

28 May 2008

Company Announcements Office
Australian Stock Exchange Limited
Level 4 Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Nido Raises \$41.25 million to Initiate Expanded SC54 Drilling Program

Nido Petroleum Ltd (Nido) is pleased to announce the completion of a share placement to sophisticated investors raising gross funds of \$41.25 million. The share placement was jointly arranged by CLSA Asia-Pacific Markets and Merrill Lynch.

Service Contract 54 Drilling Program

On 29 April 2008, Nido announced plans to expand its drilling program in Service Contract 54 (SC54) from one well to three wells. Nido and its Joint Venture partner Kairiki Energy Limited budgeted to drill at least two shallow water wells with a jack-up rig at the end of 2008, followed by drilling of the Gindara prospect in 2009. The purpose of the fundraising is primarily to initiate this accelerated three-well drilling program that will form the beginning of a larger scale program to be conducted over the next five years. Current record oil prices of over A\$130/bbl provide an ideal environment for evaluation of this area with the aim of rapidly extracting maximum value from Nido's Palawan Basin acreage. The funds raised will ensure that Nido is well positioned to secure drilling rigs and additional long lead time items for the increased drilling program in the current tight market conditions.

In addition to meeting SC54 drilling commitments, the funds raised from the share placement will be used to meet Nido's working capital requirements pending the receipt of Galoc revenues, which have been delayed by approximately 60 days resulting in increased capital costs from initial budgetary amounts. Nido is confident that, with hook-up and commissioning of the FPSO underway, further delays to the Galoc project are unlikely to arise, with first oil expected in June.

Share Placement

The share placement has enabled Nido to strengthen and diversify its institutional shareholder base, including through the introduction of new funds from London, Singapore and Australia.

Nido's President and CEO, Jocot de Dios, said, 'We have been overwhelmed with the level of interest from investors who strongly support Nido's strategy of accelerating its exploration activities, as shown by the share placement being well oversubscribed. Investors have been excited to learn of the substantial value afforded by Nido's exploration acreage which represents an opportunity to take part

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in what is a unique story in the oil industry today: a large position in an underexplored hydrocarbon basin with significant identified oil-in-place potential in excess of 11 billion barrels (gross, unrisks) across Nido's entire exploration portfolio. With the oil price climbing to new heights each day, this fundraising will enable us, once again, to seize the first mover advantage by accelerating our exploration drilling program."

The funds will be raised through the issue of 82.5 million shares at a price of \$0.50 per share. The shares will be issued within the scope of Nido's available share placement capacity under ASX Listing Rule 7.1. Settlement of the fundraising is anticipated to occur on 2 June 2008, with the quotation of the new shares expected on 3 June 2008. Upon quotation, Nido's total issued share capital will be 1,050,314,774 shares.

Yours sincerely



Jocot de Dios
President & Chief Executive Officer

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