

21 October 2016

ASX ANNOUNCEMENT

Notice under section 708AA(2)(f) of the *Corporations Act 2001 (Cth)* as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73

This notice is given by Nido Petroleum Limited (ABN 65 086 630 373) (ASX: NDO) (**Nido**) under section 708AA(2)(f) of the *Corporations Act 2001 (Cth)* (**Corporations Act**) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73.

Nido has announced a renounceable pro-rata entitlement offer on the ASX (**Entitlement Offer**) of 11.2 fully paid ordinary Nido shares (**New Shares**) for every one fully paid ordinary Nido share held as at 7:00pm (AEDT) on 27 October 2016 by Nido shareholders with a registered address in Australia or New Zealand and certain other jurisdictions in which Nido has decided to extend the Entitlement Offer.

The Entitlement Offer is renounceable and entitlements will be tradeable on the ASX from 26 October 2016 to 22 November 2016.

Nido confirms that:

- 1 the New Shares will be offered for issue without disclosure to investors under Part 6D.2 of the Corporations Act;
- 2 this notice is being given under section 708AA(2)(f) of the Corporations Act;
- 3 as at the date of this notice, Nido has complied with:
 - (a) the provisions of Chapter 2M of the Corporations Act as they apply to Nido; and
 - (b) section 674 of the Corporations Act;
- 4 as at the date of this notice, there is no excluded information of the type referred to in section 708AA(8) or section 708AA(9) of the Corporations Act; and
- 5 the potential effect the issue of New Shares pursuant to the Entitlement Offer will have on control of Nido, and the consequences of that effect, will depend on a number of factors, including the extent to which eligible shareholders take up their entitlements and any additional New Shares under the 'Top Up Facility' and / or new shareholders apply for shares under a 'Shortfall Facility' (**Additional Shares**).

The potential effect on control is summarised below:

- (a) Nido's largest shareholder, BCP Energy International Pte Ltd (**BCPE**), controls 81.25% of Nido.
- (b) BCPE has committed to take up its full entitlement in respect of the Entitlement Offer and has informed Nido that it does not intend apply for any New Shares under the Top Up Facility or a Shortfall Facility.¹

¹ The terms of the commitment are summarised in the Offer Booklet in respect of the Entitlement Offer.

- (c) If BCPE takes up its full entitlement, then the potential effect of the issue of New Shares pursuant to the Entitlement Offer on the control of Nido is likely to be as follows:

Scenario	Aggregate take up of New Shares or Additional Shares by eligible shareholders (excluding BCPE) and new shareholders	BCPE's voting power in Nido post Entitlement Offer
One	100%	81.25%
Two	75%	84.90%
Three	43%	90.09%
Four	0%	98.14%

- (d) In all scenarios, the proportional interests of ineligible shareholders will be diluted because ineligible shareholders are not entitled to take up New Shares under the Entitlement Offer. As at the date of this notice, these ineligible shareholders hold less than 0.09% in aggregate. Therefore, Nido does not believe that extending the Entitlement Offer only to eligible shareholders will give rise to any material change in control of Nido.
- (e) Under scenario one, each eligible shareholder's percentage ownership interest (and voting power) in Nido – including that of BCPE – will remain the same and there will be no material effect on the control of Nido.
- (f) Under scenarios two to four, the percentage ownership interest (and voting power) of Nido's minority shareholders will be diluted and the voting power of BCPE will be increased. However, Nido notes that any such increase in the voting power of BCPE does not change BCPE's ability to influence voting on resolutions to be considered at shareholder meetings. This is because BCPE currently holds voting power in Nido of 81.25% and therefore has the ability to determine the outcome of voting at shareholder meetings on resolutions on which BCPE is entitled to vote.
- (g) Under scenarios three and four, if BCPE acquires over 90% of the voting power in Nido, then BCPE will be able to exercise the right of compulsory acquisition under Part 6A.2 of the Corporations Act.
- (h) Compulsory acquisition would entitle BCPE to acquire all of Nido's shares that it does not own (subject to compliance with the Corporations Act).
- (i) A decision about whether BCPE will exercise its compulsory acquisition rights in the event that its voting power in Nido reaches at least 90% as a result of the Entitlement Offer requires BCPE board approval. BCPE has informed Nido that board approval will be formally sought if this occurs. BCPE's current intention, subject to receiving board approval, is that it would exercise its compulsory acquisition rights in these circumstances. BCPE reserves its rights in respect of its intentions as any future decisions will be reached by BCPE based on all material information and circumstances at the relevant time, including circumstances that may be unrelated to Nido. Accordingly, this statement should not be taken as a commitment from BCPE to exercise its compulsory acquisition rights. BCPE has not engaged any advisers or independent experts to provide information as to the value of Nido and the price that would be payable to shareholders in the event BCPE decided to exercise its compulsory acquisition rights.
- (j) If BCPE's level of control does not exceed 90% as a result of the Entitlement Offer, BCPE may nevertheless subsequently move through the 90% threshold by way of the 'creep' exception in item 9 of section 611 of the Corporations Act.