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

Nido to treble its Service Contract 54 drilling program

Nido Petroleum Ltd (Nido) is pleased to announce plans to expand its drilling program in Service Contract 54 (SC54) by accelerating its shallow water strategy. Nido and its Joint Venture partner Kairiki Energy Limited (Kairiki) have approved a budget to drill at least two shallow water wells with a jack-up rig at the end of 2008 followed by the drilling of the Gindara prospect in 2009.

Deputy Managing Director, Joanne Williams, said "The majority of previous drilling in the Palawan Basin has focussed on the Nido pinnacle reef play – this is the proven play type in the Basin where historical drilling on 2D seismic has demonstrated greater than a 50% success rate. The shallow water area of SC54 boasts more than 20 pinnacle reef discoveries and prospects with potential oil in place ranging from 2 to 20 million barrels each. With the modern 3D seismic now covering the targeted area, these drilling opportunities are considered very low risk."

Ms Williams went on to say, "Current record oil prices of over A\$120/bbl provide the perfect environment for the evaluation of this area. While each individual drilling target is of moderate size, the sheer number of targets together with their very low risk represents a material opportunity for near-term cashflow potential, should the evaluation prove successful at year-end. We intend to kick off the evaluation of the shallow water area with the drilling of at least two wells."

Nido's Head of Exploration, Jon Pattillo, confirmed that, "With the acceleration of the shallow water program, Nido now plans to increase its SC54 drilling program from one well at Gindara to three wells. Procurement of long lead items is underway and we are currently in the final stages of negotiation for two rigs to drill the three-well programme. We expect to contract a jack-up rig to drill the two shallow water wells towards the end of 2008 and a semi-submersible rig to drill the deeper water Gindara exploration well in mid-2009. Securing rigs in the current environment has been a challenge, but we look forward to concluding contracts on both rigs within weeks."

Yours sincerely



Joanne Williams
Deputy Managing Director

For more information please contact: Ms. Joanne Williams, Ph: +61 8 9474 0000 www.nido.com.au

Aquila Centre
Level 3, 1 Preston Street
Como WA 6152
P :+61 8 9474 0000
F: +61 8 9474 0099
www.nido.com.au

3rd Floor Paseo de Roxas Building
111 Paseo de Roxas Street
Legaspi Village, Makati City
MC 3117 Philippines 1229
P: +63 2 817 1681
F: +63 2 817 9978

ASX Code: NDO

