



ABN 46 112 138 780

7th January, 2013

PHILIPPINES – OPERATIONS UPDATE Drilling - Workover Progress

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

GUMAMELA-1 - Drilling

As of 9 am Monday 7th January, 2013 (Sydney DST), Gumamela-1 exploration well has been drilled to a depth of 1,051.6 metres KB (3,450 feet KB) within a dominantly claystone and siltstone with minor sandstone formation immediately below the Cebu Limestone. It has been decided to terminate drilling operations at this depth and to electric log and evaluate the section that has been drilled since setting the 7 inch casing at a depth of 703.5 metres KB. The current operation is conditioning the hole prior to preparing the rig to run electric logs – logging operations should commence later today.

Since the last report the well has been drilled from a depth of 705.6 metres KB to the current depth of 1,051.6 metres KB. The top Cebu Limestone was intersected within the depth interval 763 -784 metres and it continued to a depth of 876.3 metres KB. At 876.3 metres KB the well intersected a formation comprised mainly of claystone, siltstone with minor sandstone. Minor gas shows were recorded whilst drilling the sandstone intervals.

Hydrocarbon Shows: No significant gas was measured over the interval drilled.

MALOLOS-1 - Workover

As of 9 am Monday 7th January 2013 (Sydney DST), the milling bit assembly had been run into the hole to a depth of 2,187.2 metres (7,180 feet), immediately above the well bore obstruction (“junk”) encountered previously. Delays have been incurred while the draw works brake system was replaced and milling on this obstruction in an attempt to clean it out of the well bore should commence today. Gas continues to build up in the well bore and it is bled off before commencing operations each day. Rig-1 is working a 12 hour day.

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