

1 September 2014

## ASX ANNOUNCEMENT

### TARGET'S STATEMENT

In compliance with item 14 of subsection 633(1) of the Corporations Act 2001 (Cth), Nido Petroleum Limited (ASX: NDO) ("Nido" or the "Company") is pleased to provide the Target's Statement in response to the off-market takeover offer by BCP Energy International Pte Ltd to acquire all of Nido's shares at an offer price of 5.5 cents per share.

A copy of the Target's Statement has today been lodged with ASIC, served on BCP Energy International Pte Ltd and will be sent to Nido shareholders shortly.

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*Join our electronic mailing list and find more information about Nido Petroleum at:*  
[www.nido.com.au](http://www.nido.com.au)



NIDO  
PETROLEUM  
LIMITED  
ACN 086 630 373

# TARGET'S STATEMENT

in response to the offer by BCP Energy International Pte. Ltd.  
to acquire all of your Nido Shares

**The Directors of Nido unanimously  
recommend that, in the absence of a  
superior proposal, you **ACCEPT** the  
BCPE Offer to purchase all of your Nido  
Shares for 5.5 cents per Nido Share.**

Financial Adviser:

**miro**  
ADVISORS

Legal Adviser:

**CLAYTON UTZ**

This is an important document and requires your immediate attention. If you are in doubt as to how to deal with this document, you should consult your financial or other professional adviser immediately.

# Important notices

## Nature of this document

This document is a Target's Statement issued by Nido Petroleum Limited ACN 086 630 373 (Nido) in accordance with the Corporations Act in response to the Bidder's Statement dated 4 August 2014 issued by BCP Energy International Pte. Ltd (BCPE) in respect of the BCPE Offer.

## Defined terms and interpretation

Capitalised terms used in this Target's Statement are defined in Section 10 (Definitions and interpretation). That Section also sets out some rules of interpretation which apply to this Target's Statement.

## Investment decision

The Directors recommend that you read this Target's Statement and the Bidder's Statement in full and seek independent advice if you have any queries in respect of the BCPE Offer. This Target's Statement does not take into account the individual investment objectives, financial situation and particular needs of any Nido Shareholder. You should seek independent financial, taxation and legal advice before making a decision whether or not to accept the BCPE Offer.

## Forward-looking statements

This Target's Statement may contain forward-looking statements, which include statements other than statements of historical fact. Nido Shareholders should note that such statements are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond the control of Nido. Actual results, values, performance or achievements may differ materially from results, values, performance or achievements expressed or implied in any forward-looking statement.

None of Nido, its Directors, officers or advisers, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Target's Statement will actually occur. Accordingly, you are cautioned not to place undue reliance on these forward-looking statements.

The forward-looking statements in this Target's Statement only reflect views held as at the date of this Target's Statement.

## ASIC and ASX

A copy of this Target's Statement was lodged with ASIC on 1 September 2014 and provided to ASX on 1 September 2014. Neither ASIC nor ASX, nor any of their respective officers, takes any responsibility for the content of this Target's Statement.

## Information on BCPE

The information on BCPE and BCPE's securities contained in this Target's Statement has been prepared by Nido from publicly available information, and has not been independently verified by Nido. Accordingly, Nido does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

# Target's Statement

in response to the offer by BCP Energy International Pte. Ltd. to acquire all of your Nido Shares

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## Key Dates

<b>Announcement Date</b>	4 August 2014
<b>Date of the Bidder's Statement</b>	4 August 2014
<b>Offer Period commences</b>	19 August 2014
<b>Date of this Target's Statement</b>	1 September 2014
<b>Offer Period ends (unless extended or withdrawn)</b>	19 September 2014

## Further information

Nido has established a shareholder information line which Nido Shareholders may call if they have any queries in relation to the BCPE Offer. The telephone number for the shareholder information line is 1800 653 805 (for calls made from within Australia) or +61 1800 653 805 (for calls made from outside Australia), Monday to Friday between 9.00am and 5.30pm (AEST).

Further information relating to the BCPE Offer can be obtained from [www.nido.com.au](http://www.nido.com.au).

## Letter from the Chairman 1 September 2014

Dear Shareholders

On 4 August 2014, BCP Energy International Pte. Ltd. (**BCPE**) announced its intention to make a takeover offer for all of the shares in Nido Petroleum Limited (**BCPE Offer**).

Under the BCPE Offer, Nido Shareholders are being offered \$0.055 cash per Nido Share.

**The Directors have carefully reviewed the BCPE Offer, and its conditions, against the prospects for Nido absent the BCPE Offer and unanimously recommend that you **ACCEPT** the BCPE Offer, in the absence of a superior proposal.**

All Nido Shareholders should have already received a copy of the Bidder's Statement from BCPE in the mail, which sets out the detailed terms of the BCPE Offer, and has an Acceptance Form included. A copy of the Bidder's Statement is also available from the website of ASX at [www.asx.com.au](http://www.asx.com.au).

This Target's Statement sets out your Directors' formal response to the BCPE Offer, including the reasons why we unanimously recommend that you accept the BCPE Offer, in the absence of a superior proposal.

The Directors have drawn on their collective experience and expertise in unanimously recommending that you accept the BCPE Offer, in the absence of a superior proposal.

In summary, the Directors unanimously recommend that you accept the BCPE Offer, in the absence of a superior proposal, because:

- the BCPE Offer represents a significant premium to recent historical prices of Nido Shares;
- the BCPE Offer is a cash offer which delivers certain value for your Nido Shares;
- no superior proposal has emerged as at the date of this Target's Statement;
- Nido's share price may fall if the BCPE Offer is unsuccessful or in the absence of a superior proposal emerging; and
- if BCPE is not successful in acquiring 100% of Nido, BCPE is likely to have significant influence or control over Nido.

Each of these reasons is explained in greater detail in the following pages.

You should note that each of the Directors has undertaken to accept the BCPE Offer in respect of all of the Nido Shares they own or control, in the absence of a superior proposal.

The BCPE Offer is conditional upon BCPE obtaining a Relevant Interest in at least 90% (by number) of the Nido Shares on issue at the end of the Offer Period. While BCPE has not indicated an intention to waive this condition, it is open to BCPE to do so at its discretion in accordance with the Corporations Act.

Should BCPE waive the 90% acceptance condition and BCPE acquires a majority shareholding in Nido (but is not entitled to proceed to compulsory acquisition) and you do not accept the BCPE Offer, you will be a minority shareholder in Nido. Issues associated with being a minority shareholder include those discussed in Sections 1.7 and 5.3. It should be noted that on the date the BCPE Offer was announced, BCPE had agreed to acquire a 19.66% interest in Nido from its major shareholder, Petroleum International Investment Corporation.

The BCPE Offer is scheduled to close at 7:00pm (Sydney time) on 19 September 2014. To accept the BCPE Offer, simply follow the instructions outlined in the Bidder's Statement, the Acceptance Form and Section 7.1 of this Target's Statement. No action is required if you decide not to accept the BCPE Offer.

I encourage you to read this document carefully and if you need any more information, I recommend that you seek professional advice, call the shareholder information line on 1800 653 805 (for calls made from within Australia) or +61 1800 653 805 (for calls made from outside Australia), Monday to Friday between 9.00am and 5.30pm (AEST).

We will also post updates on our website at [www.nido.com.au](http://www.nido.com.au).

Yours sincerely



**William Bloking**  
Chairman

## 1. Reasons why you should accept the BCPE Offer

This Section summarises the key reasons why the Directors unanimously recommend to Nido Shareholders that they accept the BCPE Offer, in the absence of a superior proposal.

- 1 The Directors, drawing on their collective experience and expertise, unanimously recommend that you accept the BCPE Offer, in the absence of a superior proposal.

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- 2 The BCPE Offer represents a significant premium to recent historical prices of Nido Shares.

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- 3 The BCPE Offer is a cash offer which delivers certain value for your Nido Shares.

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- 4 No superior proposal has emerged as at the date of this Target's Statement.

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- 5 Nido's share price may fall if the BCPE Offer is unsuccessful or in the absence of a superior proposal emerging.

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- 6 If BCPE is not successful in acquiring 100% of Nido, BCPE is likely to have significant influence or control over Nido.

# 1. Reasons why you should accept the BCPE Offer

## CONTINUED

### 1.1 The Directors, drawing on their collective experience and expertise, unanimously recommend that you accept the BCPE Offer, in the absence of a superior proposal

The Directors have carefully considered the quantum of cash consideration offered by BCPE and the conditions of the BCPE Offer against the assets, liabilities, future prospects and risks for Nido Shareholders.

In particular, in formulating their assessment of the BCPE Offer, the Directors carefully considered all circumstances relevant to Nido, including:

- the field performance production statistics from the Galoc Oil Field together with the reserves extracted and revenue earned from the Galoc Oil Field over the course of 2014 (refer to Section 3.2(a) for an updated estimate of reserves provided by Gaffney, Cline & Associates as at 31 July 2014);
- the West Linapacan A Oil Field re-development project;
- the budgeted work program for and prospectivity of Nido's exploration acreage;
- assessment of key macroeconomic and company specific assumptions relating to Nido's business; and
- Nido's current financial position, future funding capacity and opportunities.

In the context of the BCPE Offer and Nido's current circumstances, all Directors consider that Nido Shareholders should accept the BCPE Offer, in the absence of a superior proposal.

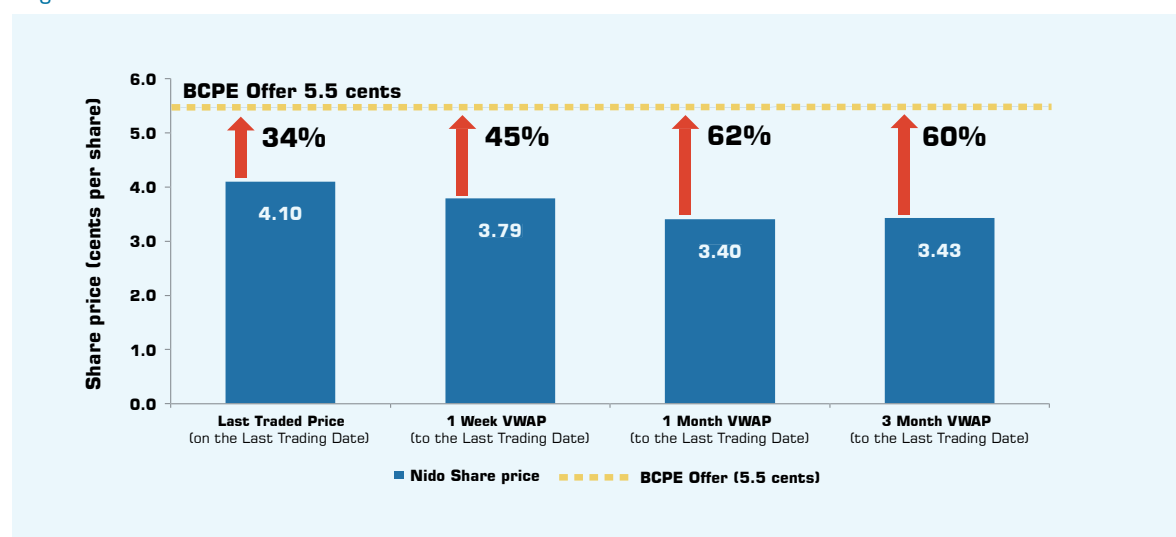
### 1.2 The BCPE Offer represents a significant premium to recent historical prices of Nido Shares

The BCPE Offer of \$0.055 cash per Nido Share represents a significant premium to recent historical prices of Nido Shares as follows:

- a 34% premium to the last traded price of Nido Shares on the Last Trading Date;
- a 45% premium to the VWAP of Nido Shares in the one week prior to the Last Trading Date;
- a 62% premium to the VWAP of Nido Shares in the one month prior to the Last Trading Date; and
- a 60% premium to the VWAP of Nido Shares in the three months prior to the Last Trading Date.

The premium implied by the BCPE Offer is illustrated in Figure 1 below:

Figure 1



# TARGET'S STATEMENT

in response to the offer by BCP Energy International Pte. Ltd. to acquire all of your Nido Shares

Nido Shares have not traded at or above the BCPE Offer in the 24 months up to the Last Trading Date.

The trading range of Nido Shares since 1 August 2012 is illustrated in Figure 2 below:

Figure 2



## 1.3 The BCPE Offer is a cash offer which delivers certain value for your Nido Shares

Subject to the conditions, the BCPE Offer provides certainty of value, with all consideration as cash. If you accept the BCPE Offer and it becomes unconditional, you will:

- (a) be paid \$0.055 cash for each Nido Share;
- (b) not incur any brokerage fees which would likely be incurred if you were to sell the Nido Shares on market; and
- (c) receive payment for the BCPE Offer within one month after the date of your acceptance, or if the BCPE Offer is subject to a condition when you accept it, within one month of the BCPE Offer becoming unconditional.

At the same time as providing certain value for your investment, by accepting the BCPE Offer you will eliminate any exposure to both the risks and rewards inherent in the oil and gas industry which could affect the future value of your Nido Shares, such as production performance, project delivery and exploration results.



# 1. Reasons why you should accept the BCPE Offer

## CONTINUED

### 1.4 No superior proposal has emerged as at the date of this Target's Statement

As at the date of this Target's Statement, no proposals have been put to Nido or are currently under consideration by Nido which are alternatives to the BCPE Offer, and the Directors are not aware of any other offer or proposal that might be made as an alternative to the BCPE Offer.

### 1.5 Nido's share price may fall if the BCPE Offer is unsuccessful or in the absence of a superior proposal emerging

The BCPE Offer is at a significant premium to recent historical prices of Nido Shares and Nido Shareholders should note that the announcement of the BCPE Offer resulted in a material increase in the Nido Share price.

The Directors consider that the Nido Share price is more likely than not to fall in the absence of the BCPE Offer or another equivalent or superior proposal, exploration success or other favourable market development. This is because:

- (a) in the one month up to and including the Last Trading Date, Nido Shares traded on ASX at a VWAP of \$0.034; and
- (b) in the six months up to and including the Last Trading Date, Nido Shares traded on ASX at a VWAP of \$0.036.

However, the Directors cannot predict whether the Nido Share price would in fact decrease or increase in the absence of the BCPE Offer, as there may be other reasons for share price movements.

The latest price for Nido Shares may be obtained from the ASX website at [www.asx.com.au](http://www.asx.com.au) using the code 'NDO'.

### 1.6 If BCPE is not successful in acquiring 100% of Nido, BCPE is likely to have significant influence or control over Nido

Prior to BCPE making its offer to Nido Shareholders, BCPE entered into an agreement to acquire a 19.66% interest in Nido from Petroleum International Investment Corporation. This agreement is not conditional on the BCPE Offer, and regardless of the BCPE Offer will result in BCPE becoming Nido's largest shareholder.

Furthermore if BCPE waives the 90% minimum acceptance condition, BCPE may have an even larger proportion of Nido Shares. Your Directors therefore consider that BCPE may seek to influence or control Nido's strategy if the BCPE Offer does not result in BCPE acquiring 100% of Nido.

# TARGET'S STATEMENT

in response to the offer by BCP Energy International Pte. Ltd. to acquire all of your Nido Shares

## 1.7 Other matters

In considering whether to accept the BCPE Offer, the Directors encourage you to:

- (a) read both this Target's Statement and the Bidder's Statement in their entirety;
- (b) consider the future prospects of Nido;
- (c) have regard to your individual risk profile, portfolio strategy, tax considerations and financial circumstances; and
- (d) obtain independent financial advice from your own broker or financial advisor regarding the BCPE Offer and obtain taxation advice on the effect of accepting the BCPE Offer.

The Directors note also that Petroleum International Investment Corporation has entered into a share sale agreement with BCPE to sell 402,951,875 Nido Shares at 5.5 cents per Nido Share, being the BCPE Offer price.

If you choose not to accept the BCPE Offer, there are certain potential consequences of which you should be aware:

### (a) Possible fall in the Nido Share price

The Directors consider that the Nido Share price is more likely than not to fall in the absence of the BCPE Offer or another equivalent or superior proposal, exploration success or other favourable market development.

### (b) Liquidity of Nido Shares

The BCPE Offer is conditional upon BCPE obtaining a Relevant Interest in at least 90% (by number) of the Nido Shares on issue at the end of the Offer Period. While BCPE has no current intention to waive this condition, it is open to BCPE to do so at its discretion in accordance with the Corporations Act.

Should BCPE waive the 90% acceptance condition and acquire a majority shareholding in Nido (but is not entitled to compulsorily acquire Nido), BCPE may, in some circumstances, where illiquidity and the Listing Rules permit, seek to remove Nido's listing from ASX (see sections 6.23 and 6.24 in the Bidder's Statement).

Alternatively, if Nido continues to be listed on ASX under these circumstances, the liquidity of Nido Shares may be reduced, thereby impacting on Nido Shareholders' ability to sell their Nido Shares at price levels at or above the BCPE Offer price.

### (c) Consequences of being a minority investor

Should BCPE waive the 90% acceptance condition and acquire a Relevant Interest in more than 50.1% but less than 90% of Nido Shares then, assuming all other conditions of the BCPE Offer are satisfied or waived, BCPE will acquire a majority shareholding in Nido.

In these circumstances, Nido Shareholders who do not accept the BCPE Offer will become minority shareholders in Nido. This has a number of possible implications, including:

- BCPE will be in a position to cast the majority of votes at a general meeting of Nido. This will enable it to control the composition of Nido's board of Directors and senior management, determine Nido's dividend policy and control the strategic direction of the businesses of Nido and its subsidiaries;
- the Nido Share price may fall immediately following the end of the Offer Period; and
- the liquidity of Nido Shares may be lower than at present.

If BCPE acquires 75% or more of Nido Shares, it will be able to pass a special resolution of Nido. This will enable BCPE to, among other things, amend Nido's constitution.

## 2. Frequently asked questions

This Section answers some commonly asked questions about the BCPE Offer. It is not intended to address all relevant issues for Nido Shareholders. This Section should be read together with all other parts of this Target's Statement and the Bidder's Statement.

Question	Answer
<b>Who is offering to purchase my Nido Shares?</b>	<p>BCPE International Pte. Ltd, a wholly-owned subsidiary of Bangchak Petroleum PCL incorporated in Singapore on 30 July 2014.</p> <p>Bangchak is a leading Thai processing and distribution petroleum company headquartered in Bangkok, Thailand and was listed on the Stock Exchange of Thailand in August 1994. As at 18 August 2014, Bangchak's market capitalisation was Baht 43,029 million (\$1,449 million).</p> <p>Information in relation to BCPE and Bangchak can be obtained from the Bidder's Statement or BCPE's website at <a href="http://www.bangchak.co.th/en">www.bangchak.co.th/en</a>.</p>
<b>What is BCPE offering for my Nido Shares?</b>	The consideration under the BCPE Offer is \$0.055 cash per Nido Share.
<b>What is the Bidder's Statement?</b>	<p>The Bidder's Statement contains information on the BCPE Offer. The law requires BCPE to send it to you. BCPE lodged its Bidder's Statement with ASIC on 4 August 2014.</p> <p>All Nido Shareholders should have already received a copy of the Bidder's Statement from BCPE in the mail, which sets out the detailed terms of the BCPE Offer, and has an Acceptance Form included.</p>
<b>What is the Target's Statement?</b>	This booklet comprises the Target's Statement. Nido is required by law to produce this Target's Statement in response to the BCPE Offer. The Target's Statement contains information to help you decide whether to accept the BCPE Offer for your Nido Shares.
<b>What choices do I have as a Nido Shareholder?</b>	<p>As a Nido Shareholder, you have the following choices in respect of your Nido Shares:</p> <ul style="list-style-type: none"> <li>• accept the BCPE Offer, in which case you should follow the instructions in the Bidder's Statement;</li> <li>• sell your Nido Shares on-market (unless you have previously accepted the BCPE Offer and have not validly withdrawn your acceptance); or</li> <li>• reject the BCPE Offer by doing nothing.</li> </ul> <p>There are several implications in relation to each of the above choices. A summary of these implications is set out in Section 7 of this Target's Statement.</p> <p>You should seek legal, financial or taxation advice from your professional adviser regarding the action that you should take in relation to the BCPE Offer.</p>
<b>What are the Directors recommending?</b>	<p>The Directors unanimously recommend that you accept the BCPE Offer, in the absence of a superior proposal.</p> <p>The reasons for the Directors' recommendation are set out in Section 1 of this Target's Statement.</p>
<b>Will I be forced to sell my Nido Shares?</b>	<p>You cannot be forced to sell your Nido Shares unless BCPE receives acceptances giving it a Relevant Interest in at least 90% (by number) of all Nido Shares and acquires at least 75% (by number) of the Nido Shares that it offers to acquire under the BCPE Offer.</p> <p>If this occurs, BCPE will be entitled to proceed to compulsory acquisition of Nido Shares held by Nido Shareholders who did not accept the BCPE Offer, in which case you will receive the same consideration for your Nido Shares that you would have received under the BCPE Offer.</p> <p>Please refer to Section 8.11 of this Target's Statement for more information.</p>

# TARGET'S STATEMENT

in response to the offer by BCP Energy International Pte. Ltd. to acquire all of your Nido Shares

Question	Answer
<b>When does the BCPE Offer close?</b>	<p>The Offer Period must remain open for at least one month. It is currently scheduled to close at 7:00pm (Sydney time) on 19 September 2014 but can be extended in certain circumstances.</p> <p>The Directors will keep you informed if there are any material developments in relation to the BCPE Offer. Nido Shareholders are also encouraged to monitor the Nido website at <a href="http://www.nido.com.au">www.nido.com.au</a> for any updates on the BCPE Offer.</p>
<b>Can the Offer Period be extended?</b>	<p>BCPE may extend the Offer Period at any time before giving the notice of status of conditions while the BCPE Offer is subject to conditions.</p> <p>However, if the BCPE Offer is unconditional (that is, all of the conditions are satisfied or waived), BCPE may extend the Offer Period at any time before the end of the Offer Period. The maximum Offer Period is 12 months.</p> <p>There will be an automatic extension if, within the last 7 days of the Offer Period, BCPE increases the consideration offered or BCPE's voting power in Nido increases to more than 50%. If that happens, the BCPE Offer is automatically extended so that it ends 14 days after that event.</p>
<b>How do I accept the BCPE Offer?</b>	<p>Instructions on how to accept the BCPE Offer are set out in sections 9.14 to 9.29 of the Bidder's Statement and on the Acceptance Form which accompanies the Bidder's Statement. If you want to accept the BCPE Offer, you should follow these instructions carefully to ensure that your acceptance is valid.</p>
<b>What are the consequences of accepting the BCPE Offer now?</b>	<p>If you accept the BCPE Offer you will be unable to sell or transfer your Nido Shares (on ASX or otherwise) or accept any other offer for your Nido Shares unless either the BCPE Offer is unsuccessful or the BCPE Offer is extended by a period of more than 1 month while it remains conditional. If such an extension occurs in respect of the BCPE Offer, you will have an opportunity to withdraw your acceptance.</p> <p>If you accept the BCPE Offer and it becomes unconditional, you will be obliged to sell your Nido Shares to BCPE and you will receive the Offer Consideration.</p>
<b>If I accept the BCPE Offer, can I withdraw my acceptance?</b>	<p>You will only be permitted to withdraw your acceptance if, after you have accepted the BCPE Offer and while it is still subject to conditions, BCPE varies the BCPE Offer in a way that postpones for more than 1 month the time BCPE has to meet its obligations under the BCPE Offer.</p> <p>For example, if BCPE extends the BCPE Offer and the time for payment of the Offer Consideration for more than 1 month while the BCPE Offer remains conditional, you may withdraw your acceptance.</p>
<b>Can BCPE withdraw the BCPE Offer once I have accepted?</b>	<p>BCPE may be able to withdraw the BCPE Offer if it obtains the written consent of ASIC, subject to the conditions (if any) specified in such consent.</p>
<b>Can I accept the BCPE Offer for only some of my Nido Shares?</b>	<p>No. You may only accept the BCPE Offer in respect of all of the Nido Shares you hold.</p>
<b>What will happen if BCPE increases its offer?</b>	<p>If you accept the BCPE Offer and BCPE subsequently increases the Offer Consideration and the BCPE Offer becomes unconditional, you will receive the increased consideration for your Nido Shares.</p>

## 2. Frequently asked questions CONTINUED

Question	Answer
<b>What are the conditions of the BCPE Offer?</b>	<p>The BCPE Offer is subject to a number of important conditions. These conditions are set out in full in schedule 1 of the Bidder's Statement and summarised in Section 8.2 of this Target's Statement.</p> <p>By way of a broad overview, the conditions which, as at the date of this Target's Statement remain unsatisfied, include:</p> <ul style="list-style-type: none"> <li>• BCPE acquiring a Relevant Interest in at least 90% of the Nido Shares on issue as at the end of the Offer Period;</li> <li>• no material adverse change occurs in relation to Nido before the end of the Offer Period;</li> <li>• no Prescribed Occurrence occurs between the Announcement Date and the end of the Offer Period; and</li> <li>• cancellation of the Nido Rights to Ordinary Shares for nil consideration before the end of the Offer Period.</li> </ul>
<b>When will BCPE advise as to the status of the conditions?</b>	<p>Section 2.23 of the Bidder's Statement indicates that BCPE will give the Conditions Notice on 11 September 2014.</p> <p>BCPE is required to set out in the Conditions Notice:</p> <ul style="list-style-type: none"> <li>• whether the BCPE Offer is free of conditions;</li> <li>• whether, so far as BCPE is aware, the conditions have been satisfied on the date the Conditions Notice is given; and</li> <li>• BCPE's voting power in Nido.</li> </ul> <p>If the Offer Period is extended by a period before the time by which the Conditions Notice is to be given, the date for giving the Conditions Notice will be taken to be postponed for the same period and BCPE is required to give notice that states the new date for the giving of the Conditions Notice.</p> <p>If the conditions are satisfied or waived (so that the BCPE Offer becomes unconditional) before the date on which the Conditions Notice is required to be given, BCPE must, as soon as practicable, give ASX and Nido a notice that states that the conditions have been satisfied.</p>
<b>What happens if the conditions of the BCPE Offer are not satisfied or waived?</b>	<p>If the conditions of the BCPE Offer are not satisfied or waived before the end of the Offer Period, the BCPE Offer will not proceed and you will not receive the Offer Consideration even if you have accepted the BCPE Offer.</p> <p>You will continue to hold your Nido Shares and will be free to deal with them as if the BCPE Offer had not been made, unless you have already sold them to someone else.</p>

# TARGET'S STATEMENT

in response to the offer by BCP Energy International Pte. Ltd. to acquire all of your Nido Shares

Question	Answer
<b>What happens to Nido if the BCPE Offer is not successful?</b>	<p>If the BCPE Offer does not proceed (because the conditions of the BCPE Offer are not satisfied or waived before the end of the Offer Period, or for any other reason), Nido will continue in its current form, and the Directors consider that the Nido Share price is more likely than not to fall in the absence of the BCPE Offer or in the absence of another equivalent or superior proposal, exploration success or other favourable market development. This is because:</p> <ul style="list-style-type: none"> <li>in the one month up to and including the Last Trading Date, Nido Shares traded on ASX at a VWAP of \$0.034; and</li> <li>in the six months up to and including the Last Trading Date, Nido Shares traded on ASX at a VWAP of \$0.036.</li> </ul> <p>However, the Directors cannot predict whether the Nido Share price would in fact decrease or increase in the absence of the BCPE Offer, as there may be other reasons for share price movements. Nido Shareholders should note that the announcement of the BCPE Offer resulted in a material increase in the Nido Share price.</p> <p>The latest price for Nido Shares may be obtained from the ASX website at <a href="http://www.asx.com.au">www.asx.com.au</a> using the code 'NDO'.</p>
<b>When will I receive the Offer Consideration if I accept the BCPE Offer?</b>	<p>If you accept the BCPE Offer, and all the BCPE Offer conditions are satisfied or waived, BCPE will allot the Offer Consideration that you are entitled to under the terms of the BCPE Offer on or before the earlier of:</p> <ul style="list-style-type: none"> <li>One month after the date you validly accept the BCPE Offer or, if at the time of your acceptance the BCPE Offer is still subject to conditions, within 1 month after the contract resulting from your acceptance of the BCPE Offer becomes, or is declared, unconditional; and</li> <li>21 days after the end of the Offer Period.</li> </ul>
<b>Will I need to pay brokerage or stamp duty if I accept the BCPE Offer?</b>	<p>The Bidder's Statement states that you will not pay brokerage, stamp duty or goods and services tax if you accept the BCPE Offer.</p> <p>If your Nido Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to BCPE, you will not incur any brokerage in connection with your acceptance of the BCPE Offer.</p> <p>If your Nido Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Nido Shares are registered in the name of a broker, bank, custodian or other nominee, no brokerage is payable by you but you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transactional fees or services charges in connection with your acceptance of the BCPE Offer.</p>
<b>What are the tax implications of accepting the BCPE Offer?</b>	<p>This depends on your personal tax position and the price at which you originally acquired and when you acquired your Nido Shares. A general outline of the tax implications of accepting the BCPE Offer is set out in section 7 of the Bidder's Statement.</p> <p>You should consult with your taxation adviser for detailed taxation advice before making a decision whether or not to accept the BCPE Offer.</p>
<b>What happens to my acceptance if the BCPE Offer lapses?</b>	<p>If the BCPE Offer lapses, acceptances given by Nido Shareholders will be void. Nido Shareholders will continue to own the Nido Shares the subject of any such acceptances and will be free to deal with them as they choose. The BCPE Offer will lapse if, at the end of the Offer Period, the conditions to which the BCPE Offer is subject are not satisfied or waived.</p>
<b>Who should I call if I have questions?</b>	<p>If you have any further queries in relation to the BCPE Offer or how to accept the BCPE Offer, you should call the information line on 1800 653 805 (toll free calls within Australia) or +61 1800 653 805 (calls outside Australia), Monday to Friday between 9.00am and 5.30pm (AEST) or go to <a href="http://www.nido.com.au">www.nido.com.au</a>.</p>

## 3. Information on Nido

### 3.1 Overview of Nido

Nido is an ASX listed upstream oil and gas company focused on the exploration, appraisal and development of oil and gas assets in the Philippines and Indonesia.

The following tables summarise Nido's equity interests in its permits in the Philippines and Indonesia as at 1 September 2014:

#### (a) Philippines

Permit	Basin	Nido Interest (%)	Approx. Area (sq. km.)	Operator
SC 14 Block A	North West Palawan	22.49	24	Philodrill <sup>(1)</sup>
SC 14 Block B	North West Palawan	28.28	155	Philodrill <sup>(1)</sup>
SC 14 Block C-1 <sup>(2)</sup>	North West Palawan	22.88	164	GPC <sup>(3)</sup>
SC 14 Block C-2 <sup>(4)</sup>	North West Palawan	22.28	178	RMA <sup>(5)</sup>
SC 14 Block D	North West Palawan	31.42	173	Philodrill <sup>(1)</sup>
SC 6B	North West Palawan	7.81	537	Philodrill <sup>(1)</sup>
SC 54A	North West Palawan	42.40	882	Nido
SC 54B	North West Palawan	60.00	3,163	Nido
SC 58	North West Palawan	50.00 <sup>(6)</sup>	13,487	Nido <sup>(7)</sup>
SC 63	North West Palawan	10.00 <sup>(9)</sup>	10,666	PNOC <sup>(8)</sup>

(1) The Philodrill Corporation

(2) Galoc Block

(3) Galoc Production Company WLL

(4) West Linapacan Block

(5) RMA West Linapacan Pte Ltd

(6) Subject to Nido completing its obligation under its Farm-in Agreement with PNOC Exploration Corporation

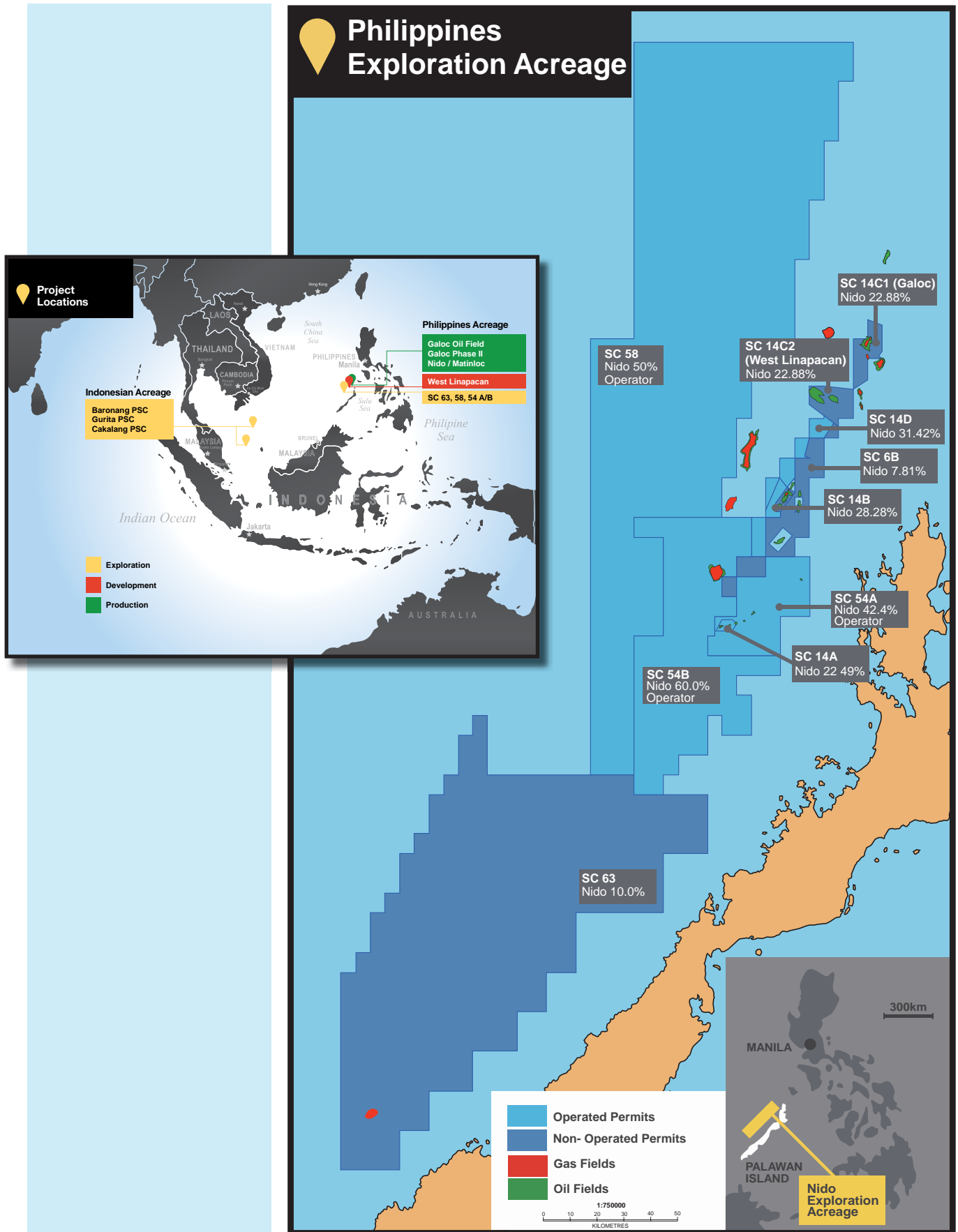
(7) SC 58 operatorship reverts to PNOC Exploration Corporation upon completion of Nido's farm-in obligations

(8) PNOC Exploration Corporation

(9) On 19 May 2014, Nido acquired an additional 10% participating interest in SC 63 from PNOC Exploration Corporation (the transaction remains subject to DOE approval and as at 1 September 2014 Nido holds a 10% interest in SC 63)

# TARGET'S STATEMENT

in response to the offer by BCP Energy International Pte. Ltd. to acquire all of your Nido Shares





### 3. Information on Nido CONTINUED

#### (b) Indonesia

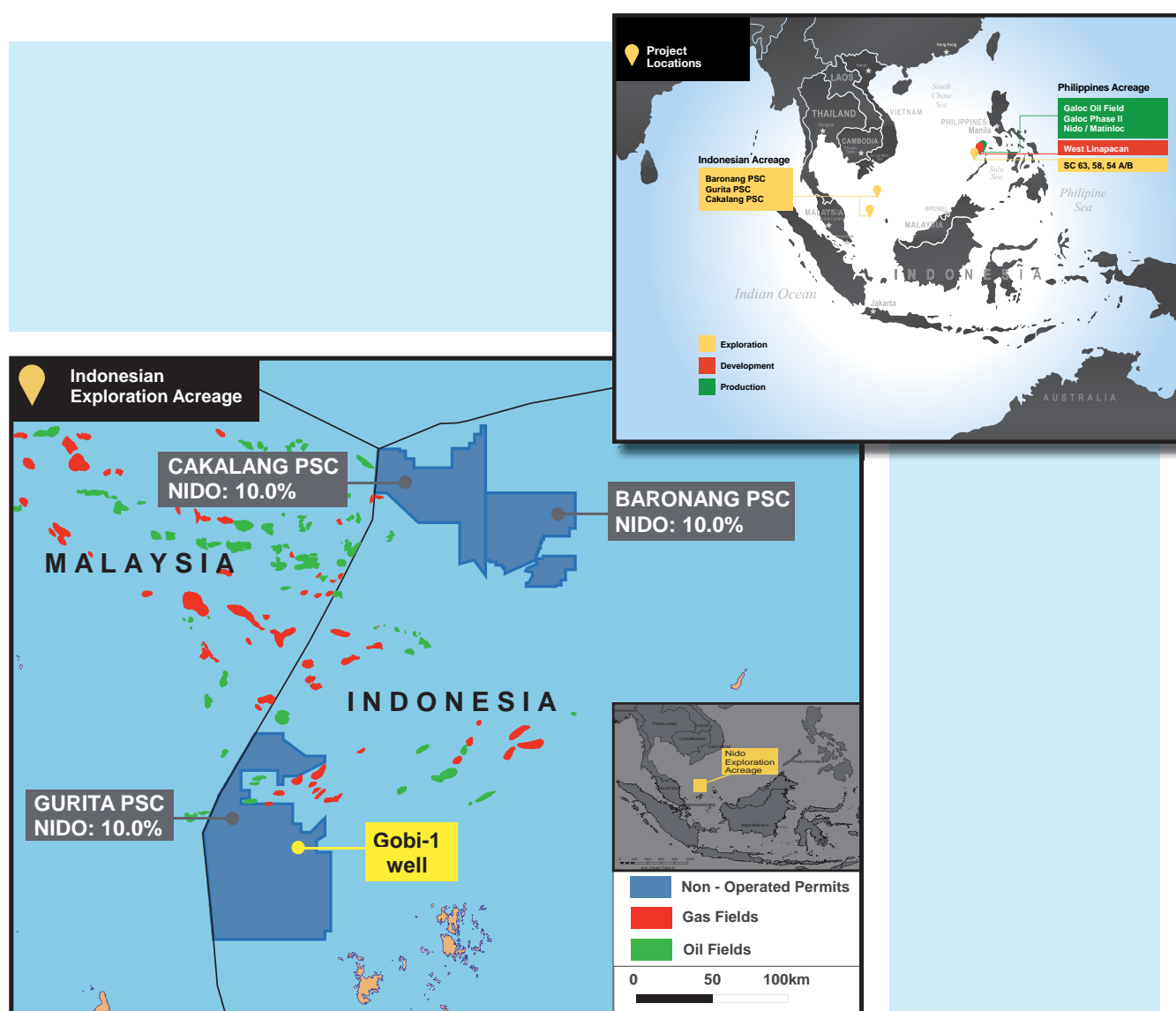
Permit	Basin	Nido Interest (%)	Approx. Area (sq. km.)	Operator
Baronang PSC	West Natuna Basin	10.00 <sup>(4)</sup>	2,825	Lundin Petroleum <sup>(1)</sup>
Cakalang PSC	West Natuna Basin	10.00	3,339	Lundin Petroleum <sup>(2)</sup>
Gurita PSC	Penyu Sub-Basin	10.00	7,938	Lundin Petroleum <sup>(3)</sup>

(1) Lundin Baronang BV

(2) Lundin Cakalang BV

(3) Lundin Gurita BV

(4) Nido exercised its option to increase its participating interest from 10% to 15% on 22 February 2014 (the transaction remains subject to regulatory approval and as at 1 September 2014 Nido holds a 10% interest in the Baronang PSC).



# TARGET'S STATEMENT

in response to the offer by BCP Energy International Pte. Ltd. to acquire all of your Nido Shares

## 3.2 Production and development

### (a) Service Contract 14 C1 (Galoc Oil Field – 22.88% Interest)

The Galoc Oil Field is situated in the North West Palawan basin, offshore the Philippines. The field is located approximately 70 km west of Culion Island in a water depth of 320 – 400 metres.

The field commenced production in 2008 and to 31 July 2014 has produced approximately 13.5 mmbbls gross.

#### Reserves and Production

Gaffney, Cline & Associates has completed an updated Independent Reserves assessment of the Galoc oil field as at 31 July, 2014 in accordance with the SPE/WPC/AAPG/SPEE Petroleum Resource System (SPE PRMS) Definitions and Guidelines and the ASX Listing 5.25 to 5.44 where applicable.

The updated assessment was prepared using deterministic methods and is based on an updated decline analysis of field production history to 31 July, 2014 from the Phase 1 and Phase II development wells.

Production performance since the year-end 2013 Reserves assessment has been on trend with Gaffney, Cline & Associates 1P forecast as at 31 December 2013. The 2P and 3P estimated ultimate recoveries at 31 July 2014 are approximately 2% and 4% lower than the previous estimates, respectively. These differences, after accounting for recent production, are within acceptable uncertainty limits for reserves estimation and are not considered a material change.

The Galoc Phase 1 wells Galoc-3ST1 and Galoc-4 continue to perform close to previous forecasts. As at 31 July, 2014, Galoc-4 was producing at an oil rate of 2,560 stbd (approximately 32% of field rate); cumulative production from the well was 10.3 million barrels (MMstb).

The Galoc Phase II wells Galoc-5 and Galoc-6 have made a significant contribution to the field production since the successful commissioning of Galoc Phase II in December 2013. As at 31 July, 2014, they were producing at a combined oil rate of 4,680 stbd (approximately 58% of field rate); cumulative production from the two wells was 1.3 MMstb.

The reserves position for the Galoc Oil Field as at 31 July 2014 is as follows:

Reserves Category	Gross (100%) Field Volumes	Reserves Net to Nido's Entitlement Interest
	Crude Oil (MMstb)	Crude Oil (MMstb)
<b>Developed Producing</b>		
Proved (1P)	9.2	1.8
Proved plus Probable (2P)	11.9	2.3
Proved plus Probable plus Possible (3P)	15.6	3.1

Notes:

- (1) Net Entitlement Reserves are Nido's net economic entitlement under the Service Contract that governs the asset, i.e. Company's share of cost oil and profit oil.
- (2) No account has been taken of any losses for fuel or shrinkage.
- (3) The reference point for the purpose of measuring and assessing the estimated oil reserves is at the metering point on the FPSO.
- (4) No oil produced from the Galoc field is used as fuel.

Nido's Galoc Reserves have been assessed on a net entitlement basis through an Economic Limit Test which incorporates the applicable SC 14C1 fiscal terms.

### 3. Information on Nido CONTINUED

Independent Reserves assessment for the Galoc field at 31 July 2014 is compared with the Reserves position as at 31 December 2013, also assessed by Gaffney, Cline & Associates, on a gross (100%) field basis in the table below.

Date	Reserves Gross (100%) Field Volumes MMstb		
	1P	2P	3P
<b>Developed Producing</b>			
31/12/2013	11.0	14.0	18.2
31/07/2014	9.2	11.9	15.6
Difference	-1.8	-2.1	-2.6
Production 1 Jan to 31 July 2014		1.8	

#### Exploration Potential

The Galoc Joint Venture is also continuing to evaluate further exploration, appraisal and incremental development opportunities at the Galoc Oil Field and in the SC 14 C1 Contract Area.

At this stage the Galoc Joint Venture is actively considering the potential of these areas and the Operator has stated that before the end of 2014 or in early 2015 a recommendation is anticipated regarding further activities to unlock the upside potential of the Galoc mid Field Area and/or to undertake additional drilling and infill activities. There are however no firm proposals currently before the Galoc Joint Venture to drill an additional exploration well.

#### Carrying Value on Balance Sheet

The carrying value as at 30 June 2014 capitalised as part of Oil and Gas and also Exploration and Evaluation assets on the Balance Sheet was \$50.1 million. Restoration liabilities relating to the Service Contract as at 30 June 2014 were \$3.1 million.

#### (b) Service Contract 14 A (Nido Oil Field – 22.49% Interest) & 14B (Matinloc Oil Field – 28.28% Interest)

The Nido Oil Field and Matinloc Oil Field were discovered in the late 1970's. Both fields are now in late-life cyclical production. The Nido Oil Field and Matinloc Oil Field produced a combined total of 84,868 barrels gross, averaging 400 bopd (approximately 101 bopd net to Nido) for the period 1 January 2014 to 31 July 2014. Nido is currently reviewing its options in relation to these assets.

#### Carrying Value on Balance Sheet

The carrying value as at 30 June 2014 capitalised as part of Oil and Gas assets on the Balance Sheet was nil. The restoration liabilities relating to these assets as at 30 June 2014 were \$3.8 million.

#### 2014 Oil Field Production

Field	Gross Oil Production		Net Production to Nido	
	1 January - 31 July Total (bbbls)	Average Daily (bopd)	1 January – 31 July Total (bbbls)	Average Daily (bopd)
Galoc - SC 14C1	1,843,219	8,694	421,720	1,989
Nido & Matinloc SC 14A& B	84,868	400	21,320	101
<b>Total</b>	<b>1,928,087</b>	<b>9,094</b>	<b>443,040</b>	<b>2,090</b>

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## **(c) Service Contract 14 C2 (West Linapacan A Oil Field – 22.28% Interest)**

West Linapacan A Oil Field was discovered in 1990 and produced over 8 mmbbls from 1992 until 1996 before being shut-in as the field became un-economic due to low oil prices and high operating costs. The field had a peak production rate of over 18,000 bopd. West Linapacan B Oil Field was discovered in 1993 and has never been developed.

Over the course of the last 12-18 months the Joint Venture has progressed front end engineering and design work in respect of the re-development of the West Linapacan A Oil Field. As part of this work the Operator completed detailed reservoir simulation modelling studies of the West Linapacan A Oil Field culminating in an initial reserves and resources assessment for the West Linapacan A Oil Field as at 30 June 2013 on the basis of a development involving an initial two multi-lateral wells plus an optional third well. This reserves assessment was issued on ASX on 4 September 2013.

Following further work and refinement by the Operator, in the second quarter of 2014, Nido received an independent reserves assessment from Gaffney, Cline & Associates in respect of the West Linapacan A Oil Field as at 28 February 2014 on the basis of a 3 multi-lateral well development scenario. This updated reserves assessment was issued on ASX on 9 April 2014.

However, since that assessment and in order to optimise costs and efficiencies, the Joint Venture has recently been considering alternative, phased development solutions including an initial Early Production System (EPS) using a drilling rig with processing equipment installed and an offtake tanker to store the oil, potentially reducing the capital cost of the development.

Given the changed development scenarios under contemplation by the Joint Venture, Nido is unable to provide an updated reserves assessment for the West Linapacan A re-development at this time as ultimately any reserves assessment will be dependent on the relevant development scenario that is ultimately approved by the Joint Venture.

### **Carrying Value on Balance Sheet**

The carrying value as at 30 June 2014 capitalised as part of Oil and Gas and also Exploration and Evaluation assets on the Balance Sheet was \$11.6 million. Restoration liabilities relating to the asset as at 30 June 2014 were \$6.8 million.

## **3.3 Exploration**

### **(a) Service Contract 54 - Block A (Operator 42.4% Interest)**

Block A of Service Contract 54 contains the un-developed Yakal and Tindalo Oil Fields. Nido as Operator of the SC 54A Joint Venture unsuccessfully sought to develop the Tindalo Oil Field in 2010. The project was abandoned in early 2011 as it was not commercial.

Nido has applied to the Philippines Government Department of Energy (DOE) for a moratorium over areas in Block A of Service Contract 54. The granting of a moratorium will allow Nido to retain those areas that are currently sub-commercial but could potentially become commercial in the next three years.

### **Carrying Value on Balance Sheet**

The carrying value as at 30 June 2014 capitalised as part of Exploration and Evaluation assets on the Balance Sheet was a total of \$1.6 million for Block A and Block B of Service Contract 54.

### **(b) Service Contract 54 - Block B (Operator 60% Interest)**

Block B of Service Contract 54 contains the Pawikan prospect. The Joint Venture has no current plans to drill the Pawikan prospect or any other exploration well in Block B and Nido has applied to the Philippines Government Department of Energy (DOE) for a moratorium over areas within Block B of Service Contract 54 in addition to the areas with respect to Block A noted above. The granting of a moratorium would similarly allow Nido to retain areas of interest in Block B for the next three years.

### **(c) Service Contract 58 (Operator – 50% Interest)**

Service Contract 58 is a large deep water block that lies immediately outboard of the Malampaya gas field. The majority of the Contract Area is in water depths of over 1,000 metres and the SC 58 Joint Venture has not drilled any wells to date. A significant portion of the SC 58 Contract Area including the Balyena prospect appears to be within the regional territorial claim area by China. This claim therefore may have the potential to impact Nido's ability to progress exploration activities within SC 58.

The current Sub-Phase of the Service Contract, Sub-Phase 3, is due to expire on 19 July 2015 unless further extended. In accordance

### 3. Information on Nido CONTINUED

with the terms of Nido's farm-out agreement with PNOC-EC Nido currently has until 12 January 2015 to confirm to PNOC-EC whether it intends to proceed with the commitment well in SC 58. If Nido elects to proceed with the commitment well, Nido will be required to fund 100% of the well costs unless it is able to farm down its existing participating interest.

#### Carrying Value on Balance Sheet

The carrying value as at 30 June 2014 capitalised as part of Exploration and Evaluation assets on the Balance Sheet was \$18.9 million. Note, there are contingent liabilities of US\$6 million relating to bonds required to be secured as part of the farm-in agreement with PNOC-EC and also with respect to the DOE for securing its work commitments for Sub-Phase 3 of SC 58.

#### (d) Service Contract 63 (10% Interest)

Service Contract 63 contains the Baragatan-1A well which was drilled in the second quarter of 2014. During the drilling of the well the primary Pagasa Formation reservoir objective was encountered between 2,534 - 2,654 meters Measured Depth. Preliminary Logging Whilst Drilling (LWD) log data indicated low gas saturations that did not warrant further evaluation or testing.

Two gas-bearing zones of potential interest were encountered in the shallower Pagasa Formation. However, evaluation of available LWD data indicated both of these zones contained low gas saturation that did not warrant further testing.

These results, although not commercially successful, have confirmed the presence of an active petroleum system in this part of the Contract Area of SC 63 and this technical information is currently being integrated into the subsurface geological models for the Service Contract.

The next Sub-Phase of SC 63 (Sub-Phase 3) carries a two well commitment during the period from 24 November 2014 to 24 November 2015. It is expected the SC 63 Joint Venture will seek a twelve month extension to the current Sub-Phase which ends on 24 November 2014.

Assuming an extension of the current Sub-Phase is granted, the additional twelve month period will provide time for the Joint Venture to fully integrate the results of the Baragatan-1A well ahead of the decision to enter Sub-Phase 3.

#### Carrying Value on Balance Sheet

The carrying value as at 30 June 2014 capitalised as part of Exploration and Evaluation assets and also Other Receivables on the Balance Sheet was \$12.5 million. Note, an amount of \$3.3 million which related to drilling costs associated with the unsuccessful commitment well spudded in the first half of 2014 was impaired subsequent to 30 June 2014.

#### (e) Service Contract 6B (Bonita) (7.81% interest)

Service Contract 6B contains the East Cadlao prospect, a possible extension of the Cadlao Oil Field in the adjacent Service Contract 6. The SC6B Joint Venture partners have agreed to undertake a work program which will include a re-interpretation of the existing seismic data within the block. The results of the review are ongoing and when completed will provide an assessment of the resource potential of the area. Nido retains only a 7.81% Participating Interest in Block 6B.

#### Carrying Value on Balance Sheet

The carrying value as at 30 June 2014 was nil.

#### (f) Baronang Production Sharing Contract (10% Interest)

The Operator, Lundin Baronang BV, drilled the Balqis-1 and Boni-1 exploration wells in Q1, 2014. Both exploration wells were water bearing and were plugged and abandoned. Nido is currently in the process of reviewing the prospectivity within the PSC ahead of a decision to either apply for a three year extension to the six year exploration period or withdraw. The Baronang PSC expires on 13 November 2014 unless extended.

#### Carrying Value on Balance Sheet

The carrying value as at 30 June 2014 capitalised as part of Exploration and Evaluation assets and also Other Receivables on the Balance Sheet was \$0.9 million.

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## **(g) Cakalang Production Sharing Contract (10% Interest)**

The Cakalang PSC, operated by Lundin Cakalang BV lies immediately north-west of the Baronang PSC. The results of the Balqis-1 and Boni-1 wells in the adjacent Baronang PSC have impacted the prospectivity of the Cakalang PSC which indicates the block may now have limited access to oil charge. Nido is in the process of deciding whether to continue or withdraw from the block when it expires on 13 November 2014. There are no current commitments with respect to this PSC.

### **Carrying Value on Balance Sheet**

The carrying value as at 30 June 2014 capitalised as part of Exploration and Evaluation assets on the Balance Sheet was \$1.2 million.

## **(h) Gurita Production Sharing Contract (10% Interest)**

The Gurita PSC is located in the Penyu Sub-Basin in water depths of 80m or less and has a number of major oil and gas discoveries adjacent to it such as the Belida Oil Field to the north east (operated by ConocoPhillips).

The Joint Venture plans to drill the Gobi-1 exploration well to test the oil potential of the Gloria A prospect which is interpreted to be a stacked Tertiary-aged sandstone reservoir sequence located within a three-way fault and dip closed structure over a deeper Basement high. The prospect is defined by good quality 3D Seismic and exhibits structural closure at multiple formation levels north and south of the bounding fault. In the event the Gobi-1 well is successful, it has the potential to open-up a play fairway in which numerous follow-up structures exist.

The Joint Venture intends to commence drilling the Gobi-1 well in September 2014 based on the latest estimate provided by the Operator, Lundin Gurita BV.

### **Carrying Value on Balance Sheet**

The carrying value as at 30 June 2014 capitalised as part of Exploration and Evaluation assets on the Balance Sheet was \$3.1 million.

### 3. Information on Nido CONTINUED

#### 3.4 Financial summary of Nido

Nido released its Half Yearly Report for the period to 30 June 2014 on 22 August 2014. A summary of the financial results of Nido as at 30 June 2014 is set out in the following table:

<b>Consolidated 30 June 2014</b>	
<b>\$'000</b>	
<b>Statement of Comprehensive Income</b>	
Revenue from sale of crude oil	52,334
Gross profit	26,989
Net (loss) for the half-year after tax	(3,159)
Basic /(loss) per share (cents) from continuing operations	(0.16 cents)
<b>Balance Sheet</b>	
Current Assets	60,984
Non-current Assets	99,140
Current Liabilities	35,552
Non-current Liabilities	24,834
Net Assets	99,738
<b>Statement of Cash Flows</b>	
Net cash from operating activities	23,496
Net cash (used in) investing activities	(18,330)
Net cash (used in) financing activities	(10,711)

As at 30 June 2014, Nido had cash reserves of approximately \$18,452,000 and debt outstanding which relates to the reserves based facility of approximately \$18,830,000. The total net loss after tax of the Nido group of companies for the half-year ended 30 June 2014 is \$3,159,000.

Further details regarding Nido's 30 June 2014 financial results can be viewed in the Half-Year Financial Statements lodged with the ASX on 22 August 2014.

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## 4. Information on BCPE

### 4.1 Overview of BCPE

BCPE is a wholly owned subsidiary of Bangchak and was incorporated in Singapore on 30 July 2014. BCPE was established for the purpose of overseas investment, operation, trading and management of the petrochemicals, energy and natural resources businesses.

### 4.2 Overview of Bangchak

Bangchak is a leading Thai processing and distribution petroleum company, listed on the Stock of Exchange of Thailand since August 1994. Bangchak is headquartered in Bangkok, Thailand.

As at 18 August 2014, Bangchak's market capitalisation was Baht 43,029 million (\$1,449 million<sup>1</sup>).

For the year ended 31 December 2013, Bangchak, generated total sales and service revenue of Baht 186,514 million (\$6,217 million) and total gross profit of Baht 9,041 (\$301 million). As at 31 December 2013, Bangchak had total assets of Baht 72,389 million (\$2,413 million) and total shareholders equity of Baht 34,981 million (\$1,166 million).

### 4.3 Key operations and business

Bangchak and its subsidiaries are engaged in the refinery business, marketing and selling of petroleum products in Thailand through their extensive network of service stations. It also carries on a renewable energy business through its biodiesel and solar plants.

Bangchak has three business units: refinery, marketing and electricity/renewable energy. Bangchak imports crude oil from the Middle East and the Far East, and also has domestic sources in Thailand, which it refines into products. Bangchak then sells its finished oil products through its network of over 1,000 service stations throughout Thailand and its direct sales channel to large and medium-scale oil consumers, including industrial plants, airlines, automobile companies, ocean liners and construction businesses.

Bangchak's refining operations account for approximately 59% of its business. Bangchak's refinery produces high-value gasoline and diesel products and has a processing capacity of approximately 120,000 barrels per day.

Bangchak Green Net Co. Ltd was established as a subsidiary company to manage the service stations. Marketing accounts for approximately 23% of Bangchak's overall business.

Renewable energy related subsidiaries account for approximately 18% of the Group. The renewable energy business is comprised of biodiesel and solar power. In 2009 Bangchak constructed a biodiesel plant in Bang Pa-in. The company also has a 118MW power purchase agreement with the Electricity Generating Authority of Thailand and Provincial Electricity Authority.

### 4.4 Further information

Section 3 of the Bidder's Statement provides background and financial information regarding BCPE.

For further information regarding BCPE, please visit its website at [www.bangchak.co.th/en](http://www.bangchak.co.th/en).

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<sup>1</sup> AUD/THB Exchange Rate: 29.70 as at 18 August 2014.



## **5. Further important matters for Nido Shareholders to consider**

In making a decision whether to accept the BCPE Offer you should carefully consider your personal circumstances and have regard to the following matters.

### **5.1 Possible decrease in Nido Share price**

The Directors consider that the Nido Share price is more likely than not to fall in the absence of the BCPE Offer or another equivalent or superior proposal, exploration success or other favourable market development. This is because:

- (a) in the one month up to and including the Last Trading Date, Nido Shares traded on ASX at a VWAP of \$0.034; and
- (b) in the six months up to and including the Last Trading Date, Nido Shares traded on ASX at a VWAP of \$0.036.

However, the Directors cannot predict whether the Nido Share price would in fact decrease or increase in the absence of the BCPE Offer, as there may be other reasons for share price movements. Nido Shareholders should note that the announcement of the BCPE Offer resulted in a material increase in the Nido Share price.

The latest price for Nido Shares may be obtained from the ASX website at [www.asx.com.au](http://www.asx.com.au) using the code 'NDO'.

### **5.2 Liquidity of Nido Shares**

The BCPE Offer is conditional upon BCPE obtaining a Relevant Interest in at least 90% (by number) of the Nido Shares on issue at the end of the Offer Period. While BCPE has no current intention to waive this condition, it is open to BCPE to do so at its discretion in accordance with the Corporations Act.

Should BCPE waive the 90% acceptance condition and acquire a majority shareholding in Nido (but is not entitled to compulsorily acquire Nido), BCPE may, in some circumstances, where illiquidity and the Listing Rules permit, seek to remove Nido's listing from ASX (see sections 6.23 and 6.24 in the Bidder's Statement).

Alternatively, if Nido continues to be listed on ASX under these circumstances, the liquidity of Nido Shares may be reduced, thereby impacting on Nido Shareholders' ability to sell their Nido Shares at price levels at or above the BCPE Offer price.

### **5.3 Consequences of being a minority shareholder**

Should BCPE waive the 90% acceptance condition and acquire a Relevant Interest in more than 50.1% but less than 90% of Nido Shares then, assuming all other conditions of the BCPE Offer are satisfied or waived, BCPE will acquire a majority shareholding in Nido.

In these circumstances, Nido Shareholders who do not accept the BCPE Offer will become minority shareholders in Nido. This has a number of possible implications, including:

- (a) BCPE will be in a position to cast the majority of votes at a general meeting of Nido. This will enable it to control the composition of Nido's board of Directors and senior management, determine Nido's dividend policy and control the strategic direction of the businesses of Nido and its subsidiaries;
- (b) the Nido Share price may fall immediately following the end of the Offer Period;

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- (c) the liquidity of Nido Shares may be lower than at present; and
- (d) if BCPE acquires 75% or more of Nido Shares, it will be able to pass a special resolution of Nido. This will enable BCPE to, among other things, amend Nido's constitution.

## 5.4 Other alternatives to the BCPE Offer

If you accept the BCPE Offer, then unless you are able to withdraw your acceptance in the circumstances described in Section 8.8 of this Target's Statement, you will forego the opportunity to benefit from any superior proposal by another party for your Nido Shares should such a proposal eventuate. As at the date of this Target's Statement, the Nido Directors are not aware of a proposal by anyone to make a superior proposal.

If BCPE varies the BCPE Offer to increase the consideration it is offering for your Nido Shares you will be entitled to receive the increased consideration, even if you have already accepted the BCPE Offer, unless one of the defeating conditions attached to the revised offer is triggered and BCPE does not waive that condition, in which case the revised offer will lapse and you will retain your Nido Shares.

## 5.5 Nido funding requirements

As at 30 June 2014, Nido had cash reserves of approximately \$18,452,000 and debt outstanding which relates to the reserves based facility of approximately \$18,830,000. Nido is currently fully funded for its approved and committed exploration activities as well as funded for its general corporate, operational and working capital requirements (including transaction expenses discussed in Section 5.10).

In order for Nido to be fully funded for its development objectives specifically relating to the West Linapacan Oil Field in SC 14-C2, it is likely that Nido will require additional funding prior to reaching final investment decision for the project, currently expected before the end of 2014.

Whilst Nido's preference is to restructure the existing reserves based lending facility, the Company intends to explore all funding opportunities that may be or become available to it, including debt facilities, convertible or hybrid debt and the raising of equity capital.

If the Company decides to pursue an equity fundraising or convertible or hybrid debt raising, the existing shareholding interest of Nido Shareholders may be diluted.

BCPE's intentions in relation to Nido's funding requirements are set out in section 6 of the Bidder's Statement.

## 5.6 Conditions

The BCPE Offer is subject to a number of conditions, which are outlined in schedule 1 of the Bidder's Statement and summarised briefly in Section 8.2 of this Target's Statement.

You should be aware that there is a risk that some of the conditions may not be satisfied. If this occurs, and BCPE does not waive the conditions, the BCPE Offer will lapse and you will retain your Nido Shares.

## 5.7 BCPE's intentions with respect to the BCPE Offer and Nido

You should read section 6 of the Bidder's Statement which details BCPE's intentions in respect of the businesses, assets and employees of Nido.

## **5.8 Risk factors involved in accepting the BCPE Offer**

There are certain risks associated with accepting the BCPE Offer, including:

### **You will not be able to sell your Nido Shares on-market**

If you accept the BCPE Offer, you will no longer be able to trade your Nido Shares on-market. There is a possibility that the Nido Share price may exceed the price under the BCPE Offer. The share price performance of Nido Shares is discussed further in Section 1.1.

### **Possibility of a superior proposal emerging**

Once you have accepted the BCPE Offer, you will not be able to accept your Nido Shares into any superior proposal that may emerge as you will have entered a binding contract for the sale of your Nido Shares. The likelihood of a superior proposal emerging is discussed in Section 1.4.

## **5.9 Risks in remaining a Nido Shareholder**

In considering this Target's Statement and the BCPE Offer, Nido Shareholders should be aware that there are a number of risks which may affect the future operating and financial performance of Nido. The risks which apply to holding Nido Shares can be categorised as industry risks which Nido shares with other oil and gas companies, risks which relate to Nido's business and risks which relate to the outcome of the BCPE Offer.

Some of these risks can be adequately mitigated by the use of safeguards and appropriate systems but many are beyond the control of Nido and its Directors and cannot be mitigated. The principal risks you should consider, when deciding whether to maintain your investment in Nido, in the present circumstances include the following:

### **Exploration and operational risk**

Nido's primary business is exploration for, and commercial development of oil and gas, which are activities that carry significant risks.

Current and future operations of Nido such as exploration, appraisal and production activities may be affected by a range of factors, including the following:

- (a) adverse weather conditions over a prolonged period which might adversely affect exploration and production activities;
- (b) operational and technical difficulties encountered during exploration and production;
- (c) inability for whatever reason to secure and maintain title to permits and comply with the terms of those permits;
- (d) failure to obtain or maintain all consents and approvals necessary for the conduct of exploration and production;
- (e) access to infrastructure;
- (f) failure to design and construct infrastructure within capital expenditure budgets;
- (g) difficulties in commissioning, and operating, plant and equipment;
- (h) mechanical failure or breakdown of operating plant and equipment;
- (i) industrial and environmental accidents, industrial disputes or other force majeure events;
- (j) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment;

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- (k) financial failure or default by a participant in any joint ventures or other contractual relationships to which Nido is, or may become, a party; and
- (l) limited access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from projects undergoing exploration depends on identifying economically viable hydrocarbon deposits, securing necessary approvals, the development of infrastructure and the establishment of operations. Factors including costs, commodity prices and exchange rates all affect the commercial success of a project.

## **Resource estimates**

Resource estimates (including those contained in this Target's Statement) are expressions of judgement based on knowledge, experience and industry practice. These estimates were appropriate when made, but may change significantly when new information becomes available.

There are risks associated with such estimates. Resource estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to resource estimates could affect Nido's future plans and ultimately its financial performance and value.

There can be no assurances that Nido's planned development projects and exploration activities will result in significant reserves or that it will have success in drilling productive wells.

## **Environmental risk**

Nido's operations are subject to various environmental laws. Many of the activities cannot be carried out without prior approval from and compliance with all relevant authorities. Any delay or failures in obtaining such approval may adversely impact the economic performance of Nido.

Further, oil and gas exploration, development and production can be potentially environmentally hazardous, giving rise to substantial costs for environmental rehabilitation, damage control and losses.

### **Political and regulatory risk**

Petroleum exploration and production activities are dependent upon the grant and maintenance of appropriate licences, permits and regulatory authorities (“authorisations”) which may not be granted or may be withdrawn subject to limitations. Although the authorisations may be renewed or granted, there are no assurances that such authorisations will be renewed or granted (or granted on the same terms). There are also risks that there could be delays in granting such authorisations.

Nido and/or its joint venture partners from time to time require regulatory approvals for its operations and must comply with those approvals and other applicable laws, regulations and policies. This may impact timing and scope of work to be undertaken.

Nido has specific exposure to regulatory approvals currently, with the Company exploring retention options in relation to Service Contract 54A and B, as well as awaiting government approvals with regard to the 10% farm-in in SC 63 and the 5% farm-in into the Baronang PSC in Indonesia.

In addition, the level of taxation and payment of government royalties relating to the petroleum industry in the Philippines is extensively regulated, and therefore profitability can be affected by changes in government taxation policies and rulings.

Nido has recognised in its financial statements deferred tax assets where management consider that it is probable that future profits will be available to utilise future losses. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on likely timing and the level of future taxable profits together with future tax planning strategies. There can be no assurances that recognised deferred tax assets will be fully utilised or available.

### **Joint venture risk**

Nido's key projects are developed through joint ventures. In addition, Nido may wish to develop its other projects or future projects through joint venture arrangements. Any joint ventures entered into by, or interest in joint ventures assigned to Nido would be affected by the failure or default of any of the joint venture participants, including Nido.

In addition, there is a risk that one of Nido's current or future joint venture partners may suffer from financial failure or may not act in the best interests of the joint venture. This may have an adverse effect on Nido's interests and prospects.

### **Development risk**

The commercial viability of oil and gas discoveries is dependent upon a number of factors, including the size of the discovery, proximity to infrastructure, commodity prices and government regulations and environmental protection.

### **Sovereign risk**

There is an ongoing dispute between the Philippines and China over certain territorial waters. On 22 January 2013, the Philippines took its territorial dispute with China to the United Nations (UN) by initiating an international arbitration process under Article 287 and Annex VII of UN Convention on the Law of the Sea (UNCLOS).

The Philippines have challenged the validity of China's “nine-dash-line claim” to almost the entire South China Sea (SCS) including the West Philippine Sea and asked that China desist from unlawful activities that violate the sovereign rights and jurisdiction of the Philippines under UNCLOS. China's response so far has been that it does not accept the arbitration initiated by the Philippines.

Whilst Nido's exploration activities have not been materially impacted to date, parts of Block B of Service Contract 54 and Service Contract 63 and the majority of Service Contract 58 appear to be within China's “nine dash-line claim” area and this may therefore impact Nido's future ability to undertake exploration, development and production activities.

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## **Future capital requirements and funding**

Nido may require further financing in the future. Any additional equity financing may be dilutive to Nido Shareholders, may be undertaken at lower prices than the current market price or may involve restrictive covenants which limit Nido's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to Nido or at all. If Nido is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse effect on Nido's activities and could affect Nido's ability to continue as a going concern.

Nido has specific exposure to abandonment obligations with respect to the existing facilities and infrastructure in Service Contract 14 including the Nido and Matinloc Oil Fields in Blocks A and B of Service Contract 14, the West Linapacan Oil Field in Block C2 of Service Contract 14 and the Galoc Oil Field in Block C2 of Service Contract 14.

Whilst abandonment estimates are reviewed regularly to take into account any material changes to the assumptions, actual decommissioning costs will ultimately depend upon future market prices for the decommissioning works required which will reflect market conditions at the relevant time.

## **Economic factors**

The operating and financial performance of Nido is influenced by a variety of general economic and business conditions, including levels of consumer spending, commodity prices, inflation, interest rates and exchange rates, supply and demand, industrial disruption, access to debt and capital markets and government fiscal, monetary and regulatory policies. Changes in general economic conditions may result from many factors including government policy, international economic conditions, significant acts of terrorism, hostilities, war or natural disasters. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have an adverse impact on Nido's operating and financial performance and financial position.

Nido's future possible revenues and Nido Share prices can be affected by these factors, which are beyond the control of Nido.

## **Reliance on key personnel**

A number of key personnel are important to attaining the business goals of Nido. One or more of these key employees could leave their employment, and this may adversely affect the ability of Nido to conduct its business and, accordingly, affect the financial performance of Nido and the Nido Share price.

## **Market conditions**

As with all stock market investments, there are risks associated with an investment in Nido. The market price of Nido Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and oil and gas stocks in particular. Factors influencing the price of Nido Shares may include movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, commodity supply and demand, government taxation and royalties, war, global hostilities and acts of terrorism. In addition, any substantial decline in the price of oil could have a material impact on Nido. The past performance of Nido is not necessarily an indication as to the future performance of Nido as the trading price of Nido Shares can go up or down. Neither Nido nor the Directors warrant the future performance of Nido or any return on an investment in Nido.

### **Liquidity risk**

There can be no guarantee that there will continue to be an active market in Nido Shares or that the price of Nido Shares will increase. There may be relatively few buyers or sellers of Nido Shares on ASX at any given time. This may affect the volatility of the market price of Nido Shares. It may also affect the prevailing market price at which Nido Shareholders are able to sell their Nido Shares.

### **Competition**

Nido competes with other companies, including major oil and gas companies in Australia and internationally. Some of these companies have greater financial and other resources than Nido and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that Nido can compete effectively with these companies.

### **Insurance risks**

Nido will endeavour to maintain insurance within ranges of coverage in accordance with industry practice. However, in certain circumstances Nido's insurance may not be of a nature or level to provide adequate cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of Nido.

Insurance of risks associated with oil and gas exploration and production is not always available and, where available, the costs can be prohibitive. There is a risk that insurance premiums may increase to a level where Nido considers it is unreasonable or not in its interests to maintain insurance cover or a level of coverage which is in accordance with industry practice. Nido will use reasonable endeavours to insure against the risks it considers appropriate for Nido's needs and circumstances. However, no assurance can be given that Nido will be able to obtain such insurance coverage in the future at reasonable rates or that any coverage it arranges will be adequate and available to cover claims.

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## 5.10 Transaction expenses

The BCPE Offer has resulted in Nido incurring expenses that would not otherwise arise from trading in the current financial year. Expenses include fees and costs payable to legal and financial advisers engaged to assist with responding to the BCPE Offer and other transaction-related expenses which cumulatively will have a negative impact on Nido's cash position of between \$1 million and \$1.5 million.

## 5.11 Taxation

The taxation consequences of accepting the BCPE Offer depend on a number of factors and will vary depending on your particular circumstances.

Section 7 of the Bidder's Statement contains a discussion of certain possible tax implications for Nido Shareholders. It is not intended to be an authoritative or complete statement of the tax position applicable to any given Nido Shareholder.

The following are general comments made in relation to Australian resident Nido Shareholders who are subject to Australian tax on the disposal of their Nido Shares and hold their Nido Shares on capital account. This summary does not address the consequences for any other Nido Shareholder (in particular, it does not address the tax consequences for a Nido Shareholder who is a non-resident), and all such Nido Shareholders should obtain independent taxation advice particular to their circumstances.

In general terms, if you accept the BCPE Offer, you will trigger an Australian Capital Gains Tax (CGT) event. This may result in an Australia CGT liability.

There is no CGT rollover relief for Nido Shareholders in respect of any cash they receive in relation to the Nido Shares that they owned in Nido.

Your income tax and CGT liabilities will depend on your personal circumstances and the decisions you make. The comments in this section are general and do not address all of the taxation consequences for any Nido Shareholder. This summary does not constitute, and should not be relied upon, as tax advice. This summary is based on Australian income tax law and practice applicable as at the date of this Target's Statement. This may change at any time and without notice.

It is strongly recommended that you seek independent advice on the taxation consequences of accepting the BCPE Offer that is tailored to your personal situation.

Neither Nido nor any of its officers or advisers accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences themselves.



## 6. Information relating to Nido Directors

### 6.1 Details of Directors

The Directors of Nido as at the date of this Target's Statement are:

- (a) Mr William Bloking (Chairman)
- (b) Mr Philip Byrne (Managing Director)
- (c) Mr Andrew Edwards (Non Executive Director)
- (d) Mr Eduardo Mañalac (Non Executive Director)
- (e) Dr Michael Ollis (Non Executive Director)

### 6.2 Directors' interests in Nido Shares, Options and Performance Rights

At the date of this Target's Statement, the Directors have the following interests in Nido Shares, Options and Performance Rights:

Director	Number of Nido Shares	Number of Nido Rights to Ordinary Shares
William Bloking	6,305,556	Nil
Philip Byrne	59,992,168	1,666,665 <sup>2</sup>
Andrew Edwards	1,470,000	Nil
Eduardo Mañalac	1,000,000	Nil
Michael Ollis	1,000,000	Nil
<b>Total</b>	<b>69,767,724</b>	<b>1,666,665</b>

### 6.3 Recommendation of Directors

Each Director recommends that Nido Shareholders accept the BCPE Offer in respect of their Nido Shares, in the absence of a superior proposal, for the reasons set out in this Target's Statement (particularly the matters discussed in Section 1).

### 6.4 Directors' intentions in relation to personal holdings

Each Director who holds or controls Nido Shares states that he intends to accept the BCPE Offer, in the absence of a superior proposal.

<sup>2</sup> See Section 9.10 for treatment of Nido Rights to Ordinary Shares in the BCPE Offer.

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## 6.5 Recent dealings in Nido securities by Directors

Except as described below, there have been no acquisitions or disposals of Nido securities by Directors or any of their respective associates in the 4 months preceding the date of this Target's Statement.

On 27 May 2014, following the approval of Nido Shareholders at Nido's Annual General Meeting held on 22 May 2014, Ms Mary Byrne was granted 18,823,529 Managing Director Performance Rights on identical terms to the Nido Performance Rights Plan.

On 30 June 2014 Mr Philip Byrne was granted 1,666,667 Nido Shares upon the vesting of 1,666,667 Nido Rights to Ordinary Shares pursuant to the terms of his original employment contract with Nido. Refer to Section 9.10 for details of the Nido Rights to Ordinary Shares.

On 4 August 2014 Ms Mary Byrne was granted 47,955,129 Nido Shares following the vesting of 47,955,129 Nido Performance Rights upon the announcement of the BCPE Offer. Refer to Section 9.10 for details of the effect of the BCPE Offer on the Nido Performance Rights.

## 6.6 Interests or dealings in BCPE securities

None of the Directors nor any of their respective associates have a Relevant Interest in any of the securities of BCPE or any related body corporate of BCPE, or have acquired or disposed of any securities of BCPE or any related body corporate of BCPE in the 4 months preceding the date of this Target's Statement.

## 6.7 No agreement with any Director in connection with the BCPE Offer

Except as described below in Section 9.10, there is no agreement or arrangement made between any Director and any other person in connection with or conditional on the outcome of the BCPE Offer.

## 6.8 No interest in contracts

No Director has any interest in any contract entered into by BCPE.

## 6.9 Benefits

No Director has agreed to receive, or is entitled to receive, any benefit from BCPE which is conditional on, or is related to, the BCPE Offer, other than in their capacity as a holder of Nido Shares.

Nido does not propose and, except as otherwise disclosed in this Target's Statement, is not aware of any proposal in connection with the BCPE Offer that will confer a benefit:

- (a) on any person in connection with the retirement of that person from a board or managerial office of Nido or related body corporate of Nido;
- (b) that will or may be given to any person in connection with the transfer of the whole or any part of Nido's undertaking or property.

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## 7. Your choices as a Nido Shareholder

If you are a Nido Shareholder, you have 3 choices available to you:

- (a) accept the BCPE Offer;
- (b) sell your Nido Shares on-market; or
- (c) do nothing.

The Directors encourage you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your Nido Shares.

### 7.1 **Accept the BCPE Offer**

Each of the Directors unanimously recommends that you accept the BCPE Offer in the absence of a superior proposal.

Each of the Directors intends to accept the BCPE Offer in respect of all of the Nido Shares they own or control, in the absence of a superior proposal.

Details of how to accept the BCPE Offer are set out in sections 9.14 to 9.29 of the Bidder's Statement.

If you accept the BCPE Offer, you will not be able to sell your Nido Shares to anyone else, or accept any superior proposal that might emerge, unless either the BCPE Offer is unsuccessful or the BCPE Offer is extended by a period of more than 1 month while it is still conditional (refer to Section 8.8 of this Target's Statement).

The taxation implications of accepting the BCPE Offer depend on a number of factors and will vary according to your particular circumstances. A general outline of the Australian tax consequences of accepting the BCPE Offer is set out in section 7 of the Bidder's Statement. You should seek your own specific professional advice regarding the taxation consequences for you in accepting the BCPE Offer.

The Bidder's Statement states that if your Nido Shares are held in a CHESS Holding, or if you are a beneficial holder whose Nido Shares are registered in the name of a broker, bank, custodian or other nominee, no brokerage is payable but you should ask your Controlling Participant or that nominee whether it will charge any transactional fees or services charges in connection with your acceptance of the BCPE Offer.

If your Nido Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to BCPE, you will not incur any brokerage in connection with your acceptance of the BCPE Offer.

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## 7.2 Sell your Nido Shares on-market

During a takeover, shareholders in a target company may still sell their shares on-market for cash provided that they have not accepted a takeover offer for those shares. Accordingly, Nido Shareholders remain free to sell their Nido Shares on-market on ASX at any time, provided they have not already accepted the BCPE Offer.

The latest price for Nido Shares on ASX may be obtained from ASX's website [www.asx.com.au](http://www.asx.com.au) under the code 'NDO'.

Nido Shareholders who sell their Nido Shares on-market:

- (a) will lose the ability to accept the BCPE Offer, or to participate in any other superior proposal that may emerge;
- (b) may receive more or less for their Nido Shares than the consideration under the BCPE Offer of \$0.055 cash per Nido Share;
- (c) are likely to incur a brokerage charge; and
- (d) will be paid the net proceeds of sale some time after the third business day after the date of trade and will not have to wait for satisfaction or waiver of the conditions and end of the Offer Period as is the case if accepting into the BCPE Offer.

Nido Shareholders who wish to sell their Nido Shares on-market should contact their stockbroker on how to effect that sale.

The taxation implications of selling your Nido Shares on-market depend on a number of factors and will vary according to your particular circumstances, in the same way as if you accept the BCPE Offer. You should seek your own specific professional advice regarding the taxation consequences for you of selling your Nido Shares on-market.

## 7.3 Do nothing

If you do not wish to accept the BCPE Offer and wish to retain your Nido Shares, you do not need to take any action.

If you do not accept the BCPE Offer and BCPE becomes entitled to compulsorily acquire your Nido Shares under the Corporations Act (as it intends to do, as discussed in section 6 of the Bidder's Statement), you may receive your consideration later than Nido Shareholders who choose to accept the BCPE Offer. Refer to Section 8.11 for details on compulsory acquisition.

Further, if the BCPE Offer is successful (i.e. if the defeating conditions attached to the BCPE Offer are satisfied or not triggered as appropriate, or are waived) but BCPE does not become entitled to compulsorily acquire your Nido Shares, you will become a minority shareholder in Nido, with potential adverse implications, including those described in Sections 1.7 and 5.3.

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## **8. Important information about the BCPE Offer**

### **8.1 BCPE Offer consideration**

BCPE announced a takeover offer on 4 August 2014 for all Nido Shares. The consideration under the BCPE Offer is \$0.055 cash per Nido Share.

### **8.2 Conditions of the BCPE Offer**

The conditions of the BCPE Offer are set out in Schedule 1 of the Bidder's Statement.

The following is a summary of the conditions:

- (a) BCPE acquiring a Relevant Interest in at least 90% of the Nido Shares on issue as at the end of the Offer Period;
- (b) receipt of approval from the Foreign Investment Review Board;
- (c) no material adverse change occurs in relation to Nido before the end of the Offer Period;
- (d) no Prescribed Occurrences occur between the Announcement Date and the end of the Offer Period; and
- (e) cancellation of the Nido Rights to Ordinary Shares for nil consideration before the end of the Offer Period.

### **8.3 Likelihood of satisfaction of the conditions**

As at the date of this Target's Statement, Nido is not aware of any act, omission, event or fact that would result in the breach or non-satisfaction of a condition to the BCPE Offer and that has not been waived by BCPE.

On 26 August 2014, BCPE received Foreign Investment Review Board approval, the receipt of which satisfied the condition set out in Section 8.2(b).

Nido is not in a position to state whether the remaining conditions of the BCPE Offer will be satisfied.

### **8.4 Implications of conditions not being satisfied**

Any conditions of the BCPE Offer which are not satisfied (or triggered, as appropriate) may be waived by BCPE at any time.

If any condition is unsatisfied (or has been triggered) and has not been waived, BCPE will have a choice either to proceed with the acquisition of Nido Shares under the BCPE Offer or to allow the BCPE Offer to lapse with unsatisfied conditions.

### **8.5 Offer Period**

The Offers will be open for acceptance from 19 August 2014 until 7:00pm (Sydney time) on 19 September 2014, unless extended or withdrawn.

The circumstances in which BCPE may extend or withdraw the BCPE Offer are set out in section 9 of the Bidder's Statement.

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## 8.6 Extension of the Offer Period

BCPE may extend the Offer Period at any time before giving the notice of status of conditions (referred to in Section 8.10 below) while the BCPE Offer is subject to conditions. However, if the BCPE Offer is unconditional (that is, all the conditions are satisfied or waived), BCPE may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

- (a) BCPE improves the consideration offered under the BCPE Offer; or
- (b) BCPE's voting power in Nido increases to more than 50%.

If either of these events occur, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

## 8.7 Withdrawal of BCPE Offer

BCPE may not withdraw the BCPE Offer if you have already accepted it. However, if the conditions have not been satisfied or waived at the end of the Offer Period, then all acceptances will be void.

Before you accept the BCPE Offer, BCPE may withdraw the offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

## 8.8 Withdrawal of your acceptance

Once you accept the BCPE Offer (even while it remains subject to defeating conditions) you will not be able to sell or otherwise deal with your Nido Shares, subject to your limited statutory rights to withdraw your acceptance in certain circumstances.

Nido Shareholders may only withdraw their acceptance of the BCPE Offer if:

- (a) the BCPE Offer conditions are not satisfied or waived by the end of the relevant Offer Period. In that situation, you will be free to deal with your Nido Shares; or
- (b) BCPE varies the relevant BCPE Offer in a way that postpones the time when BCPE is required to satisfy its obligations by more than 1 month, for example, if BCPE extends the relevant Offer Period by more than 1 month, while the relevant BCPE Offer is still conditional.

Nido Shareholders who accept the BCPE Offer (even while it is still subject to conditions) will give up their rights to sell or otherwise deal with their Nido Shares, until withdrawal rights are exercised.

## **8.9 When you will receive payment**

If you accept the BCPE Offer, BCPE will issue you the Offer Consideration to which you are entitled on or before the earlier of:

- (a) 1 month after the later of the BCPE Offer being validly accepted by you and the BCPE Offer becoming unconditional; and
- (b) 21 days after the end of the Offer Period for the BCPE Offer.

## **8.10 Notice of status of conditions**

The Bidder's Statement indicates that BCPE will give a notice of status of conditions for the BCPE Offer (**Conditions Notice**) to ASX and Nido not later than 7 days before the end of the Offer Period for the BCPE Offer.

BCPE is required to set out in its Conditions Notice:

- (a) whether the BCPE Offer is free of any or all of the conditions;
- (b) whether, so far as BCPE knows, the conditions have been fulfilled on the date the Conditions Notice is given; and
- (c) BCPE's voting power in Nido (including voting power acquired as a result of acceptances received under the BCPE Offer).

If the Offer Period is extended by a period before the time by which the Conditions Notice is to be given, the date for giving the Conditions Notice will be taken to be postponed for the same period. In the event of such an extension, BCPE is required, as soon as practicable after the extension, to give a notice to ASX and Nido that states the new date for the giving of the Conditions Notice.

If a condition is fulfilled (so that the BCPE Offer becomes free of that condition) during the Offer Period but before the date on which the Conditions Notice is required to be given, BCPE must, as soon as practicable, give ASX and Nido a notice that states that the particular condition has been fulfilled.

## 8.11 Compulsory acquisition

BCPE has stated in section 6 of the Bidder's Statement that it intends to compulsorily acquire all outstanding Nido Shares if it is entitled to do so.

The 2 types of compulsory acquisition under Chapter 6A of the Corporations Act are discussed below.

### Follow on compulsory acquisition

Under Part 6A.1 of the Corporations Act, if, at the end of the Offer Period, BCPE has (together with its associates):

- (a) a Relevant Interest in at least 90% (by number) of Nido Shares; and
- (b) acquired at least 75% (by number) of Nido Shares for which it has made an offer,

then BCPE will be entitled to compulsorily acquire any outstanding Nido Shares for which it did not receive acceptances, on the same terms as the BCPE Offer.

If these thresholds are met, BCPE will have up to 1 month after the end of the Offer Period within which to give compulsory acquisition notices to Nido Shareholders who have not accepted the BCPE Offer. Nido Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Nido Shareholders to establish to the satisfaction of a court that the terms of the BCPE Offer do not represent "fair value".

Nido Shareholders should be aware that if they do not accept the BCPE Offer and their Nido Shares are compulsorily acquired, those Nido Shareholders will face a delay in receiving the Offer Consideration compared with Nido Shareholders who have accepted the BCPE Offer, however they will be paid the last price offered by BCPE for Nido Shares before compulsory acquisition began.

BCPE must offer to buy out remaining Nido Shares held by Nido Shareholders if BCPE (and its associates) have a Relevant Interest in at least 90% of Nido Shares (by number) at the end of the Offer Period.

### General compulsory acquisition

Nido Shareholders should also be aware that if BCPE does not become entitled to compulsorily acquire Nido Shares in accordance with Part 6A.1 of the Corporations Act, BCPE may nevertheless become entitled to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act.



## 9. Additional information

### 9.1 Issued capital

As at the date of this Target's Statement, Nido's issued capital comprises:

- (a) 2,188,266,468 Nido Shares; and
- (b) 1,666,665 Rights to Ordinary Shares.

### 9.2 Substantial holders

Based on the substantial shareholding notices provided to Nido as at 27 August 2014 the substantial shareholders of Nido are:

Name	Number of Nido Shares held	% held of Nido Shares
BCPE	459,717,891	21.01
Macquarie Group Limited	151,755,948	6.93
MM Asset Management Inc.	147,901,182	6.76

Under a share sale agreement with Petroleum International Investment Corporation, BCPE has a right to acquire 402,951,875 Nido Shares, subject to Foreign Investment Review Board Approval (which was obtained on 26 August 2014).

BCPE's voting power in Nido has since increased as set out in Section 9.3 of this Target's Statement.

### 9.3 Notice of BCPE's voting power

As at 27 August 2014, BCPE held a Relevant Interest of 21.01% in Nido's issued capital. BCPE is required to notify ASX and Nido before 9.30am on each trading day during the Offer Period where there is a movement of at least 1% in its holding of Nido Shares.

### 9.4 Consents

Each person named in this Section 9 of this Target's Statement as having given its consent to the inclusion of a statement or being named in this Target's Statement:

- (a) does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than those statements which have been included in this Target's Statement with the consent of that person; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to their name and any statements or report which have been included in this Target's Statement with the consent of that person.

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## Other persons

Clayton Utz has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Nido's Australian legal adviser in the form and context in which it is named.

Miro Advisors has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Nido's financial adviser in the form and context in which it is named.

Computershare Investor Services Pty Ltd has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Share Registry in the form and context in which it is named.

## 9.5 Directors

The Directors have given and have not, before the date of issue of this Target's Statement, withdrawn their consent to be named in this Target's Statement in the form and context in which they appear.

## 9.6 Qualified petroleum reserves and resources evaluator statement

In accordance with Listing Rule 5.42, Nido confirms that the hydrocarbon reserves information contained in this Target's Statement is based on, and fairly represents, information and supporting documentation prepared by Gaffney, Cline & Associates under the supervision of Mr Stephen M. Lane. Mr Lane holds a BSc. (Hons.) degree in Geology and is a Technical Director of Gaffney, Cline & Associates, is a member of the Society of Petroleum Engineers and has over thirty-five years' experience in the sector. Mr Lane is not an employee of Nido and has consented in writing to the inclusion of the hydrocarbon reserves information in the form and context in which it appears in this Target's Statement. Mr Lane has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, his written consent to be named in this Target's Statement.

## **9.7 Public information**

ASIC has published various Class Orders that modify, or exempt parties from compliance with, the operation of various provisions of Chapter 6 of the Corporations Act. Nido has relied on this Class Order relief.

As permitted by ASIC Class Order CO 13/521, this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or given to the operator of a prescribed financial market in compliance with the listing rules of the prescribed financial market (including ASX). Pursuant to this Class Order, the consent of persons to whom such statements are attributed is not required for the inclusion of these statements in this Target's Statement.

Nido Shareholders are entitled to obtain from Nido free of charge any document which contains such a statement. If you would like to receive a copy of any of those documents, or the relevant part of the documents containing the statements (free of charge) during the Offer Period, please contact Nido.

As permitted by ASIC Class Order CO 13/523, this Target's Statement may include or be accompanied by certain statements that:

- (a) fairly represents what purports to be a statement by an official person;
- (b) are a correct and fair copy of, or extract from, what purports to be a public official document; or
- (c) are a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication.

Pursuant to this Class Order, the consent of such persons to whom statements are attributed is not required for the inclusion of those statements in this Target's Statement.

This Target's Statement includes references to the Bidder's Statement. BCPE has not consented to these references being included in, or referred to, in the form and context in which they are included.

In addition, as permitted by ASIC Class Order 07/429, this Target's Statement contains share price trading data sourced from Capital IQ without its consent.

# TARGET'S STATEMENT

in response to the offer by BCP Energy International Pte. Ltd. to acquire all of your Nido Shares

## 9.8 Continuous disclosure

Nido is a disclosing entity under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require Nido to notify ASX of information about specified matters and events as they occur for the purpose of making that information available to the market. In particular, Nido has an obligation (subject to limited exceptions) to notify ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of Nido Shares.

Copies of the documents filed with ASX may be obtained from the ASX website at [www.asx.com.au](http://www.asx.com.au) and Nido's website at [www.nido.com.au](http://www.nido.com.au).

Copies of documents lodged with ASIC in relation to Nido may be obtained from, or inspected at, an ASIC office. Nido Shareholders may obtain a copy of:

- (a) the Annual Report;
- (b) the Half-Yearly Report;
- (c) Nido's constitution; and
- (d) any document lodged by Nido with ASX between the release of the Annual Report and the date of this Target's Statement,

free of charge upon request by contacting Nido or from the ASX website at [www.asx.com.au](http://www.asx.com.au). The Annual Report, and this Target's Statement are also available on Nido's website at [www.nido.com.au](http://www.nido.com.au).

Nido Shareholders are also encouraged to monitor the Nido website at [www.nido.com.au](http://www.nido.com.au) for any updates on the BCPE Offer.

## **9.9 Insurance and indemnities**

Nido has entered into standard form of deeds of indemnity with the Directors against all liabilities which they may incur in the performance of their duties as Directors or officers or Nido, except liability to Nido or a related body corporate, liability for a pecuniary penalty or compensation order under the Corporations Act, and liabilities arising from conduct involving a lack of good faith. Nido is obliged to meet the full amount of all such liabilities in accordance with the terms of the deeds of indemnity.

In addition, each Director is indemnified, as authorised by Nido's constitution, against personal liability arising from their respective positions within Nido and its related bodies corporate.

Nido holds a Directors' and Officer's Liability Insurance Policy on behalf of current Directors and officers of Nido and its controlled entities. The period of the current policy extends from 1 September 2013 to 30 November 2014.

## **9.10 Impact on Nido employee incentive plans and securities issued under those plans**

This Section outlines the effect the BCPE Offer will have on the Nido Performance Rights and the Nido Rights to Ordinary Shares.

### **Nido Performance Rights Plan**

As at the date of this Target's Statement, there are no Nido Performance Rights on issue.

The Nido Performance Rights Plan, which sets out the terms of the Nido Performance Rights, provides for the accelerated vesting and deemed exercise of all Nido Performance Rights in the event that a takeover bid is made to Nido Shareholders. The Nido Board has an obligation under the Nido Performance Rights Plan to promptly issue Nido Shares following exercise.

On 4 August 2014, pursuant to the terms of the Bid Implementation Deed, Nido:

- (a) issued a notice to each holder of the Nido Performance Rights under the Nido Performance Rights Plan;
- (b) allotted one Nido Share for each Nido Performance Right; and
- (c) applied for quotation of any Nido Shares issued upon the exercise of Nido Performance Rights.

The BCPE Offer extends to Nido Shares issued on the conversion of, or the exercise of rights attached to, the Nido Performance Rights.

# TARGET'S STATEMENT

in response to the offer by BCP Energy International Pte. Ltd. to acquire all of your Nido Shares

## Nido Rights to Ordinary Shares

Mr Philip Byrne was granted a Sign-on and Retention Bonus pursuant to the terms and conditions of his original employment contract with Nido.

The terms of the bonus are that Nido is required to issue 10,000,000 Nido Shares in six equal tranches at six month intervals commencing six months after the commencement of his employment on 29 December 2011.

As at the date of this Target's Statement, there are 1,666,665 Nido Rights to Ordinary Shares outstanding.

Pursuant to the terms of the Bid Implementation Deed, prior to the end of the Offer Period and subject to the condition in relation to minimum acceptance having been satisfied or waived by BCPE, Nido must:

- (a) obtain the consent of Philip Byrne to the cancellation of all outstanding Nido Rights to Ordinary Shares for nil consideration;
- (b) cancel the Nido Rights to Ordinary Shares for nil consideration; and
- (c) provide copies of all documents reasonably requested by BCPE relating to the cancellation of the Nido Rights to Ordinary Shares.

## 9.11 Litigation

There is no current litigation of a material nature against Nido or any controlled entity of Nido. The Directors have no knowledge of any potential material litigation.

## 9.12 Bid Implementation Deed

Nido and BCPE have entered into the Bid Implementation Deed which governs their relationship in relation to the BCPE Offer. A summary of the Bid Implementation Deed is set out in section 8.4 of the Bidder's Statement.

Set out below are some of the more material terms of the Bid Implementation Deed.

### Termination rights

The Bid Implementation Deed may be terminated by immediate notice to the other party in the following circumstances:

- (a) if one party is in material breach of the Bid Implementation Deed, and to the extent the breach is capable of remedy, that breach is not remedied by the other party within 10 business days;
- (b) if the bid lapses for any reason, including non-satisfaction of a condition of the bid; or
- (c) if the Nido Board changes its unanimous recommendation of the BCPE Offer to Target shareholders.

## Exclusivity provisions

Nido must ensure that neither it nor any of its representatives:

- (a) directly or indirectly solicits, invites, facilitates (including by providing information), encourages or initiates any enquiries, negotiations or discussions, or communicates any intention to do any of these things, with a view to obtaining any expression of interest, offer or proposal from any other person in relation to a competing proposal or potential competing proposal;
- (b) enters into any agreement, arrangement of understanding in relation to, or which may reasonably be expected to lead to, an expression of interest, offer or proposal from any other person in relation to a competing proposal;
- (c) enters into, continues or participates in negotiations or discussions with any other person regarding a competing proposal or potential competing proposal,

until the earlier of the end of the Offer Period, termination of the Bid Implementation Deed or 6 months from the date of the Bid Implementation Deed (**Exclusivity Period**).

The restrictions in (b) and (c) above do not apply to the extent that they restrict Nido from taking or refusing to take any action with respect of a bona fide competing proposal (which was not solicited, invited, facilitated, encouraged or initiated in contravention of the restriction in (a) above) in circumstances where the Nido Board:

- (a) is acting in good faith and acting reasonably; and
- (b) obtains a written opinion from senior counsel practicing in the area of corporate law and its external legal advisers to the effect that it must take or refuse to take the action in question in order to properly discharge their fiduciary or statutory duties or legal obligations.

If a competing proposal is put to Nido during the Exclusivity Period, Nido must immediately inform BCPE of that fact, the identity of that person, the terms of any proposal made by that person and a copy of any such proposal.

In the event that a superior proposal arises, BCPE has a right to match such a proposal. If BCPE's proposal is on terms no less favourable than the other proposal, Nido must proceed exclusively with BCPE's proposal.

## Break fee

A break fee of \$1,200,000 is payable by Nido to BCPE in the event:

- (a) a Nido Director:
  - (i) makes any public statement to the effect that he or she does not support (or no longer supports) the BCPE Offer; or
  - (ii) fails to recommend the BCPE Offer to Nido Shareholders, or having done so, any Nido Director publically withdraws or varies his favourable recommendation of the Offer (or any party of it),

other than in circumstances where Nido is entitled to terminate the Bid Implementation Deed as a result of a material breach by BCPE of its obligations under the Bid Implementation Deed; or
- (b) BCPE terminates the Bid Implementation Deed as a result of a material breach by Nido of its obligations under the Bid Implementation Deed.

# TARGET'S STATEMENT

in response to the offer by BCP Energy International Pte. Ltd. to acquire all of your Nido Shares

## 9.13 Regulatory Approval

Nido has not been granted any modifications or exemptions by ASIC from the Corporations Act in connection with the takeover bid. Nor has Nido been granted any waivers from ASX in relation to the takeover bid.

## 9.14 No material change to the financial position of Nido

The financial position of Nido has not, so far as is known by the Directors, materially changed since 30 June 2014, being the date to which the Half Yearly Report relates, other than:

- (a) in respect of the incurring of actual and contingent transaction costs (including legal and financial advisory fees) associated with the BCPE Offer, as described in Section 5.10; and
- (b) as described elsewhere in this Target's Statement.

## 9.15 Effect of the BCPE Offer on Nido's material contracts

The reserves based lending facility that Nido has in place with Credit Suisse AG and Raiffeisen Bank International contains a "Review Event" clause, which provides the financiers with the right to request repayment of the facility on a change of control. If this right were exercised it could have a material adverse effect on Nido's activities and may affect Nido's ability to continue as a going concern.

## 9.16 No other material information

This Target's Statement is required to include all the information that Nido Shareholders and their respective professional advisers would reasonably require to make an informed assessment whether to accept the BCPE Offer, but only to the extent to which it is reasonable for Nido Shareholders and their respective professional advisers to expect to find this information in this Target's Statement, and only if the information is known to any Director.

The Directors are of the opinion that the information that Nido Shareholders and their respective professional advisers would reasonably require to make an informed assessment whether to accept the BCPE Offer is in:

- (a) the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- (b) Nido's annual reports and releases to ASX before the date of this Target's Statement;
- (c) documents lodged by Nido with ASIC before the date of this Target's Statement; and
- (d) the information contained in this Target's Statement.

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate. However, the Directors and their advisers do not take any responsibility for the contents of the Bidder's Statement, and are not to be taken as endorsing, in any way, any or all of the statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- (a) the nature of Nido Shares;
- (b) the matters that Nido Shareholders may reasonably be expected to know;
- (c) the fact that certain matters may reasonably be expected to be known to the professional advisers of Nido Shareholders; and
- (d) the time available to Nido to prepare this Target's Statement.



## 10. Definitions and interpretation

### 10.1 Definitions

<b>\$</b>	Australian dollars unless otherwise stated
<b>Acceptance Form</b>	an acceptance form enclosed within the Bidder's Statement
<b>Announcement Date</b>	4 August 2014, being the date of announcement of the BCPE Offer
<b>Annual Report</b>	Nido's 2013 Annual Report
<b>ASIC</b>	the Australian Securities and Investments Commission
<b>ASX Settlement</b>	ASX Settlement Pty Ltd ACN 008 504 532, the body that administers the CHESS System in Australia
<b>ASX Settlement Operating Rules</b>	the rules of ASX Settlement from time to time, except to the extent of any relief given by ASX Settlement
<b>ASX</b>	ASX Limited ACN 008 624 691 or, as the context requires, the financial market known as the Australian Securities Exchange operated by it
<b>Bangchak</b>	Bangchak Petroleum PCL of 555/1 Energy Complex, Building A, 10 <sup>th</sup> Floor, Vibhavadi Rangsit Rd, Chatuchak, Bangkok 10900 Thailand
<b>BCPE</b>	BCP Energy International Pte. Ltd. of 8 Marina Boulevard #05-02, Marina Bay Financial Centre, Singapore 018981
<b>BCPE Offer</b>	the offer by BCPE to acquire Nido Shares on the terms and conditions contained in the Bidder's Statement
<b>Bid Implementation Deed</b>	the implementation deed between Nido and BCPE dated 4 August 2014, the material terms of which are set out in section 8 of the Bidder's Statement
<b>Bidder's Statement</b>	BCPE's bidder's statement dated 4 August 2014
<b>Business Days</b>	a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Western Australia
<b>CGT</b>	Capital Gains Tax
<b>CHESS</b>	Clearing House Electronic Subregister System, which provides for electronic security transfer in Australia
<b>CHESS Holding</b>	a holding of Nido Shares on the CHESS sub register of Nido
<b>Controlling Participant</b>	the Participant who is designated as the controlling participant for Nido Shares in a CHESS Holding in accordance with the ASX Settlement Operating Rules
<b>Corporations Act</b>	Corporations Act 2001 (Cth)

# TARGET'S STATEMENT

in response to the offer by BCP Energy International Pte. Ltd. to acquire all of your Nido Shares

<b>Director</b>	a director of Nido
<b>Half-Yearly Report</b>	Nido's half-yearly financial report for the period ended 30 June 2014
<b>Issuer Sponsored Holding</b>	a holding of Nido Shares on Nido's issuer sponsored sub-register
<b>Last Trading Date</b>	29 July 2014, being the last day on which Nido Shares traded on ASX prior to the announcement of the BCPE Offer
<b>Listing Rules</b>	the official listing rules of ASX, as amended from time to time
<b>Material Adverse Change</b>	has the meaning given in the Bidder's Statement
<b>Nido</b>	Nido Petroleum Limited ACN 086 630 373
<b>Nido Board</b>	the board of Directors of Nido
<b>Nido Performance Rights</b>	the right to be issued with Nido Shares granted by Nido which are governed by the terms of Nido's Performance Rights Plan
<b>Nido Performance Rights Plan</b>	the employee performance rights plan approved on 15 March 2010 in relation to Nido Performance Rights issued after 12 April 2013, with the 2013 amendments approved on 12 April 2013
<b>Nido Rights to Ordinary Shares</b>	the rights to Nido Shares outstanding under the term for the Sign-on and Retention Bonus pursuant to the terms and conditions of Philip Byrne's original employment contract with Nido
<b>Nido Share</b>	a fully paid ordinary share in the capital of Nido
<b>Nido Shareholder</b>	a holder of Nido Shares
<b>Offer Consideration</b>	the consideration to be provided to Nido Shareholders under the terms and conditions of the Bidder's Statement and stated in Section 8.1
<b>Offer Period</b>	the period from 19 August 2014 until 7:00pm (Sydney time) on 19 September 2014, unless the BCPE Offer is extended
<b>Participant</b>	has the meaning given in the ASX Settlement Operating Rules
<b>Prescribed Occurrence</b>	has the meaning given in the Bidder's Statement
<b>Quarterly Report</b>	Nido's latest quarterly activities report for the period ended 30 June 2014
<b>Relevant Interest</b>	has the meaning given in section 9 of the Corporations Act
<b>Section</b>	a section of the Target's Statement
<b>Target's Statement</b>	this document, being Nido's target's statement
<b>VWAP</b>	volume weighted average price calculated as the total dollar value of Nido Shares traded divided by the total number of Nido Shares traded during the relevant period

## **10.2 Interpretation**

In this Target's Statement, unless the context requires otherwise:

- (a) all words and phrases in this Target's Statement have the meaning given to them, if any, in the Corporations Act;
- (b) the singular includes the plural and vice versa;
- (c) a gender includes all genders;
- (d) a reference to a person includes a corporation, other body corporate, unincorporated body, partnership, joint venture or association and vice versa;
- (e) headings are for ease of interpretation and do not affect meaning or interpretation;
- (f) where a term is defined, its other grammatical forms have a corresponding meaning; and
- (g) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.

# TARGET'S STATEMENT

in response to the offer by BCP Energy International Pte. Ltd. to acquire all of your Nido Shares

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## 11. Approval of Target's Statement

This Target's Statement is dated 1 September 2014 (being the date on which this Target's Statement was lodged with ASIC) and has been approved by a resolution of the Directors of Nido.

Signed for and on behalf of Nido Petroleum Limited:

A handwritten signature in black ink, appearing to read "William Bloking".

**William Bloking**  
Chairman

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# **TARGET'S STATEMENT**

in response to the offer by BCP Energy International Pte. Ltd. to acquire all of your Nido Shares

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# Corporate Directory

## Directors

William Bloking (Chairman)

Philip Byrne (Managing Director)

Andrew Edwards (Non Executive Director)

Eduardo Mañalac (Non Executive Director)

Michael Ollis (Non Executive Director)

## Company Secretary

John Newman

## Financial Adviser

Miro Advisors

Level 1

24 Kings Park Road

West Perth, Western Australia 6005

Australia

## Legal Adviser

Clayton Utz

Level 27, QV.1 Building

250 St Georges Terrace

Perth, Western Australia 6000

Australia

## Registered Office

Level 3, Aquila Centre

1 Preston Street

Como, Western Australia 6152

Australia

Telephone: +61 8 9474 0000

Facsimile: +61 8 9474 0099

Website: [www.nido.com.au](http://www.nido.com.au)

## Share Registry

Computershare Investor Services Pty Limited

Level 2, Reserve Bank Building

45 St Georges Terrace

Perth, Western Australia 6000

Australia

Telephone: +61 8 9323 2000

Facsimile: +61 8 9323 2033



