

24 October 2016



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Dear Shareholder

Nido Petroleum Limited Renounceable Pro-Rata Entitlement Offer – Notice to Eligible Shareholders

On 21 October 2016, Nido Petroleum Limited (**Nido**) announced an 11.2 for 1 renounceable pro-rata entitlement offer of new fully paid ordinary Nido shares (**New Shares**) at an issue price of A\$0.065 per New Share to raise up to A\$31.9 million before costs (**Entitlement Offer**).

The Entitlement Offer

The Entitlement Offer comprises an offer to eligible shareholders in Australia, New Zealand, Singapore, Switzerland and Hong Kong (as described further below, **Eligible Shareholders**). The Entitlement Offer is being made without a prospectus in accordance with section 708AA 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).

Use of Funds and Commitment from Major Shareholder

The funds raised from the Entitlement Offer will be used to finance Nido's participating interest share (55.88%) of the costs of drilling the Galoc-7 appraisal well and, if required, an associated side-track (**Galoc-7/7ST**). Galoc-7/7ST will appraise the currently untested 'Galoc Mid Area' (**GMA**) of the Galoc Field situated in Block C1 of Service Contract 14 in the North West Palawin Basin, offshore Philippines. The funds raised may also provide additional contingency for unbudgeted cost overruns associated with Galoc-7/7ST and, in the event this contingency is not required, a small amount of working capital for post well analysis and, in the case of appraisal success, development planning.

Nido's largest Shareholder, BCP Energy International Pte Ltd (**BCPE**), has provided a commitment that it will take up its entitlement under the Entitlement Offer in full.¹ There is no minimum amount required to be raised under this Entitlement Offer, but the commitment from BCPE ensures that at least 81.25% of the A\$31.9 million (before costs) will be raised. If no other entitlements are taken up, Nido will raise approximately \$25.9 million (before costs) from BCPE's take up. This is expected to provide sufficient funds to finance Nido's participating interest share of Galoc-7/7ST and pay the Entitlement Offer costs.

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

Further Details Regarding Entitlement Offer

If you are an Eligible Shareholder, you will be able to subscribe for 11.2 New Shares for every one existing Nido share (**Entitlement**) held on the record date of 7pm (Australian Eastern Daylight Time (**AEDT**)) on 27 October 2016 (**Record Date**).

Eligible Shareholders may also apply for additional New Shares in excess of their Entitlement (**Additional Shares**) at an issue price of A\$0.065 per Additional Share under the Top Up Facility. Additional Shares will only be available where there is a shortfall between applications received from Eligible Shareholders and the number of New Shares proposed to be issued under the Entitlement Offer (**Shortfall**). BCPE has informed Nido that it does not intend to apply for any Additional Shares.

If the Shortfall is not satisfied by receipt of valid applications for Additional Shares, the shortfall between applications received from Eligible Shareholders (including any applications for Additional Shares) and the aggregate number of New Shares proposed to be issued under the Entitlement Offer is intended to be offered for sale to new shareholders under a shortfall facility, subject to market demand.

New Shares issued under the Entitlement Offer will rank equally with existing Nido shares in all respects. Fractional Entitlements will be rounded up to the nearest whole number of New Shares.

Eligible Shareholders and Sale of Entitlement

An Eligible Shareholder is a person:²

- who is registered as a holder of Shares on the Record Date;
- whose registered address on the Nido register of members is in Australia, New Zealand, Singapore, Switzerland or Hong Kong;
- who is not in the United States and is neither a U.S. Person³ nor acting for the account or benefit of a U.S. Person; and
- who is eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

All shareholders who are not Eligible Shareholders are ineligible shareholders (**Ineligible Shareholders**).

According to our records, you satisfy the eligibility criteria for an Eligible Shareholder.

Offer Booklet

This letter is not an offer document but rather an advance notice of some key terms and conditions of the Entitlement Offer. Full details of the Entitlement Offer are set out in an offer booklet (**Offer Booklet**), a copy of which is available on the Australian Securities Exchange (**ASX**) website: www.asx.com.au.

Eligible Shareholders will be mailed an Offer Booklet, together with a personalised entitlement and acceptance form which contains details of their Entitlement (**Entitlement and Acceptance Form**, together with the Offer Booklet, the **Offer Materials**), on or around 2 November 2016. You should read all of the Offer Materials carefully before deciding whether to participate in the Entitlement Offer.

² Person includes both a natural person or body corporate.

³ As defined in Regulation S under the US Securities Act of 1933 as amended (**U.S. Securities Act**).

Action Required by Eligible Shareholders

Choose any one of the below:

If you wish to take up all or part of your Entitlement (including applying for Additional Shares)

If you wish to take up your Entitlement in full or in part, please either:

- submit your completed Entitlement and Acceptance Form together with the requisite application monies so that both are received by 5pm (AEDT) on 29 November 2016; or
- make your payment of the amount of the full application monies via BPAY® for the number of New Shares and any Additional Shares you wish to apply for by following the instructions set out on your Entitlement and Acceptance Form so that payment is received by no later than 5pm (AEDT) on 29 November 2016. You should be aware that your financial institution may implement earlier cut-off times for electronic payment and you should take this into consideration when making your payment.

If you take up and pay for all or part of your Entitlement before the close of the Entitlement Offer, it is expected that you will be issued New Shares on 6 December 2016. Nido's decision on the number of New Shares to be issued to you will be final.

Eligible Shareholders are able to apply for Additional Shares, if they fully subscribe for all their Entitlement, as set out in their Entitlement and Acceptance Form.

If you wish to sell all or part of your Entitlement

Shareholders who do not wish to take up part or all of their Entitlements may be able to sell their Entitlements on ASX and recoup any value transfer. If you wish to sell all or part of your Entitlement on ASX, you should instruct your stockbroker and provide details as requested from your Entitlement and Acceptance Form.

Trading of Entitlements will commence on 26 October 2016.

If you wish to do nothing

If you are an Eligible Shareholder and you do nothing, or accept only part of your Entitlement, the New Shares attributable to your Entitlement that you do not take up, will first be offered for sale under the Top Up Facility and, if not taken up under the Top Up Facility, are intended to be offered for sale under a Shortfall Facility, subject to market demand.

If an offer is made under a shortfall facility, the New Shares or Additional Shares will be offered at a price per New Share or Additional Share that is no less than the Issue Price of \$0.065. Any proceeds of sale in excess of the Issue Price (net of withholding tax) will be paid to renouncing Shareholders. However, the ability to sell under a shortfall facility and obtain a clearing price through a shortfall facility that exceeds the Issue Price will be dependent on a number of factors, including market conditions, and no guarantee can be given that a price in excess of the Issue Price will be achieved and no guarantee of any price at all.

Market for Entitlements

Your Entitlement is renounceable and may be offered for sale on the ASX. Entitlements may be traded on ASX from 26 October 2016 to 22 November 2016. There is no guarantee that there will be a liquid market in traded Entitlements or any market at all. A lack of liquidity may impact your ability to sell your Entitlement on ASX and the price you may be able to achieve. A lack of a market means you will not be able to sell your Entitlement on ASX.

Before taking up your Entitlement, seeking to trade your Entitlement or choosing to do nothing in respect of your Entitlement, you should seek your own tax advice (and you may wish to refer to the tax disclosures contained in the Offer Booklet which will provide information on potential implications for Nido's shareholders).

Further information in relation to the Entitlement Offer has been disclosed on ASX.

Capital Structure

The number of shares on issue in Nido at the date of the Offer Booklet and the total number of shares that will be on issue in Nido following the Entitlement Offer, assuming the Entitlement Offer is fully subscribed, is set out as follows:

Event	Shares
Shares on issue as at the date of the Offer Booklet	43,853,212
New Shares proposed to be issued under the Entitlement Offer	491,155,974
Total shares on issue after completion of the Entitlement Offer	535,009,186

Indicative Timetable

The indicative timetable for the Entitlement Offer is as follows:

Event	Date
Announcement of the Entitlement Offer	Friday, 21 October 2016
Despatch notice to Shareholders	Monday, 24 October 2016
Ex date and Entitlement trading commences	Wednesday, 26 October 2016
Record Date for eligibility in the Entitlement Offer (7pm)	Thursday, 27 October 2016
Offer Booklet despatched, Entitlement Offer opens	Wednesday, 2 November 2016
Entitlement trading ends	Tuesday, 22 November 2016
New Shares quoted on a deferred settlement basis	Wednesday, 23 November 2016
Last day to extend the Entitlement Offer closing date	Thursday, 24 November 2016
Entitlement Offer closing date (5pm)	Tuesday, 29 November 2016
Nido notifies ASX of under subscriptions	Friday, 2 December 2016
Shortfall allocations completed	Friday, 2 December 2016
Issue New Shares issued under the Entitlement Offer	Tuesday, 6 December 2016
Trading of New Shares on a normal settlement basis	Wednesday, 7 December 2016
Despatch of holding statements for New Shares	Friday, 9 December 2016



All times and dates above refer to AEDT. Dates and times are indicative only and subject to change without notice. Nido reserves the right to vary any or all of these dates and times, including extending the period from and including the opening date and closing date of the Entitlement Offer or accepting late applications (either generally or in particular cases), without notice.

If you have any further questions, you should contact your stockbroker, accountant or other professional adviser. On behalf of the Board of Nido, I thank you for your continued support.

Yours sincerely

John Newman
Company Secretary
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Important Information

This letter has been prepared for publication in Australia and may not be released or distributed in the United States. This letter does not constitute an offer, invitation or recommendation to subscribe for or purchase any security or financial product. In particular, this letter does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer would be illegal. Any securities described in this letter have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state or jurisdiction of the United States. Accordingly, the securities may not be offered or sold directly or indirectly in the United States unless they have been registered under the U.S. Securities Act (which Nido has no obligation to do or procure) or are offered and sold in a transaction exempt from, or not subject to, the registration of the U.S. Securities Act and any other applicable United States state securities laws.

This letter is not financial product or investment advice, a recommendation to acquire shares in Nido or accounting, legal or tax advice. It has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial and tax situation and needs and seek appropriate legal and taxation advice.