

20 March 2006

Australian Stock Exchange Limited
Company Announcements Office
Level 10 Exchange Centre
20 Bond Street
SYDNEY NSW 2000

Nido Accepts Farm In Offer for SC 54, Philippines

Nido Petroleum Limited (Nido) is pleased to announce that it has accepted an offer from Perth-based Yilgarn Gold Limited (Yilgarn) to farm in to its Philippine Service Contract (SC) 54 acreage offshore Palawan Island.

Nido was awarded SC 54 on 5 August 2005 and acquired a 100% working interest with the intention of farming out part of its interest to manage its risk.

In undertaking its initial evaluation of the SC 54 contract area, Nido recognised as good oilfield practice the advantage of acquiring additional seismic data in order to mature existing prospects and leads prior to the commencement of the drilling program. Yilgarn's offer to farm in to SC 54 is attractive because it incorporates both a seismic and a well programme.

Yilgarn will earn a total 40% working interest in the SC 54 contract area upon the completion of two stages. In the first stage, Yilgarn will fund the acquisition and processing of seismic data on a 4:3 promote basis. This is based on estimated costs of US\$6 million for the seismic programme. Following the technical evaluation of the seismic data, Yilgarn is required to fund the drilling of a well on a 2:1 promote basis as the second stage to earn its 40% working interest. This is based on estimated costs of US\$15 million for the well.

The farm in offer is conditional upon Yilgarn obtaining finance for the seismic programme, relevant approvals, conducting a due diligence and executing a formal farm in agreement with Nido.

Nido's Managing Director, Mr David Whitby, said "This is a very successful outcome for Nido. In real terms, Nido will retain a 60% working interest in SC 54 and limit its exposure to around 27% of the estimated capital costs for the seismic programme and the well. Nido will also retain operatorship over the



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area. Nido is pleased to be working with Yilgarn, which has recently appointed top-level oil and gas executives with complementary expertise to Nido in seismic acquisition and processing and the exploration of deep-water turbidites.”

SC 54 comprises approximately 500,000 hectares and is contiguous to Nido's other Philippine acreage. It offers conventional plays targeting Nido Limestone reservoirs and also provides access to the highly prospective Miocene turbidite play fairway.

For more details on Yilgarn, visit their website at www.yilgarngold.com.

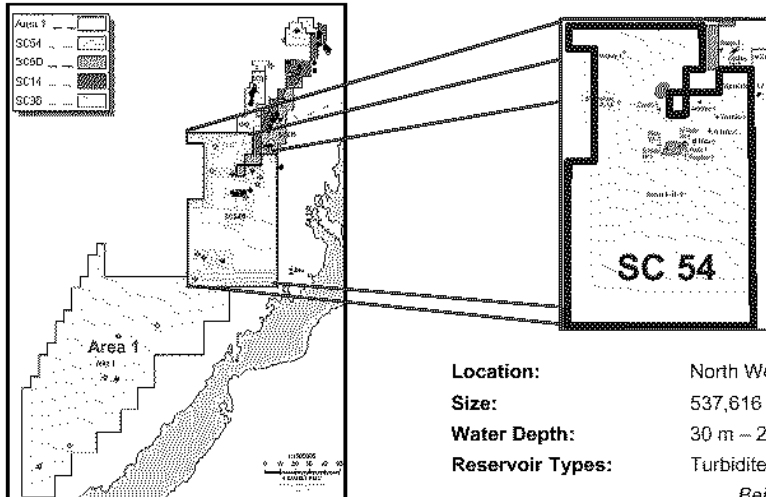
Yours faithfully,

A handwritten signature in black ink, appearing to read "D Whitby", with a long horizontal stroke extending to the right.

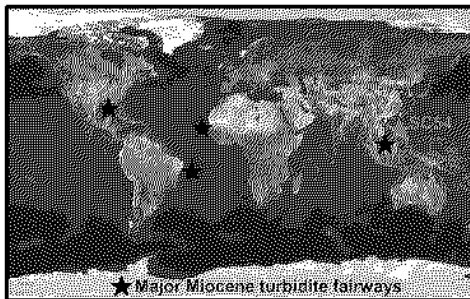
David Whitby
Managing Director

For further information, contact:
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SC 54: Reference Guide (see www.nido.com.au)



- Location:** North West Palawan Basin, Philippines
Size: 537,616 hectares (1.33 million acres)
Water Depth: 30 m – 2,000 m
Reservoir Types: Turbidite Sandstones
*Being developed at Galoc Platform/Pinnacle Reef Carbonates
 Producing at Malampaya*
Seismic: 2D & 3D coverage
Nearby Field: Malampaya Gas Field (Shell/Chevron-Texaco) 3.2 Tcf Gas/100 million bbl Oil
Commitment: 3D seismic program in 2006, well commitment in 2007



Miocene Turbidites are the productive reservoirs in some of the World's most prolific basins including Gulf of Mexico, Campos Basin, Mauritania & Brunell/Sabah...these same reservoirs have been identified on 3D seismic in SC54 in the Philippines

Company	Before	After
	Farm in	Farm in
Nido Petroleum Ltd	100%	60%
Yilgarn Gold Ltd	0%	40%