



ABN 46 112 138 780

PHILIPPINE DRILLING - UPDATE 20th JUNE, 2012

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

- Gardner Denver 500 SCR rig arrives in Cebu
- Wellsite and road civil works advanced
- Plan to commence exploration drilling on schedule in August

DRILLING RIGS: The Company's wholly owned Gardner Denver 500 SCR 800 HP drilling rig has arrived in Cebu by ship and it has been off-loaded and transported to the Gas2Grid yard in San Fernando where it will undergo maintenance prior to commencing drilling operations. It is anticipated that the drilling rig will spud the first of the three exploration wildcat wells in August.



The USA rig, constructed in 1996, was shipped to Taiwan where it has been employed drilling deep, hot water wells. The rig is a Gardner Denver 500, SCR (electric), 800 HP with the capacity to drill to 2,750 metres with 114 mm drill pipe and 3,660 metres with 89 mm drill pipe. Gas2Grid has its own drilling engineers and rig crews will be sourced locally in the Philippines. It is estimated that the total cost for this rig, including refurbishment, will equate to the total cost of engaging an external contractor to drill the 3 exploration wells.

In addition, the Company has acquired a Brewster N2 workover rig which is currently on location undergoing an upgrade. This rig is capable of setting surface conductor and surface casing as well as completing wells for production and conducting workovers. This rig will be used for the Malolos-1 workover and testing program.

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