

18th June, 2013

**MALOLOS-1 - UPPER SANDSTONE SIGNIFICANT OIL RECOVERY
SERVICE CONTRACT 44 (100%), Onshore Cebu, Philippines**

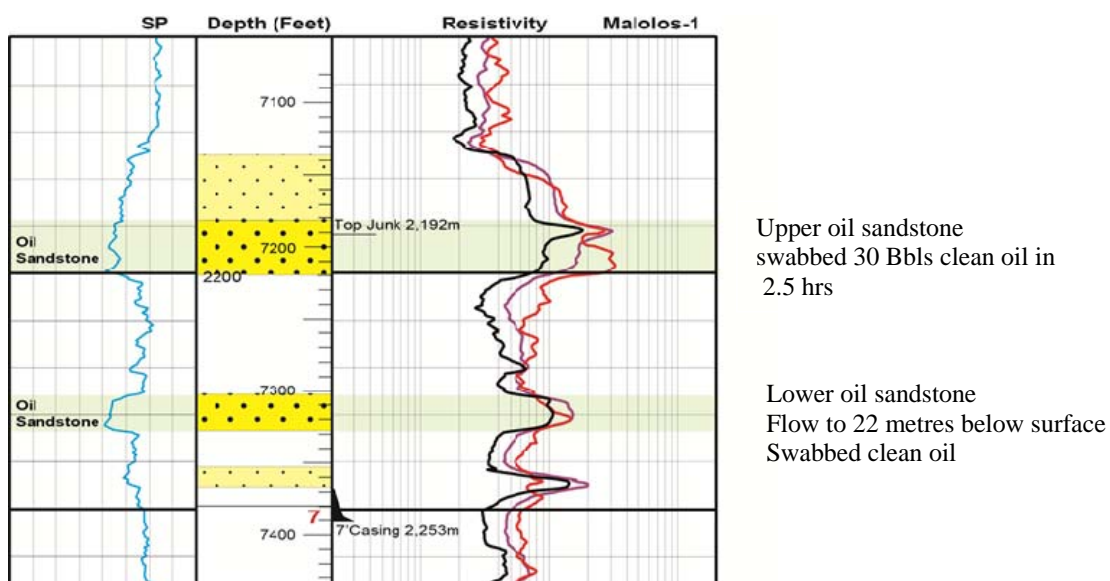
The upper oil bearing sandstone was successfully perforated and swabbing operations commenced yesterday with 30 Bbls clean oil with no water having been recovered at the surface after only 9 swab runs in 2.5 hours, before the swabbing equipment broke off and was left in the hole.

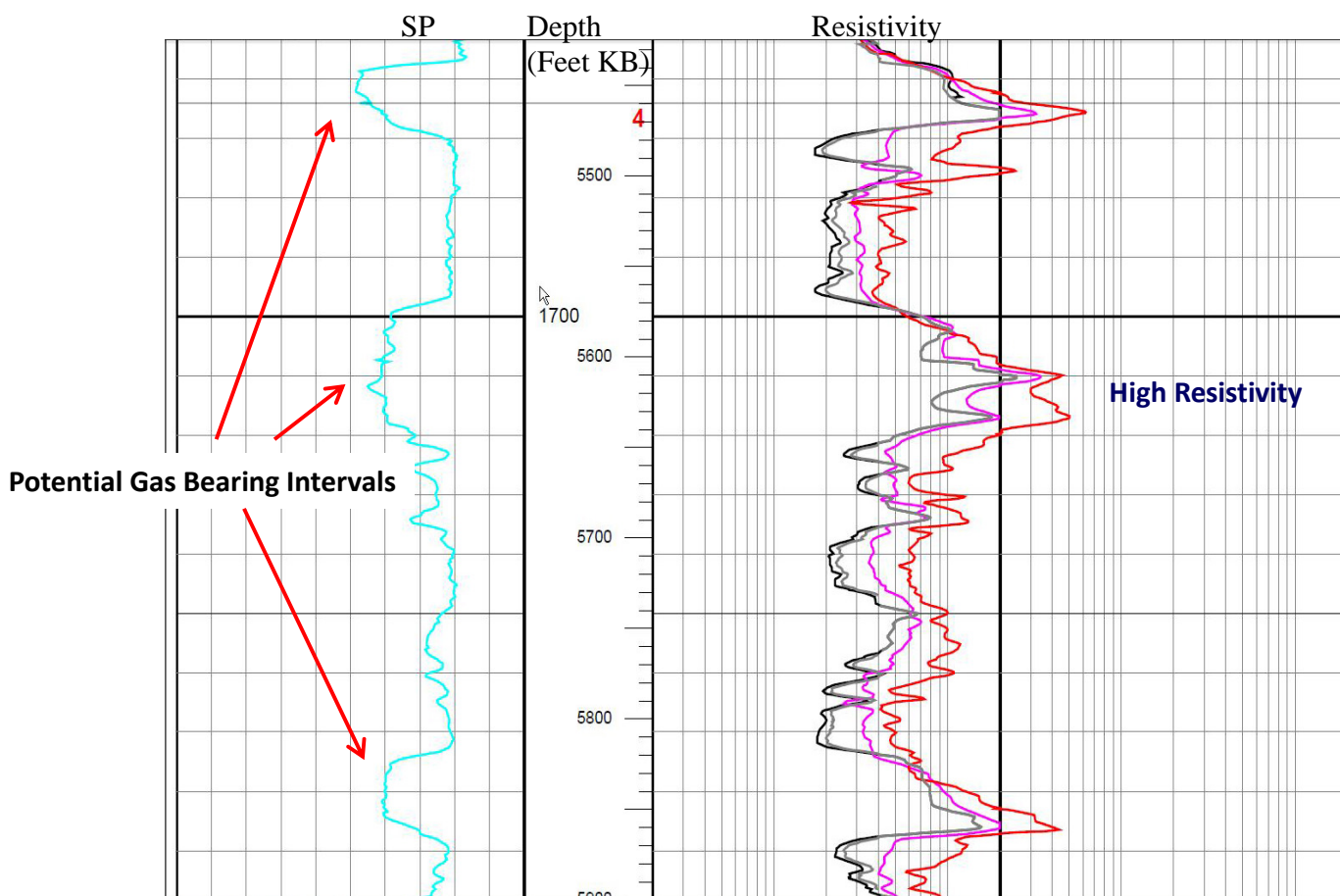
The forward program is to now perforate and test the first of four interpreted gas bearing intervals, located at depths between 1,658-1,868 metres. This will occur once these zones have been isolated with a retrievable packer.

Dennis Morton (Managing Director) made the following comments: "The recovery of significant oil volumes after perforating the thick, upper sandstone reservoir has reinforced our view that there has been enough information gathered from recent testing to conclude that both of the lower sandstones are capable of oil production.

A decision to commence planning for commercial oil production and oil field development will be determined after testing of the other intervals has been completed."

Malolos-1: Oil Targets for Workover and Testing Operations





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