

12 December 2014

ASX ANNOUNCEMENT

RECOMMENDED CASH OFFER FOR GALOC PRODUCTION COMPANY WLL

- Nido Petroleum offers US\$108 million cash for Otto Energy's 33 per cent working interest in the Galoc oil field in the Philippines
- Nido's offer has been recommended by Otto Energy's board as a superior offer to the previous sale agreement with Risco Energy Investments
- Bangchak Petroleum has committed to providing Nido a revolving debt facility of US\$120 million
- Nido's offer is conditional on Otto shareholder approval

Nido Petroleum Limited (ASX:NDO) ('Nido' or the 'Company') and Otto Energy Limited (ASX:OEL) ('Otto') are pleased to announce that the companies have executed a Sale and Purchase Agreement ('SPA') whereby Nido will acquire 100 per cent of the shares in Galoc Production Company WLL ('GPC'), the holder of Otto's 33 per cent working interest in the Galoc oil field, located in Service Contract 14C1 in the Philippines.

Under the terms of the SPA, Nido will pay Otto US\$108 million based on the value of GPC as at 1 July 2014. Nido will pay Otto a US\$10.8 million deposit and will assume all production rights and liabilities associated with Otto's 33 per cent working interest (including abandonment costs) with effect from 1 July 2014. Completion of the transaction is conditional on Otto shareholder approval.

The Otto board has unanimously recommended Nido's cash offer ('the Offer'), deeming it superior to the existing US\$101.4 million sale and purchase agreement for GPC entered into with Risco Energy Investments Pte Ltd ('Risco') on 22 September 2014.

ASX has confirmed Nido shareholder approval is not required for this transaction pursuant to Listing Rules 11.1.2 and 11.1.3.

Nido intends to fund the acquisition through a combination of existing cash reserves and debt. As part of the funding arrangements, Nido's major shareholder, Bangchak Petroleum Public Company Limited ('Bangchak') of Thailand, has committed to providing Nido a revolving debt facility on an arm's length basis in order to provide Otto shareholders certainty of funding for the Offer.

The proposed Bangchak facility agreement is for up to USD\$120 Million with an initial interest rate of 6% per annum plus LIBOR. The interest rate increases by 2% annually with a maximum rate of 12% plus LIBOR. The security package for the loan which is conditional upon shareholder and other approvals involves a second ranking charge over the Company's account for the receipts from Galoc production. The Company intends to seek shareholder approval for the loan security package at its next Annual General Meeting in 2015.

If Nido's offer is successful, the company's interest in the Galoc oil field will increase to 55.88 per cent and it will assume operatorship of the project. The acquisition will increase Nido's production base to more than 4,000 barrels of oil per day.

Nido's Managing Director Philip Byrne said: *"Acquiring Otto's stake in Galoc is a logical growth opportunity for Nido and one that fits neatly with the strategy Bangchak communicated upon taking majority ownership of the company earlier this year. Nido's increased participating interest and appointment as operator will also put the Company in a controlling position as the Joint Venture moves forward towards a further potential expansion of the Galoc oil field. We look forward to building on our role as a consolidator in the South East Asian oil and gas sector."*

Bangchak, whose primary business is refining, marketing and selling petroleum products in Thailand, owns 81.41 per cent of Nido. Its support for the Offer is in line with its strategy to build a substantial upstream oil and gas business, using Nido as the local vehicle from which to grow.

Bangchak President Vichien Usanachote said: *"Nido has provided Bangchak with a platform to grow our upstream capability. This is therefore the initial step in using Nido as a vehicle to aggregate production and exploration opportunities in the region. I expect that this will be the first of many opportunities that we will capture going forward"*.

Nido is advised by Record Point and Allens.

For further information please contact:

Phil Byrne
Managing Director

Nido Petroleum
+61 8 9474 0000

reception@nido.com.au

Media: Luke Forrestal
Account Manager

Cannings Purple
+61 411 479 144

lforrestal@canningspurple.com.au

ABOUT NIDO PETROLEUM

Nido Petroleum is an ASX-listed, South East Asian-focused oil and gas exploration and production company. The Company owns a 22.88 per cent working interest in the Galoc oil field, located in Service Contract 14C in the North West Palawan Basin in the Philippines, which nets production of approximately 2,500 bopd. It also holds significant acreage in the North West Palawan, the Penyu and West Natuna basins in Indonesia. Bangchak Petroleum currently owns 81.41 per cent of Nido after making a takeover offer for the Company in August 2014.

ABOUT BANGCHAK PETROLEUM

Bangchak Petroleum is a Thai public company whose key business is in the refining, marketing and selling of petroleum products in Thailand. Bangchak is listed on the Thai Stock Exchange (SET:BCP) and has a market capitalisation of around A\$1.7 billion as at 28 November 2014. Bangchak generated sales of around A\$6.7 billion for the 12 months ending 30 September 2014.