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Australian Securities Exchange Limited
Company Announcements Office
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Yakal-1 oil discovery

Nido Petroleum Limited (Nido) and its Joint Venture partner Kairiki Energy Limited (Kairiki) are pleased to provide this progress report on the Yakal-1 well currently drilling in SC 54, located in the NW Palawan Basin, offshore the Philippines. As of the date of the last report, Yakal-1 had drilled into the top of the Nido Formation reservoir at 1,773 mRT (metres below the rig rotary table) some 43 metres high to prognosis.

Since that report, the 9 5/8" inch casing has been set across the overlying Pagasa Formation and an 8 1/2" hole drilled through the Nido Formation reservoir to a total depth 1,969.5 mRT. While drilling, the reservoir section to 1,862 mRT showed elevated mud log gas readings (C1 to C5) combined with strong oil fluorescence in cuttings recovered to surface.

Wireline logging over the weekend has confirmed the presence of at least a 66 metre gross oil column in the Nido reservoir section between 1,773 mRT and 1,839 mRT. No definitive oil-water-contact (OWC) has yet been determined and the SC 54 Joint Venture is continuing to evaluate the oil bearing section with further electric logs. This will include wireline pressure measurements and fluid samples across the oil-bearing section which should clarify the extent of the oil column below 1,839mRT.

Nido will continue to issue milestone progress reports to the market as appropriate during the campaign.

Yours sincerely,



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