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**18<sup>th</sup> July, 2013**

**MALOLOS-1 – OIL ANALYSIS**  
**SERVICE CONTRACT 44 (100%), Onshore Cebu, Philippines**

The Malolos-1 oil testing program has been completed and recovered oil analysed.

**Upper Sandstone Interval:**

37.2°API, waxy crude

**Lower Sandstone Interval:**

39°API, waxy crude

These crude oils are typical of other oils in the region and saleable quality.

**Forward Program:** the immediate plan is to conduct a longer period production test of the two oil bearing sandstone intervals with the aim of moving some of the Contingent Resource of oil in the Reserve category and also to gather technical data to help plan field development. This testing phase, to be run over several months will commence once equipment has been sourced and installed at the well site.

Longer period testing and forward planning will require sourcing of pumping equipment, onsite oil storage, short term marketing arrangements and transport to point of sale. Company owned rigs and other existing equipment will be used during this phase.

The results of this ongoing testing program will dictate further field appraisal and development activities that are likely to include drilling of new wells and seismic acquisition.

The Malolos Oil Field is located approximately 8 kms by road from the western coast of Cebu. Oil transportation options from the Malolos Oil Field include road transport by a new, all weather, concrete road from the wellsite to coastal port options at nearby Aloguinsan (8 kms – less than 10 minutes by road) or the larger, established port of Toledo (32 kms – 30 minutes by road). One option would be to load the oil onto marine transport for sale either to one of two oil refineries located in Batangas, Philippines (approximately 500 kms north) or in Singapore (approximately 2,500 kms south-west). Local sale options on the island of Cebu are also being investigated.

**Contact details:**

Dennis Morton

Ph: +61-2-8298 3682

Patrick Sam Yue Ph: +61-2-8298 3668

Managing Director

[dennis@gas2grid.com](mailto:dennis@gas2grid.com)

Director

[psy@gas2grid.com](mailto:psy@gas2grid.com)

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Office:

Level 11; 10 Bridge Street  
Sydney, NSW, 2000

Tel: +61 2 8298 3688 Fax: 8298 3699

P.O. Box R1911  
Royal Exchange, 1225  
[www.gas2grid.com](http://www.gas2grid.com)



Malolos Oil Field – Location Map (Google©)