



ABN 46 112 138 780

14<sup>th</sup> January, 2013

## **PHILIPPINES – OPERATIONS UPDATE Malolos-1 Workover Progress**

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

**Malolos-1:** No progress has been made since the last ASX release (8<sup>th</sup> January) due to mechanical repairs on the rig. Work should recommence this week.

The Company is now focused on completing the workover and testing of Malolos-1, which it plans to complete over the next 4-6 weeks. Rig-1 is conducting this work and operational updates will be provided by ASX release when relevant information becomes available.

Oil (39° API) was recovered on several drillstem tests conducted over the gross interval 2,185-2,233 metres when the Malolos-1 well was originally drilled and tested in 1960. Sustained production from these oil bearing sandstones was not established at that time. We are attempting to access these same oil reservoirs and conduct tests to try and establish commercial oil production.

Malolos-1 workover operations were suspended in late 2011 when “junk” was encountered at the bottom of the hole precluding testing of the main oil bearing sandstone intervals. The forward plan is to perforate and flow test the lower oil bearing sandstone intervals followed by the shallower sandstone reservoir intervals that have been interpreted as being gas bearing, based on both the cased-hole and open-hole wireline logs.

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