

16 January 2014

ASX ANNOUNCEMENT

NIDO SECURES DRAGON OIL AS FARMIN PARTNER TO SC 63

Nido Petroleum Philippines Limited (ASX: NDO) ("Nido" or the "Company") is pleased to announce it has entered into a farm-out agreement with Dragon Oil plc ("Dragon Oil"), with respect to Service Contract 63 ("SC 63") NW Palawan Basin, Philippines.

Under the terms of the agreement, the farm-out will be completed as a two stage process, with Dragon Oil initially acquiring a 40% participating interest in SC 63 from Nido's current 50% participating interest in Service Contract 63.

To earn its 40% interest from Nido, Dragon Oil will:

- Pay on behalf of Nido, 56% of the cost of the Baragatan-1 exploration well based a US\$25.0 million cost cap (dry-hole). This equates to a 1.4 to 1 promote on the 40% farm-out interest and results in the company being fully carried for the Baragatan-1 with a small overfund of US\$1.5 million (based on the well cost cap). Costs above the cap will be shared in proportion to participating interests;
- On approval by the Philippines Department of Energy of the assignment of interest to Dragon Oil, Dragon Oil will reimburse the following costs to Nido:
 - US\$2.18 million of past seismic costs; and
 - US\$1.22 million of other past costs on a success case basis towards development expenditure.

The second stage of the farm-out is subject to certain conditions and Philippine Government approvals being met which will allow PNOC-Exploration Corporation ("PNOC-EC") the opportunity to divest a proportion of its participating interest in SC 63.

Assuming the relevant conditions are satisfied and approvals are secured for the second stage of the process, Nido will seek to secure an additional net 10% participating interest in SC 63 from PNOC-EC on the same terms agreed between Nido and Dragon Oil. Nido will then have a 20% working interest in SC63 and will then contribute US\$2.0 million towards the cost of the Baragatan well (based on the US\$25 million dry hole cost cap).

During the Baragatan-1 drilling operations Nido will remain as Technical Operator and PNOC-EC as Operator of the Service Contract. In this period, Dragon Oil will second personnel to the drilling team and will be responsible for overall drilling management. Following the drilling of the Baragatan-1 well Dragon Oil will have the right to become Operator of the Service Contract.

Miro Advisors assisted the Company with the farm-out process.

Nido's Managing Director, Phil Byrne, said, *"On behalf of the SC 63 Operator, PNOC-EC, I am extremely pleased to welcome Dragon Oil as a partner into the Service Contract and the drilling of the Baragatan-1 exploration well, in the first half next year. Dragon Oil brings a wealth of exploration, development and operating experience to the SC 63 Joint Venture through their expanding portfolio, in particular through their world class Turkmenistan producing asset.*

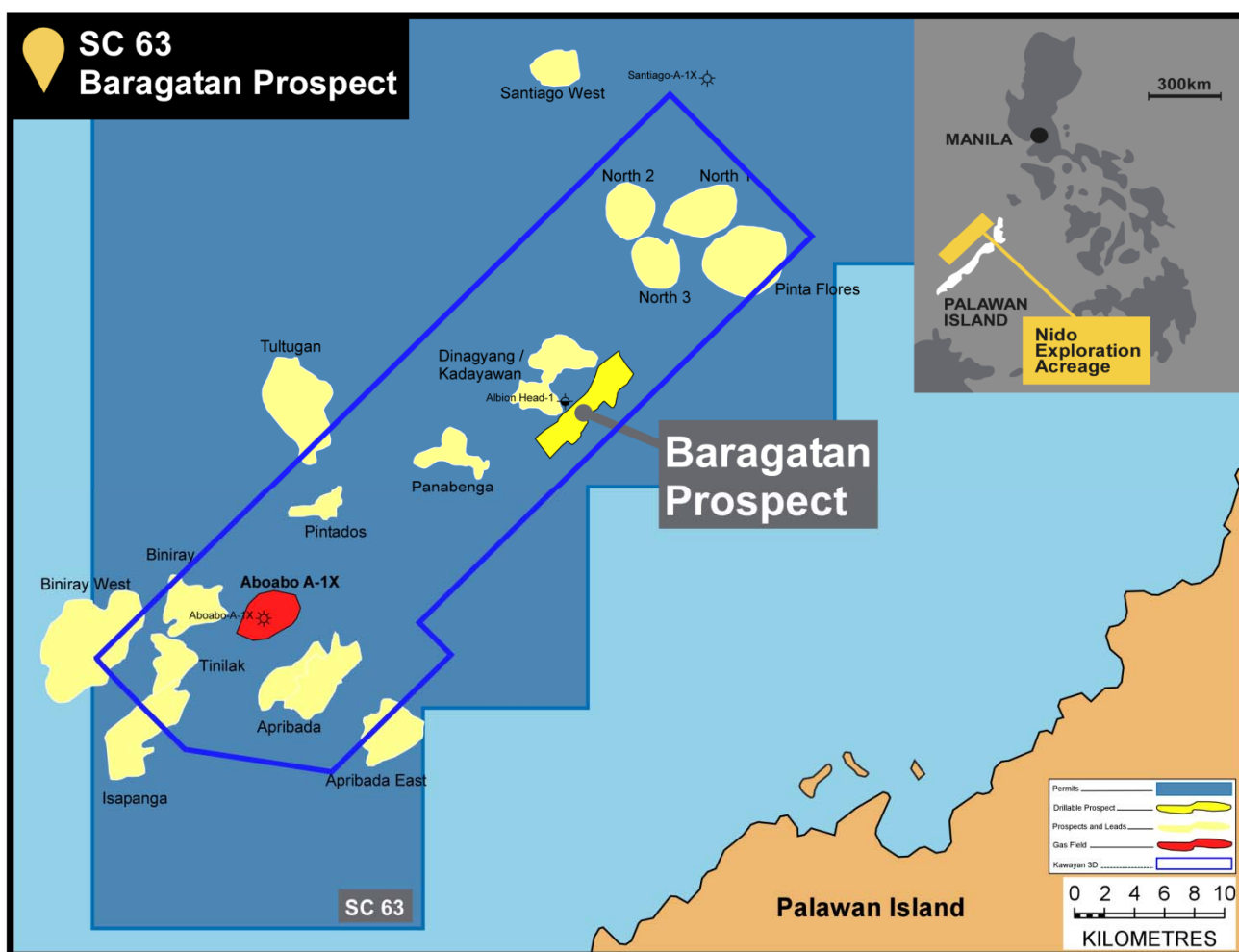
I look forward to working with Dragon Oil in SC 63 as Nido Petroleum moves ahead with its plans to drill at least four exploration wells in its Philippine and Indonesian acreage in 2014."

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



Dragon Oil

Dragon Oil is a leading independent international oil and gas exploration, development and production company headquartered in Dubai, UAE.

The company is listed on the London and Irish Stock exchanges (Ticker symbol: DGO) with a market capitalisation of US\$4.6 billion as of 13 January 2014. Its cash and cash equivalents and term deposits amounted to US\$1.9 billion with no debt as of 31 December 2013.

The company has significant operating experience (development and production) through its 100% interest in the Cheleken Contract Area offshore Turkmenistan. Oil and condensate 2P reserves were 675 million barrels with gas 2P reserves of 1.4 TCF and gas contingent resources of another 1.3 TCF as of 31 December 2013.

Dragon Oil also has exploration assets in Tunisia, Iraq, Afghanistan and Egypt. Further detailed information about Dragon Oil can be found at: www.dragonoil.com

Dragon Oil's asset portfolio:

