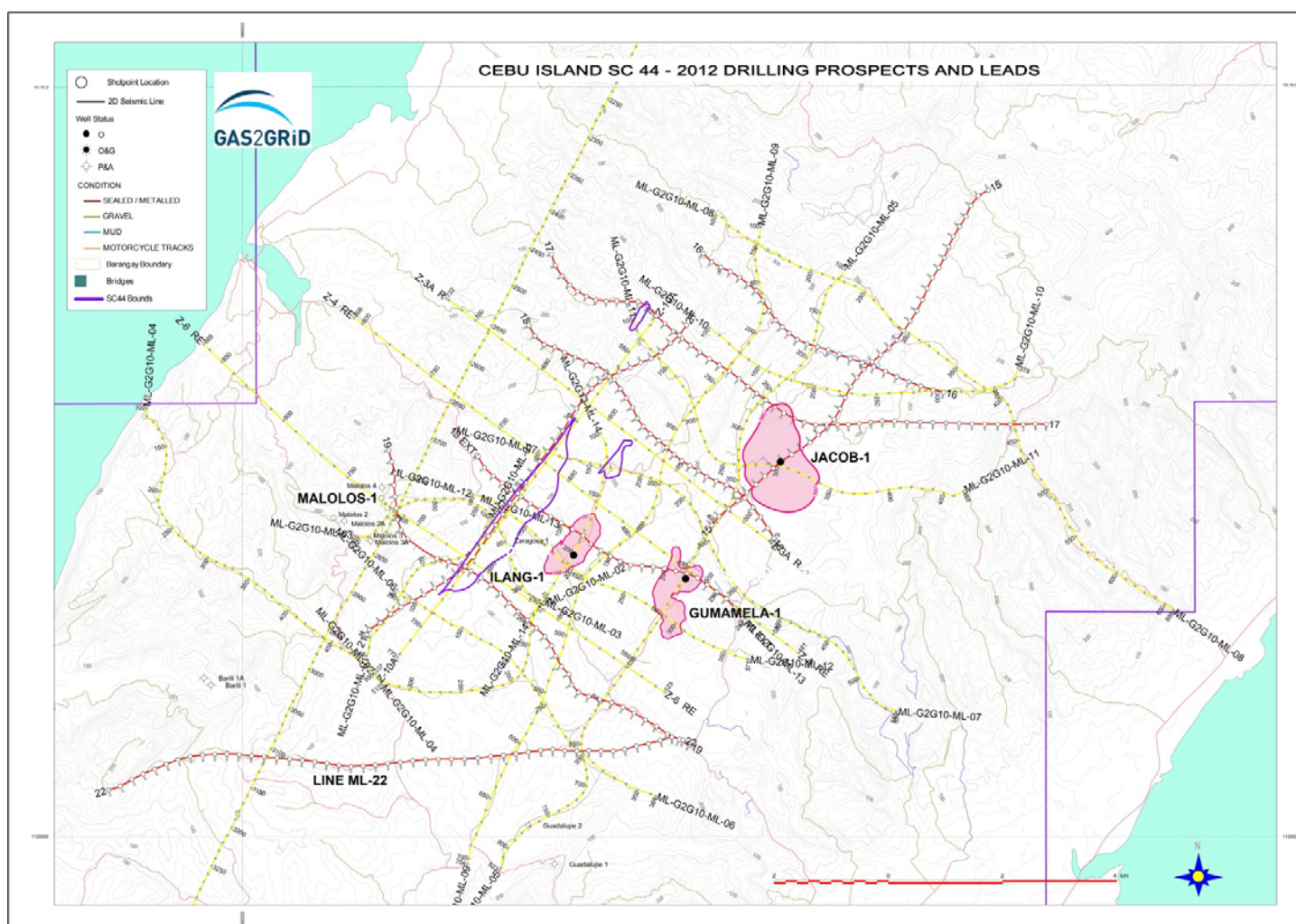


10<sup>th</sup> December 2012

## PHILIPPINES - UPDATE

### SERVICE CONTRACT 44 (100%), Onshore Cebu, Philippines

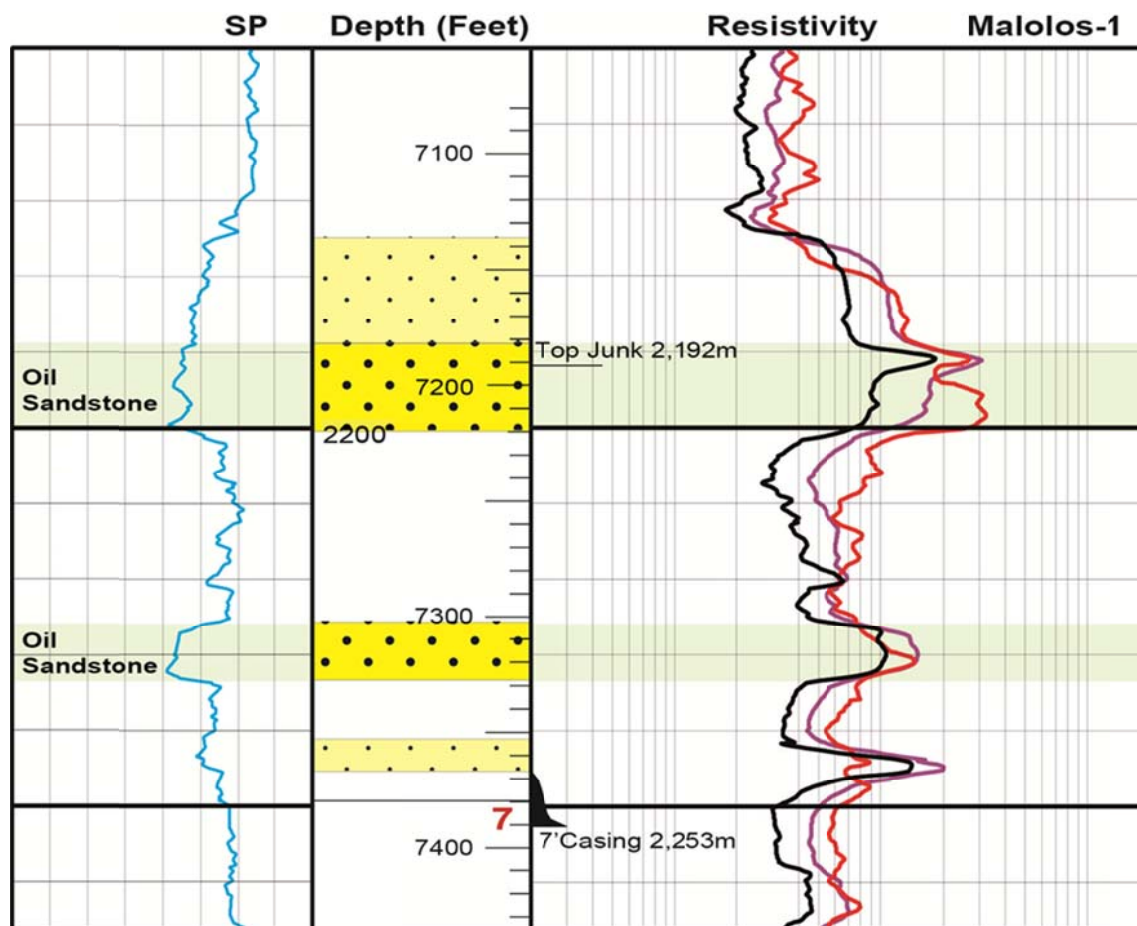


#### Location of Malolos-1, Jacob-1, Gumamela-1 and Ilang -1

#### WORKOVER: Malolos-1

Rig-1 is being rigged up at Malolos-1 after having successfully recovered tubing from Nuevo Malolos-1 with some delay due to the typhoon that passed over the Philippines last week. No damage was caused to the rig. By the end of the week Rig-1 will commence to drill out the junk in the hole at approximately 2,195 metres. After removal of the junk from the hole, the oil bearing sandstone reservoirs located between 2,175-2,233 metres will be perforated and flow tested. Following the completion of the oil flow testing, the 4 interpreted gas bearing sandstone, located between 1,657-2,034 metres, will also be

perforated and flow tested. It is anticipated the two objectives of this workover program will take approximately 6 weeks to complete.



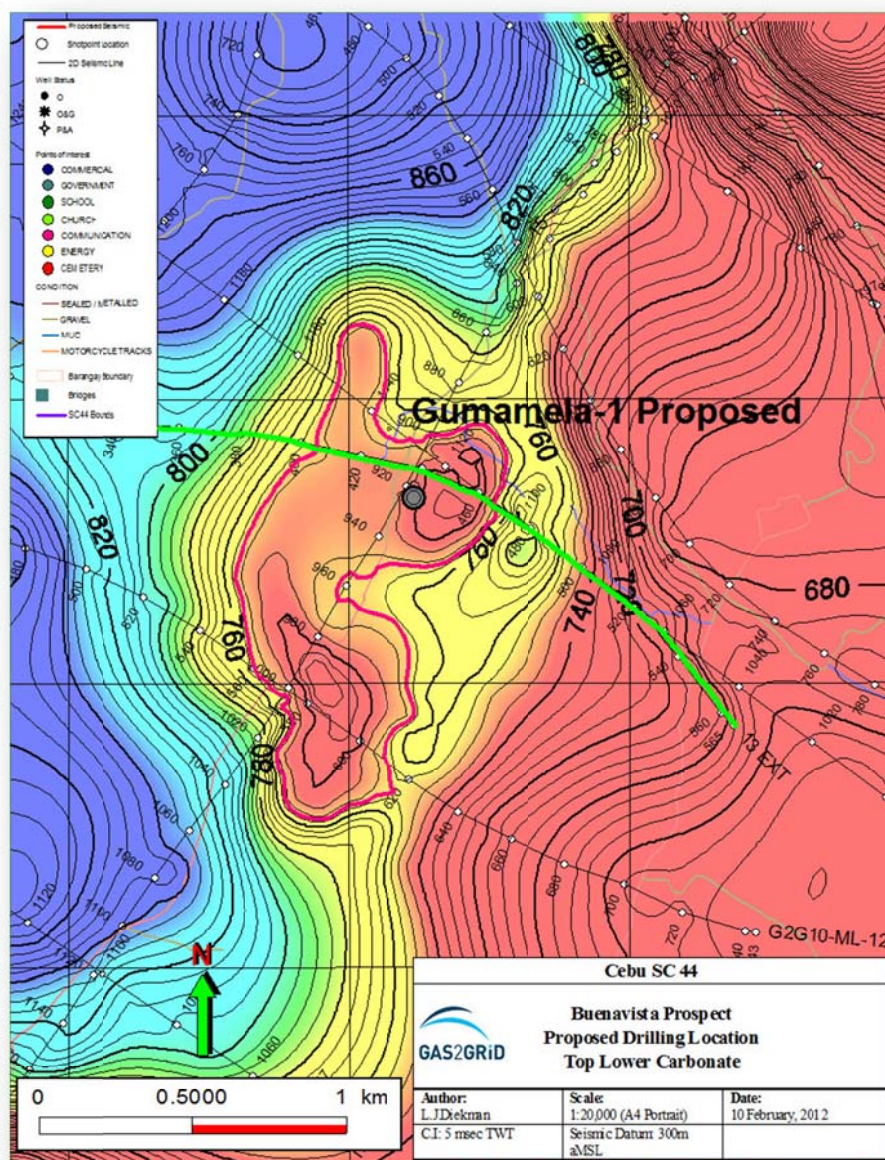
**Malolos-1: Electric Log Indicating Oil Bearing Sandstones**

### GUMAMELA-1

Rig-2 has now been completely mobilized to Gumamela-1 and is being rigged up. A short delay has occurred because of the typhoon and no damage was caused to the rig. We plan to spud Gumamela-1 by the end of this week subject to no adverse weather conditions.

Gumamela-1, the next well to be drilled in the 3 well exploration program using the company owned Rig-2, is located approximately 3 kilometres south of the recently drilled Jacob-1. Gumamela-1 is designed to test a Miocene age, Cebu Limestone, pinnacle reef with a secondary target in the overlying

draped sandstone reservoirs of the Malubog and Toledo Formations. Gumamela-1 has an estimated 15 million barrels of recoverable oil potential. The well is programmed to be drilled to a total depth of between 1,000 -1,300 metres and it is anticipated that it will take 25 days to drill.



**Gumamela Prospect: Two-Way-Time Structure Map (Top Cebu Limestone)**

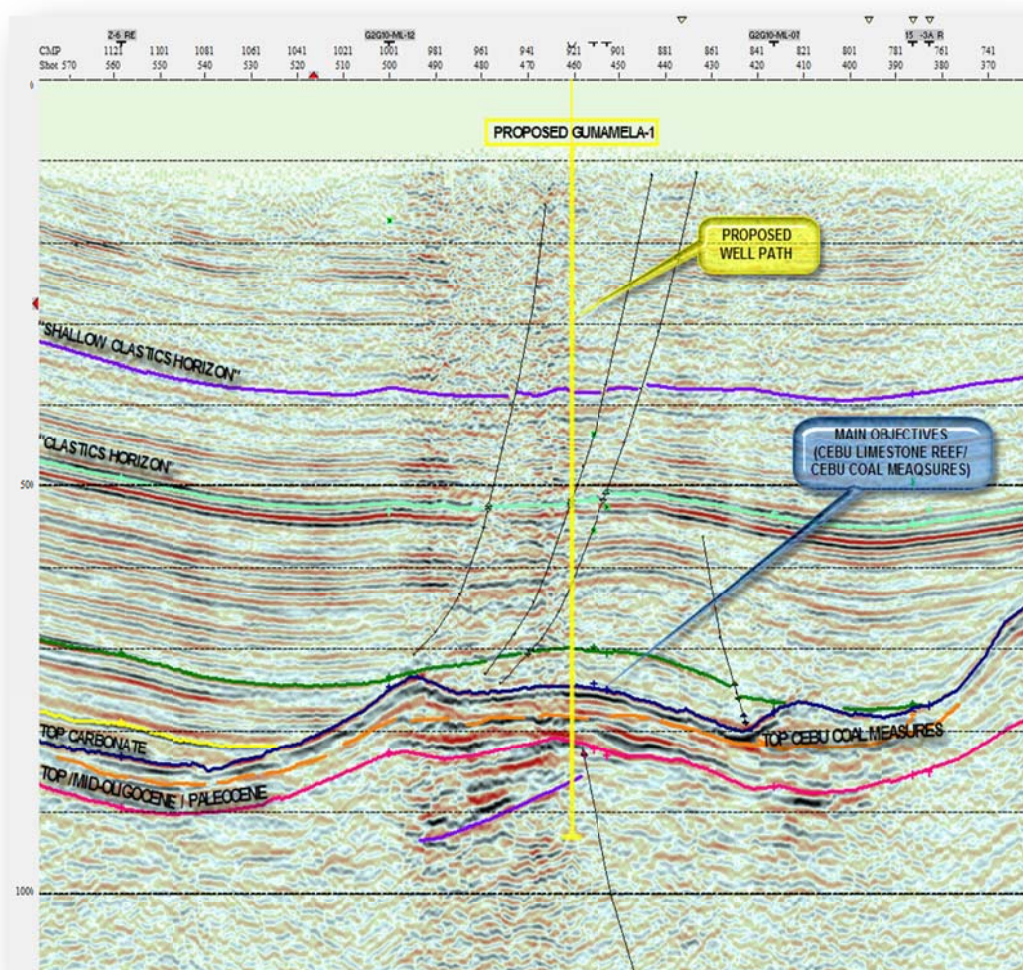
The tight nature of the limestone reservoir in Jacob-1 does not necessarily translate to the Gumamela reef which is located some 3 kilometres away from the Jacob-1 reef and in a different basin position.

Gumamela-1 also has good prospects for the sandstone reservoirs that will likely be present in the section

overlying the limestone reef target. The same sandstones are oil and gas bearing in Malolos-1 and in the nearby Toledo and Alegria oil fields.

### JACOB-1

Jacob-1 is temporarily suspended to enable re-entry and swabbing of the fractured interval within the Cebu Limestone. The swabbing operation will be conducted by Rig-1 once it has completed the Malolos-1 workover and flow testing operations.



Gumamela Prospect: Seismic Line ML-10-05

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