

25th August, 2011



OPERATIONS UPDATE

WORKOVER TO COMMENCE IN MID-SEPTEMBER 2011
Service Contract 44 (100%), Onshore Cebu, Philippines

- **Agreement signed with contractor and workover equipment currently being prepared for shipping from Singapore to site**
- **Phase 2 Workover to commence in mid-September when all equipment is expected to be on site**

BACKGROUND

Gas and oil bearing sandstones are present deeper in the Malolos-1 well but they were not targeted during the Phase 1 workover which was conducted in March, 2010. The Phase 1 workover targeted gas bearing sandstones above 1,000 metres in depth. This work confirmed the existence of multiple, shallow, natural gas and oil bearing sandstone intervals and also determined that the sandstone reservoirs are of good-excellent quality and they have not been damaged by previous drilling and completion work.

PHASE 2 WORKOVER

The Phase 2 workover will involve:

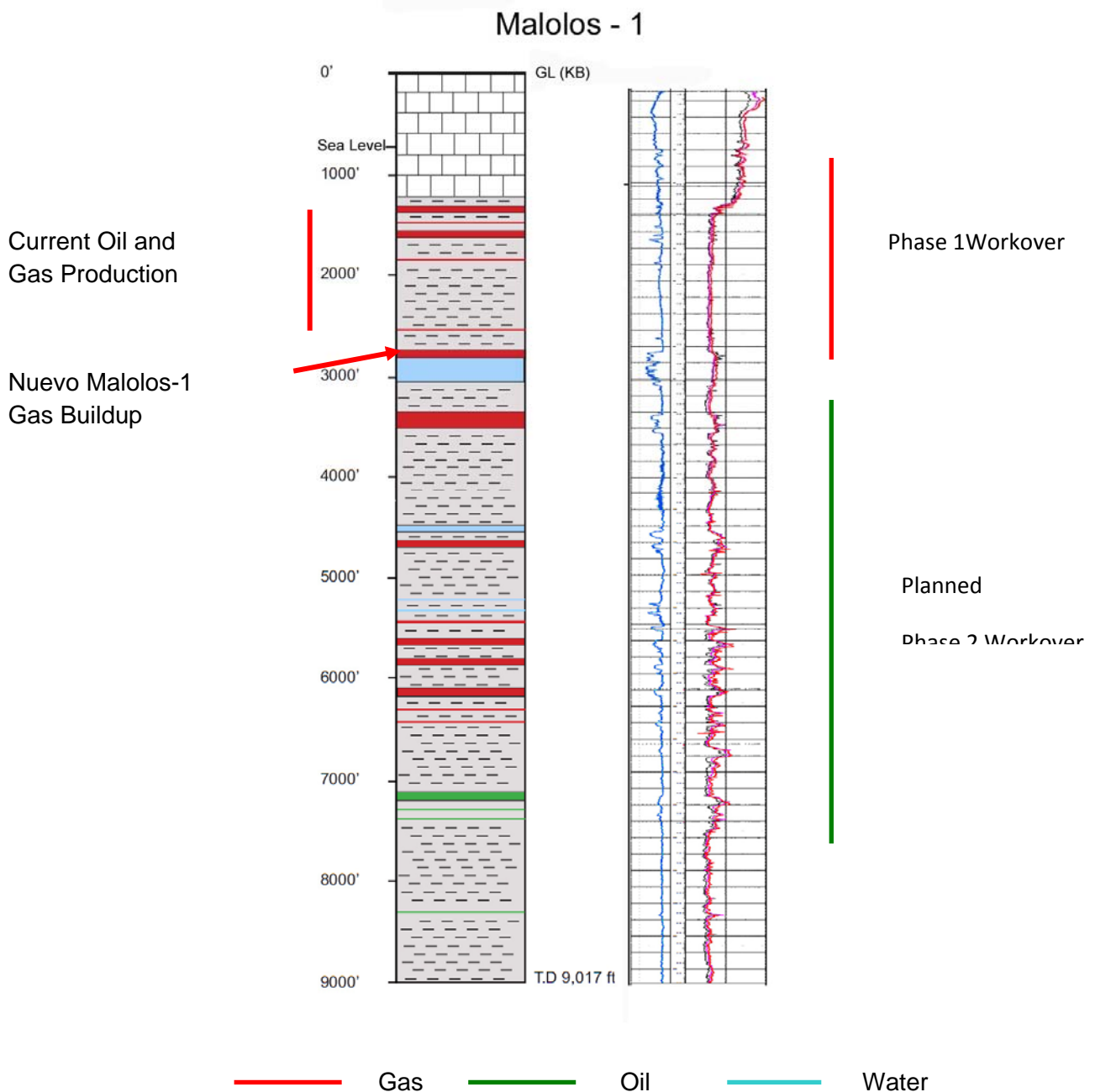
- a well re-entry
- nitrogen stimulation and flow testing of the shallow gas bearing intervals (which continue to produce gas and oil at low rates) - **Completed in June 2011**
- setting casing to isolate the shallow gas bearing intervals - **Completed in July/August 2011**
- drilling out the existing cement plugs and cleaning the cased hole from 1,000 metres to about 2,100 metres
- cased hole electric logging
- a decision on recompletion and flow testing of selected oil and gas bearing sandstones at the deeper levels (above 2,100 metres)

2011 SEISMIC PROGRAM

The 2011 Seismic Program commenced in early July with the aim of providing prospect detail coverage over the areas where we intend to drill three exploration wells in 2012. In spite of occasional wet days the data acquisition is progressing well and is expected to be completed soon.

2012 DRILLING PROGRAM

The Company plans to drill three new exploration wells commencing in the 1st Quarter, 2012. The new wells will target both the Miocene carbonate reefs and Tertiary age sandstone reservoirs trapped within anticlines. These prospects were originally identified by the 2010 Seismic survey and drilling locations are now being established by the 2011 seismic survey which is currently underway.



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