

27 August 2014

## ASX ANNOUNCEMENT

### Galoc Reserves and Activities Update

#### Highlights:

- Strong production performance since Phase II start-up in December 2013 to 31 July 2014 of over 2.0 MMbbls (gross); 1.8MMbbls since 1 January 2014 (gross).
- Independent reserves assessment by GCA at 31 July 2014, estimates Galoc oil field 1P Developed Reserves at 9.2 MMstb on a gross basis (1.8MMbbls on a net entitlement to Nido basis).
- 2P and 3P Developed Reserves are estimated at 11.9MMstb and 15.6MMstb respectively on a gross basis (2.3MMstb and 3.1MMstb on a net entitlement to Nido basis).
- Field expansion studies being considered by the SC 14C1 Operator.
- Decision of further drilling activities expected in late 2014 or early 2015.
- Nido has a 22.88% working interest in SC 14C1 and the Galoc oil field.

Nido Petroleum Limited (ASX: NDO) ("Nido" or the "Company") is pleased to provide the following update regarding the Galoc oil field in SC 14 C1, Republic of the Philippines:

#### Production Performance

Production performance from Galoc field has remained strong since start-up of Phase II in December 2013. The field has produced in excess of 2 MMbbls (gross) in the first eight months of Phase II production to end July 2014. Production between 1 January and 31 July 2014 has been 1.8 MMbbls (gross). Nido expects a total of ten (10) cargos will be delivered from the field during 2014, with the seven cargos already sold this year going to local South East Asian refineries.

#### Further Expansion Studies

During the year, Galoc field Operator Otto Energy has progressed technical studies which have provided a greater understanding of the Galoc main field area (currently being developed with four wells) and the exploration potential recognised in the Galoc Mid and Galoc North Areas.

Although no firm proposals are under consideration by the SC 14 C1 Joint Venture at this time, the Operator considers that the results of the current technical studies may lead to further activities to unlock the upside potential of the Galoc Mid Area and/or to undertake additional drilling and infill activities to complement existing productions at the Central Field Area.

## GCA Reserves Update

GCA has completed an Independent Reserves Update of the Galoc 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 Rules including recently implemented Listing Rules 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 and 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)
Developed Producing		
Proved Developed (1P)	9.2	1.8
Proved plus Probable Developed (2P)	11.9	2.3
Proved plus Probable plus Possible Developed (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.

Table 2 compares GCA's Independent Reserves assessment for the Galoc oil field at 31 July 2014 with the Reserves position at 31 December 2013, on a gross (100%) field basis.

Date	Reserves Gross (100%) Field Volumes MMstb		
	1P	2P	3P
31/12/2013	11	14	18.2
31/07/2014	9.2	11.9	15.6

### Managing Director Comment

*Phil Byrne Nido's Managing Director commented, "I am pleased with the continued strong production performance of the Galoc oil field and the excellent uptime performance being maintained by SC 14 C1 Operator Otto Energy. I look forward to the results of Operators technical studies towards the end of 2014, which I am confident will result in further expansion activities around the Galoc field area and/or drilling activities in the Mid Galoc exploration area"*

### Qualified Resources Evaluator Consent

In accordance with ASX Listing Rule 5.42, the Company confirms that the hydrocarbon reserves information contained in this document in relation to the Galoc oil field is based on and fairly represents information prepared by Mr Stephen M. Lane, B. Sc. (Hons.) Geology, Technical Director, Gaffney Cline & Associates, who is a member of the Society of Petroleum Engineers and has at least five years' experience in the sector. Mr Lane is not an employee of the Company and consented in writing to the inclusion of the hydrocarbon reserves information in the form and context in which it appears in this release.

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