paid	(3,996)	(4,372)
1.6	Income taxes paid	-	(2,239)
1.7(a)	Other – Put option derivative proceeds	1,143	1,143
<b>Net Operating Cash Flows</b>		<b>4,365</b>	<b>5,606</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	(73,041)
	net of cash acquired	-	(56)
	(c) other fixed assets	(26)	(56)
1.9	Net Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
<b>Net investing cash flows</b>		<b>(26)</b>	<b>(73,097)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>4,339</b>	<b>(67,491)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	4,339	(67,491)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc (net of costs).	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	108,000
1.17(a)	Repayment of borrowings	-	(30,341)
1.17(b)	Payment for financing costs	(6)	(575)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	(6)	77,084
	<b>Net increase (decrease) in cash held</b>	4,333	9,593
1.20	Cash at beginning of quarter/year to date	14,160	8,911
1.21	Exchange rate adjustments to item 1.20	(86)	(97)
1.22	<b>Cash at end of quarter</b>	18,407	18,407

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

	Current quarter \$US'000
1.23 Aggregate amount of payments to the parties included in item 1.2	217
1.24 Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Represents fees paid to Directors, including the Managing Director salary.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available* \$US'000	Amount used \$US'000
3.1 Loan facilities	120,000	88,200
3.2 Credit standby arrangements	-	-

*\*Relates to the amount available under the revolving debt loan facility entered into with Bangchak Petroleum Public Company (the primary purpose of the debt facility to fund the acquisition of oil and gas assets) on the 12 December 2014 for up to an available amount of USD\$120 million which as at the 30 September 2015 the balance was USD \$88.2 million.*

## Estimated cash outflows for next quarter

	\$US'000
4.1 Exploration and evaluation	(814)
4.2 Development	-
4.3 Production	(11,973)
4.4 Administration	(895)
<b>Total</b>	<b>(13,682)</b>

*\* Forecast cash inflows for the fourth quarter of 2015 include revenues from 1 lifting from the Galoc oil field at a working entitlement of 55.88% for the Nido Group.*

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$US'000	Previous quarter \$US'000
5.1 Cash on hand and at bank	18,367	14,116
5.2 Deposits at call	40	44
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>18,407</b>	<b>14,160</b>

## Appendix 5B

### Mining exploration entity quarterly report

#### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	-

#### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	-	-	-	-
7.2	-	-	-	-
7.3	43,765,712	43,765,712	-	Fully paid

+ See chapter 19 for defined terms.

7.4	Changes during quarter				
	(a) Increases through issues				
	(b) Decreases through returns of capital, buy-backs				
7.5	<b>*Convertible debt securities</b> (description)	-	-	-	-
7.6	Changes during quarter	-	-	-	-
	(a) Increases through issues				
	(b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

7.7	<b>Options</b> <i>(description and conversion factor)</i>  <b>Performance Rights</b> (performance rights issued pursuant to the terms of the Long Term Incentive Policy and Employee Performance Rights Plan)  <b>Managing Director Performance Rights</b> (performance rights issued to the Managing Director with Shareholder approval – same terms and conditions as Employee Performance Rights Plan)			<i>Exercise price</i>	<i>Expiry date</i>
		Nil	Nil	Nil	Nil
		Nil	Nil	Nil	Nil
7.8	Issued during quarter	Nil	Nil	Nil	Nil

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

7.9	Exercised during quarter				
	<b>Performance Rights</b> (performance rights issued pursuant to the terms of the Long Term Incentive Policy and Employee Performance Rights Plan)	Nil	Nil	Nil	Nil
7.10	Expired during quarter	Nil	Nil	Nil	Nil -
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



John Newman  
(Company secretary)

Date: 22 October 2015

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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