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

Up to 24.5million barrels independently assessed at Tindalo

Nido Petroleum Limited (Nido) and its joint venture partner Kairiki Energy (Kairiki) are pleased to provide an update on the evaluation of the recent Yakal and Tindalo oil discoveries in the attached release.

Laurie Brown, Kairiki's Managing Director adds, "Since the SC54 Joint Venture completed drilling the two back to back discoveries in October 2008 Kairiki has eagerly awaited the independent assessment of the resources in Tindalo and Yakal. The receipt of the independent report on our two initial discoveries confirms our view of the increased prospectivity of the SC54 permit. The SC 54 Joint Venture concludes that the results of the two wells have highlighted the potential for the extensive portfolio of shallow water pinnacle reefs, of which there are more than an additional twenty, to deliver significant value to the Joint Venture".

Through a low cost rig-based Extended Well Test, these results now provide a platform for the joint venture to rapidly and cost effectively commercialise this resource, and beyond into the greater portfolio. We believe that this is an exciting project, offering the capability through cash flow proceeds to potentially self fund additional potentially high value projects such as Yakal and/or other discoveries and prospects in the area. We look forward to realising the value this opportunity presents, including the impact on the greater inboard portfolio."

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Up to 24.5 million barrels Independently Assessed at Tindalo

Nido Petroleum Limited (Nido) and its Joint Venture partner Kairiki Energy Limited (Kairiki) are pleased to provide an update on the evaluation of the recent Yakal and Tindalo oil discoveries in Service Contract 54 (SC 54).

Highlights from this update are:

- Contingent resources independently confirmed for the Tindalo and Yakal discoveries
- Up to 24.5 million barrels oil in place at Tindalo
- Up to 10.7 million barrels oil in place at Yakal
- Early revenue and key appraisal information may be generated by using a long-term production test at Tindalo-1.

Exciting Opportunity

Ms Joanne Williams, Nido's Deputy Managing Director said, "The contingent resources confirmed at Tindalo and Yakal together with the opportunity for early cash-flow is very exciting, potentially creating a second revenue stream for Nido as early as 2010. The early appraisal information on reservoir productivity this could supply will also be critical for our future plans in the area as the Tindalo-1 well was not tested at the time of discovery. With a rig mobilised to the area, and subject to promising initial results from Tindalo, potential follow-up programs could include a Yakal production test or further drilling immediately afterwards."

Ms Williams went on to say, "The jack-up rig market has softened considerably since our drilling program in 2008 which makes it possible to economically accelerate the development in this way. Nido's strategy is to exploit the opportunity that the lower rig rate environment has created to appraise Tindalo and generate early cash-flow from the area. This initial project has the capacity to support a self-funded area development strategy where a portion of the cash-flow generated could be applied to fund additional potentially high value projects in the area such as Yakal and other discoveries and prospects in the area."

Oil Volumes Independently Reviewed

A detailed analysis of the drilling data, oil samples, pressures and wireline log data from the Yakal-1 and Tindalo-1 discovery wells which intersected the target Nido Limestone formation has indicated that the oil column heights penetrated in the wells are 78-93m and 124-144m, respectively. In addition, a detailed evaluation of the reservoir properties using the wireline logs from both of the wells (including some non-conventional logs never before run in any Palawan Basin well) has provided an improved understanding of the porosity and net pay of the reservoir and resulted in a substantial increase in estimated oil in-place volumes for the two discoveries. This potentially has a follow-on impact to similar prospects in the immediate area.

The information has been reviewed by independent consultants, ISIS Petroleum Consultants Pty Ltd (“Isis”). The resources discovered by the Tindalo-1 and Yakal-1 wells are defined as Contingent Resources in the Development Pending sub-class under the Petroleum Resources Management System approved by the Society of Petroleum Engineers.

The SC 54 Joint Venture will build static and dynamic reservoir models based on the Isis depth mapping of the 3D seismic data over the Yakal-1 and Tindalo-1 structures. The dynamic model will provide a sound basis for establishing the most likely recovery factors for the Yakal-1 and Tindalo-1 oil pools.

Isis has independently estimated the field size, reservoir quality and volumetrics. Isis has confirmed that the in-place probabilistic resource volumes (STOIIP) in the Yakal and Tindalo oil pools are as follows:

	Tindalo				Yakal			
	P90	P50	P10	Mean	P90	P50	P10	Mean
STOIIP (MMbbl)	5.0	11.0	24.5	13.4	2.4	5.1	10.7	6.0

Based on production histories of surrounding analogous oil fields (such as Nido A, Nido B and Matinloc, in Service Contract 14), Nido estimates that recovery factors for the Tindalo and Yakal oil pools are expected to be in the range 35% - 45%.

Commercialisation Opportunity

The oil volumes identified at Tindalo and Yakal demonstrate encouraging economics for commercialisation via either single well production through a jack-up drilling rig or a “cluster” development option aggregating several fields, including Tindalo and Yakal, into a single production facility for concurrent production.

While the Joint Venture has yet to make a definitive choice, the most simple and cost effective solution to rapidly commercialise the opportunity is to conduct a production test at Tindalo-1 through a jack-up drilling rig to appraise the well productivity over an initial period of several months. In the event of a successful test, oil produced during this period would be collected in an offset tanker and then sold generating early cash-flow from the area. At the end of the production test, Tindalo-1 could either be suspended pending a phase 2 “cluster”

development in the area or continue to produce through the drilling rig until end of field life. Tindalo-1 could be potentially brought to production in this way within 6 to 9 months of a favourable final investment decision by the Joint Venture.

Next Steps

Next steps to progress this option (pending the appropriate approvals) are detailed subsurface modelling studies to more accurately predict the likely production rates, refine volume estimates and allow for reserves certification. In parallel, engineering design work and contract tendering with a rig, tanker and ancillary service providers would also be completed prior to the Joint Venture making a final investment decision.

Yours sincerely



Joanne Williams
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