

# PETROCELTIC

INTERNATIONAL PLC



\$40 million placing for Algeria & Italy

30th April 2009

[www.petroceltic.com](http://www.petroceltic.com)

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# Outline

- Company Overview
- European Gas Market
- Algerian Isarene Block
- Iberdrola Deal
- Italy
- Tunisia
- Funding
- Finance & Conclusions

# Company background and strategy

## Background

- Founded in 2002 and quoted on AIM and ISE
- 25 full time employees supported by a network of over fifty experienced consultants
- Operated assets in Algeria, Italy and Tunisia
- Headquartered in Dublin, Ireland with offices in Rome, Italy and Algiers, Algeria

## Strategy

- Maghreb/Southern Europe Exploration focus
- Low cost drilling close to infrastructure, Operatorship preferred
- High initial equity with operator status preferred
- Early stage work programmes funded internally or by farming out
- Longer term growth through Acquisition / Merger and drillbit success

# Senior Management Team



**Andrew Bostock**  
**Non-Executive Chairman**

Mr Bostock is a Petroleum Engineer with over 20 years experience in upstream oil and gas. He began his career with Shell International, and progressed through increasingly senior technical and commercial roles in a number of independent oil and gas companies, including Enterprise Oil, Talisman Energy and Venture Production. He was appointed to the Board of Dana in 2001. He is currently Chairman of Purepower Group Limited, a privately owned renewable energy company.



**Brian O'Cathain**  
**Chief Executive**

Mr O'Cathain is a geologist and petroleum engineer with 25 years' experience in senior technical and commercial roles in upstream oil and gas exploration and production companies, including Shell International, Enterprise Oil and Tullow Oil plc. He has experience in working in West Africa, North Africa, onshore Europe, the North Sea, the gulf of Mexico, South Asia and offshore Ireland. He was formerly Chief Executive of AIM-listed Afren plc.



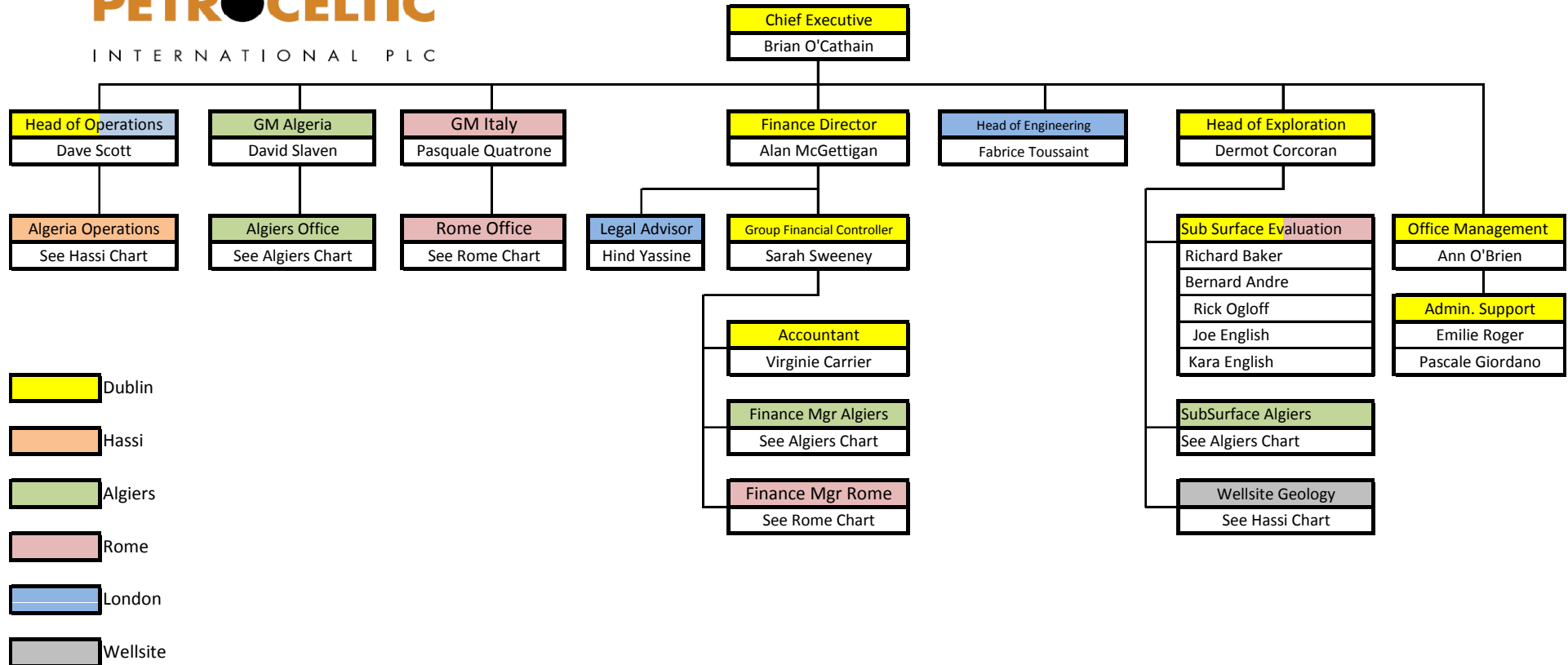
**Alan McGettigan**  
**Finance Director**

Mr McGettigan has over twenty years of experience in upstream oil and gas. Prior to joining Petroceltic, he worked for BG International where he held senior roles in Commercial and Group Business Development. His other experience includes roles at Shell International and BP as well as four years as a management consultant at McKinsey & Company.

# Organisation

**PETROCELTIC**

INTERNATIONAL PLC



# Technical Team

## **Dermot Corcoran –Head of Exploration**

Geophysicist. Dermot holds a B.Sc. in Geology and an M.Sc in Applied Geophysics from the University of Galway, and a Ph.D from Trinity College Dublin, with international experience with Exxon, Fina, Statoil, Amerada Hess and Enterprise Oil.

## **Fabrice Toussaint – Head of Petroleum Engineering**

Petroleum Engineer with 17 years International experience, Ex-GM Congo for Perenco, Mauritania for Woodside. Ex Elf, Perenco, Tullow, Woodside., worked in Mauritania, Congo, Cote d'Ivoire, Colombia, France & Tunisia.

## **Richard Baker – Geophysics Consultant**

Geophysicist with over 40 years of Experience in International Operations. Worked with Burmah, Unocal, Dana & JKX.

## **Bernard Andre – Geophysics Consultant**

Over 30 years of experience with Exxon, Total, Repsol and Petronas. Bernard is an experienced Geophysicist with world wide experience, and detailed knowledge of Algeria and Gabon.

## **Rick Ogloff- Exploration Team Leader Italy**

18 years International Experience Geophysicist, with Encana, Veritas, Gaffney Cline Associates

## **Joe English – Senior Geologist**

Joe holds a B.Sc from Trinity College Dublin, and a Ph.D. From the University of Victoria in Canada. He formerly worked with Encana and Nexen in Canada.

## **Kara English – Operations Geologist**

Kara joined Petroceltic from Encana, where she had 4 years of Operational Geology experience

# Operations & Finance Team

## **Dave Scott - Head of Operations**

Ex COO Regal Oil, Head of Operations Burlington, Drilling Manager Italy for Enterprise Oil. Experienced drilling and Production Operations Manager, drilling experience in Italy (Onshore & Offshore) & Algeria.

## **David Slaven – GM Algeria**

David was formerly GM Algeria for Burlington Resources and LLE, and prior to that was Finance Manager Algeria for LLE, Anadarko, and El Paso. He has worked in Algeria from the early 1980s.

## **Hassan Yassine – Legal Advisor, Algeria**

Hassan was formerly head of Legal at Sonatrach

## **Pasquale Quattrone – GM Italy**

Experienced ex-ENI Explorationist. Extensive experience onshore & offshore Italy and North Africa. Ex-GM Italy for JKK.

## **Tony Engleton – Drilling Supervisor**

Former Drilling Manager for Ascent (Italy & Hungary). Drilling Manager at Burlington Resources. Extensive offshore drilling experience in Italy, North Sea and Denmark for Maersk, Shell International & Enterprise.

## **Lance Robinson– Senior Drilling Engineer**

Onshore & offshore drilling experience with BP, Burlington, Hardy, Ranger, Amoco and Enterprise Oil. Worked in UKCS, Algeria, Italy, Australia, Azerbaijan, and Kazakhstan.

## **Mustapha Zemiti – Operational Support**

Over 30 years experience in Sonatrach Drilling group. Former Head of Well Services in Sonatrach.

## **Sarah Sweeney – Group Financial Controller**

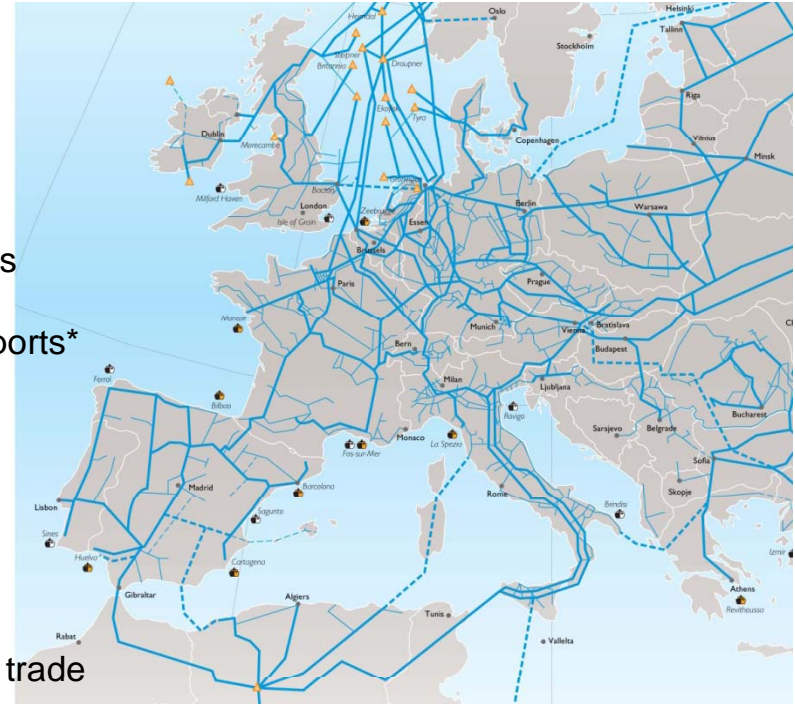
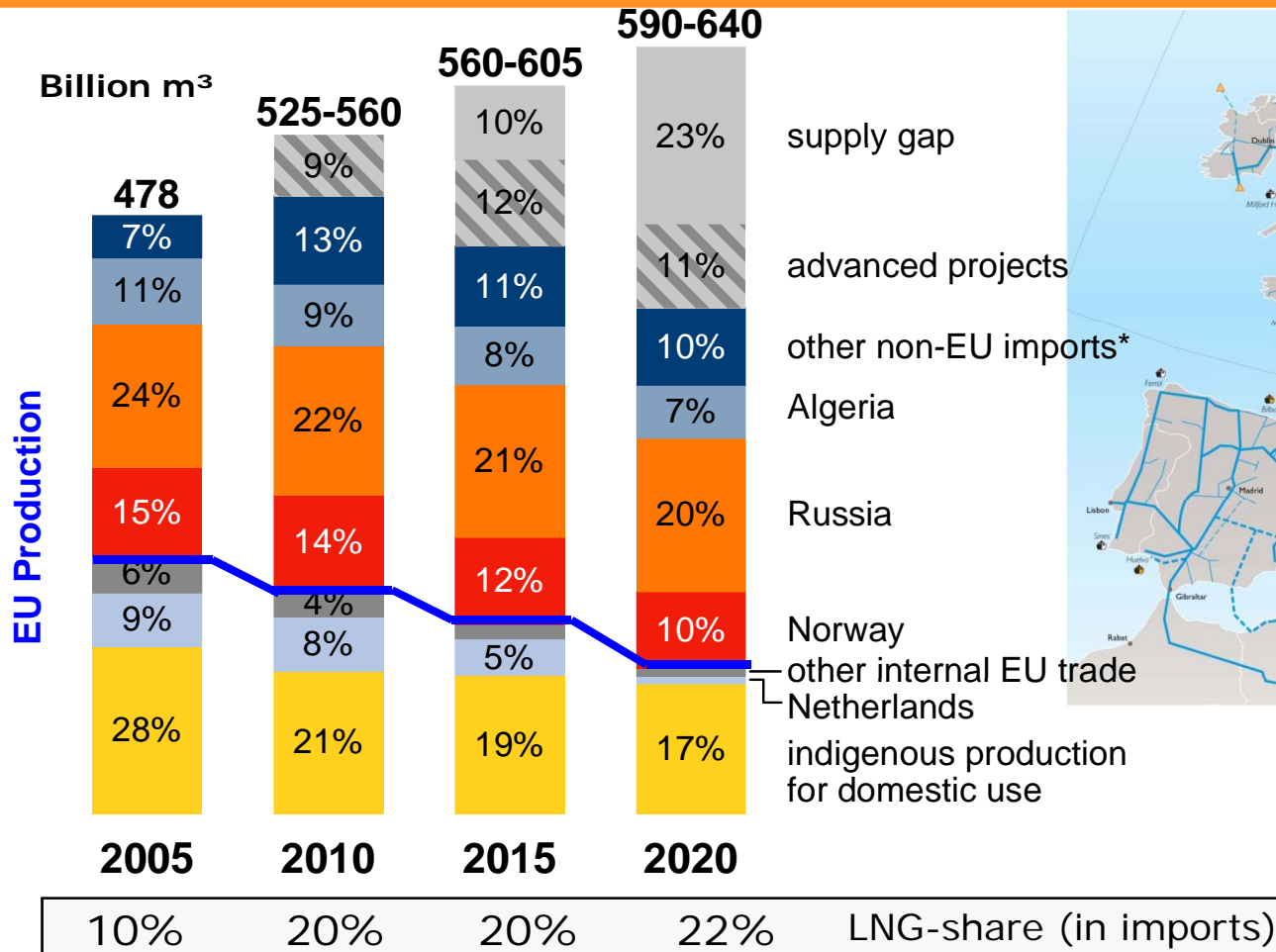
Sarah is a Chartered Accountant who trained with KPMG in Dublin and subsequently worked with an Australian public listed company before joining Petroceltic.

## **Brahim Zanoun – Finance & Administration Manager**

Accountant, formerly head of Administration and Accounting in Sonatrach's well services division



# Development of Natural Gas Supplies in the EU



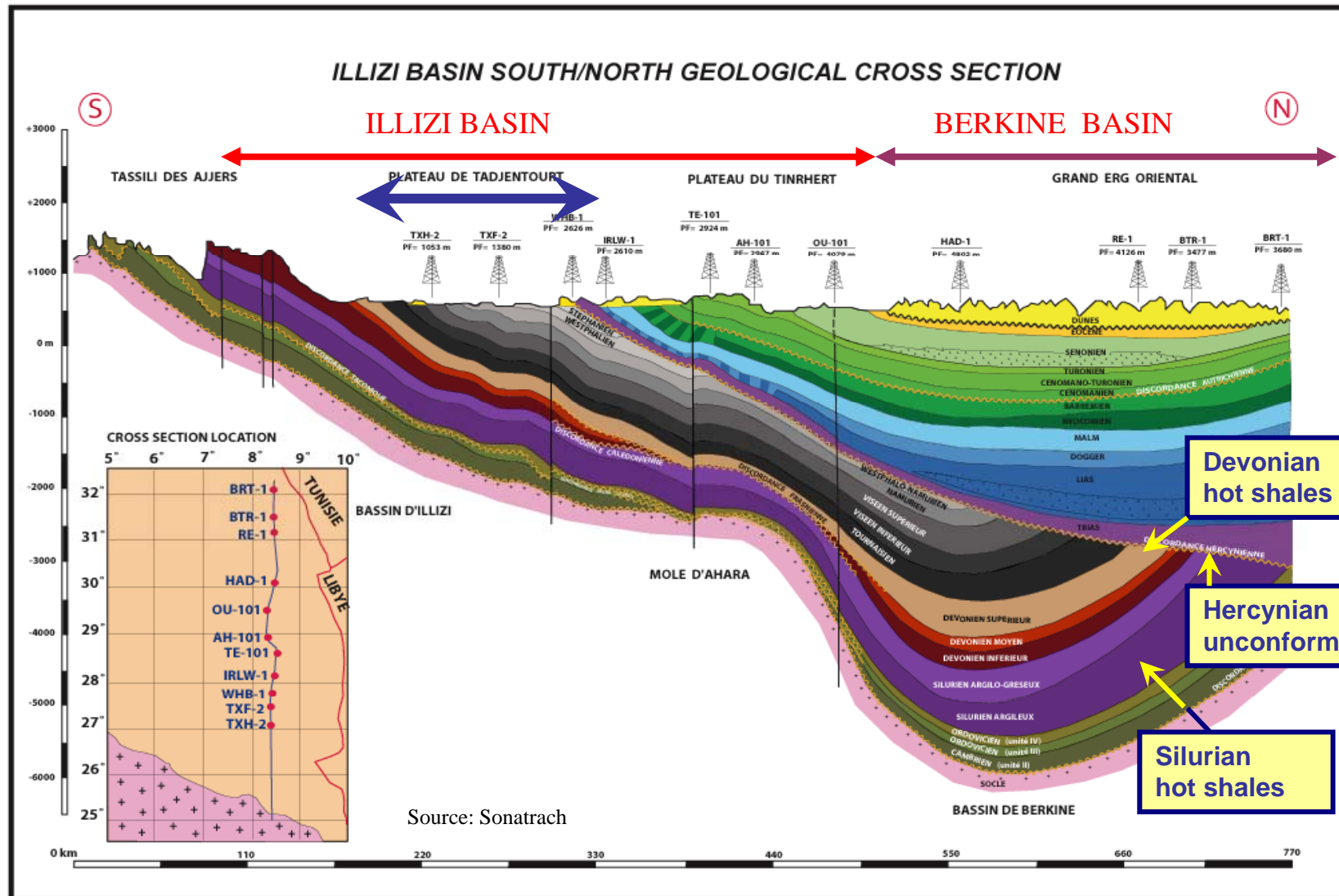
\* of which: Nigeria 3%, Qatar 3%  
 Basis for imports: Contracted volumes and prospective contract prolongations  
 Russia without volumes via North European Gas Pipeline (NEGP) which are included in advanced projects

Source: Eurogas

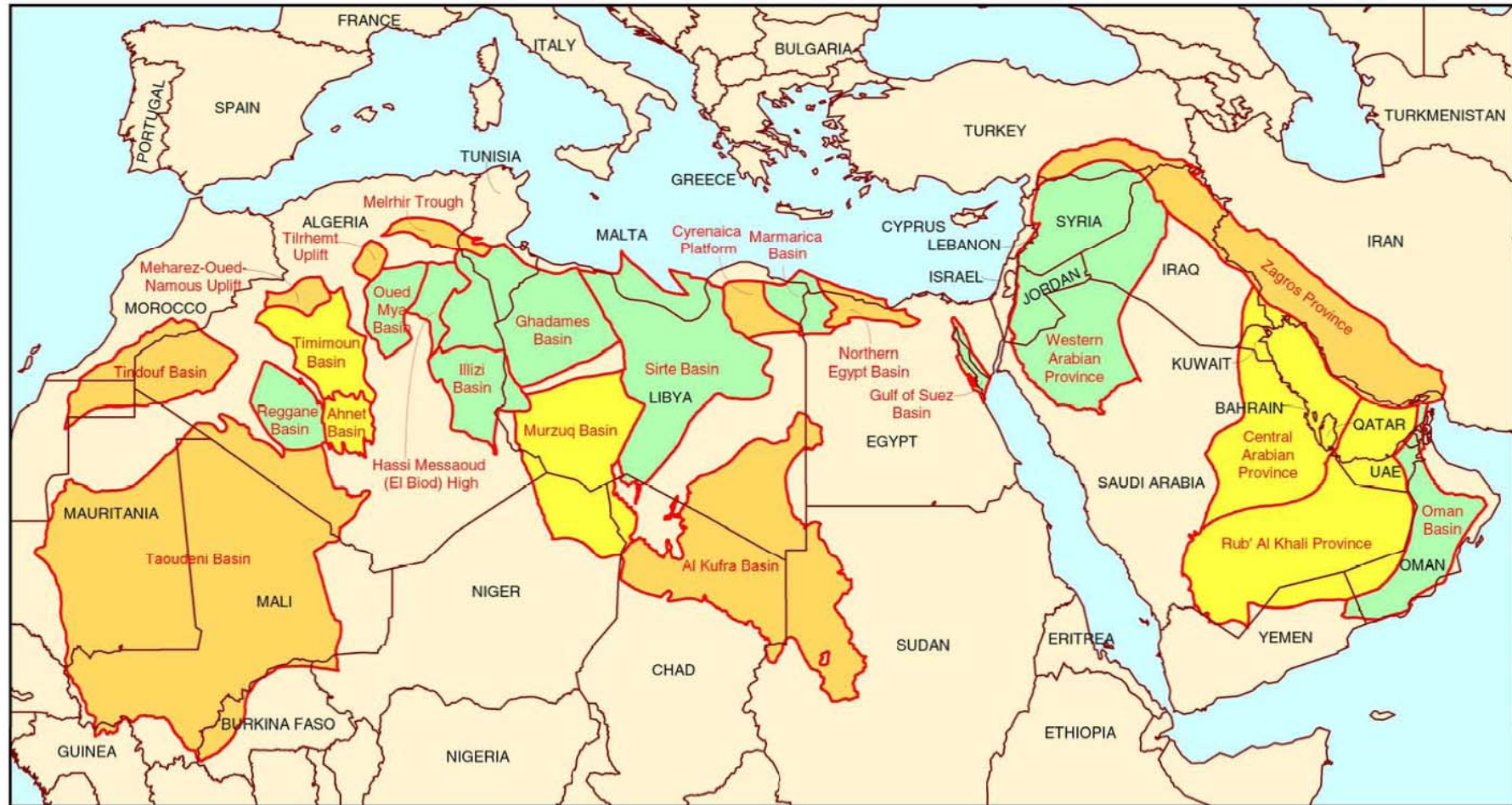
# Petroceltic : African Assets



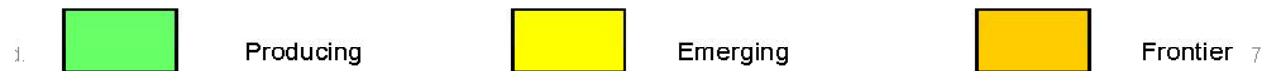
# Petroleum geology: Isarene in the Illizi-Berkine section



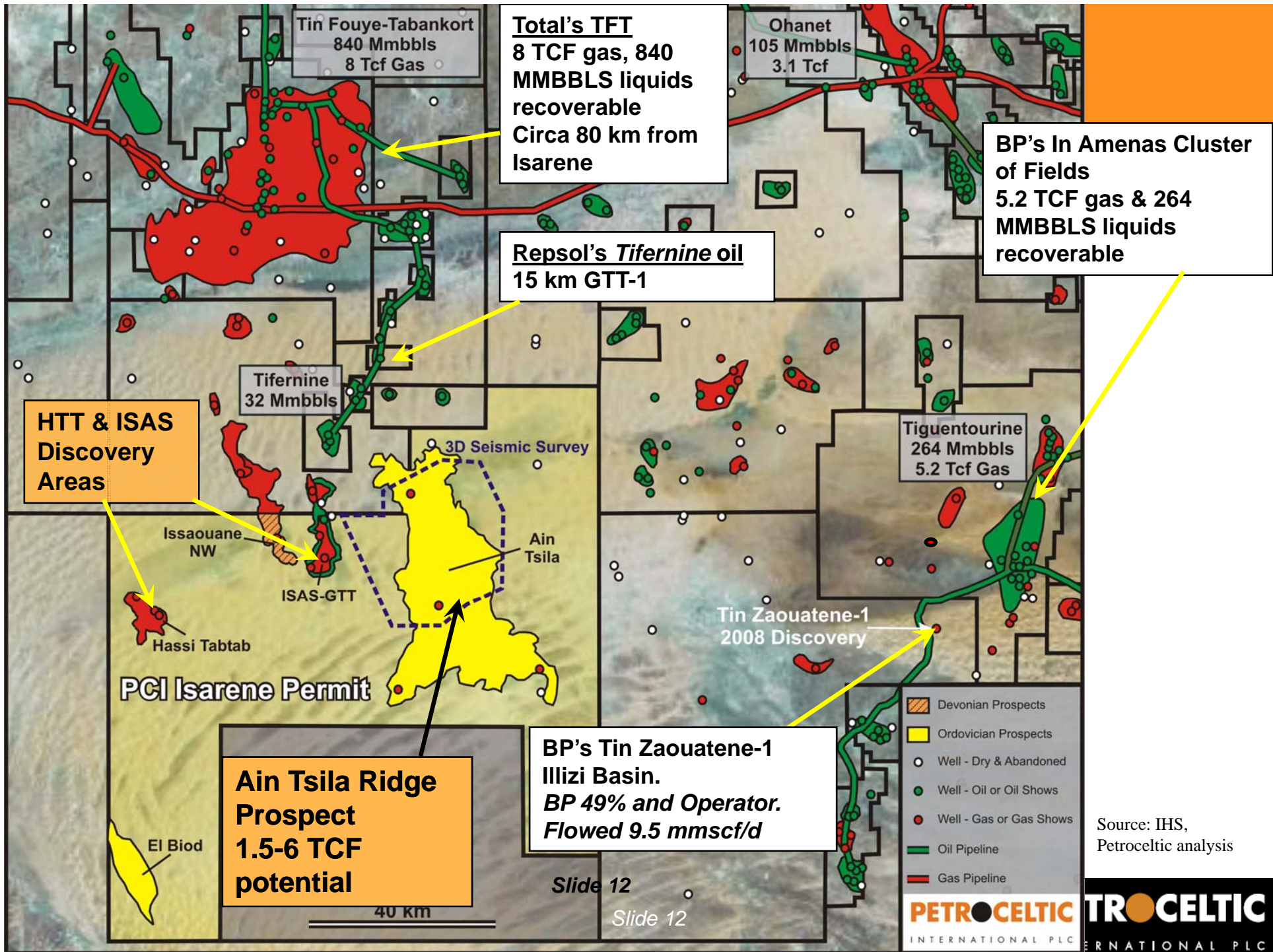
# Ordovician Basins of Middle East / North Africa



Source: IHS 2008



Funding 30<sup>th</sup> April 2009

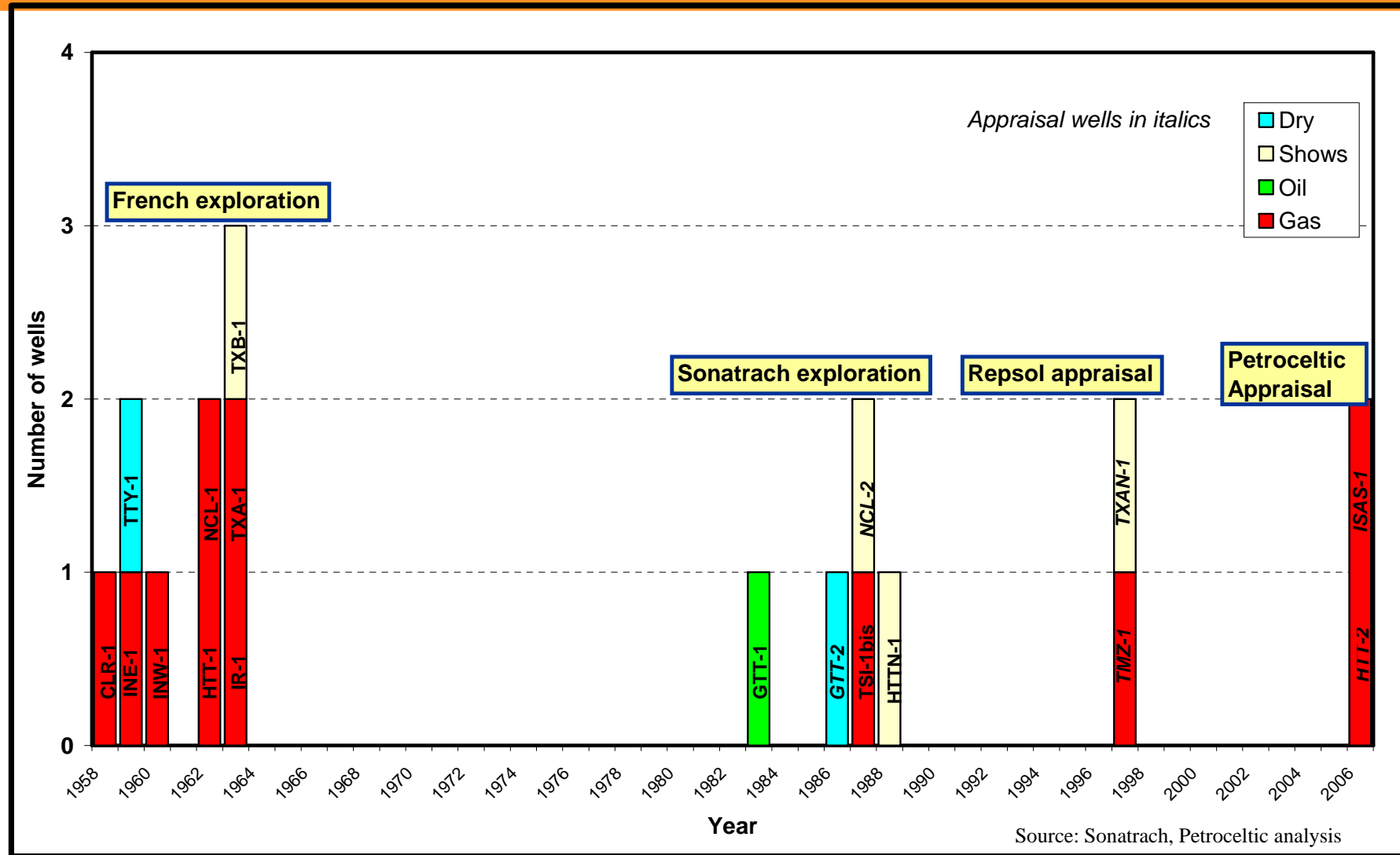


# Asset Overview - Isarene Permit

## What's happened to date?

- 2 gas discoveries drilled & tested in 2006
- >5000 kms 2D seismic reprocessed 2006-2008
- 900 km<sup>2</sup> Wide Azimuth 3D Seismic acquired & processed 2008
- Drilling contract to KCA Deutag for 5/7 well campaign
- Rig in Algeria – drilling start expected mid-May 2009
- 3 Shallow locations approved (INE-2, GTT-3, INW-2)
- Capture resources under PSC Rules for appraisal/development in 2010-2012

# Isarene Drilling History



## PSC key dates and objectives

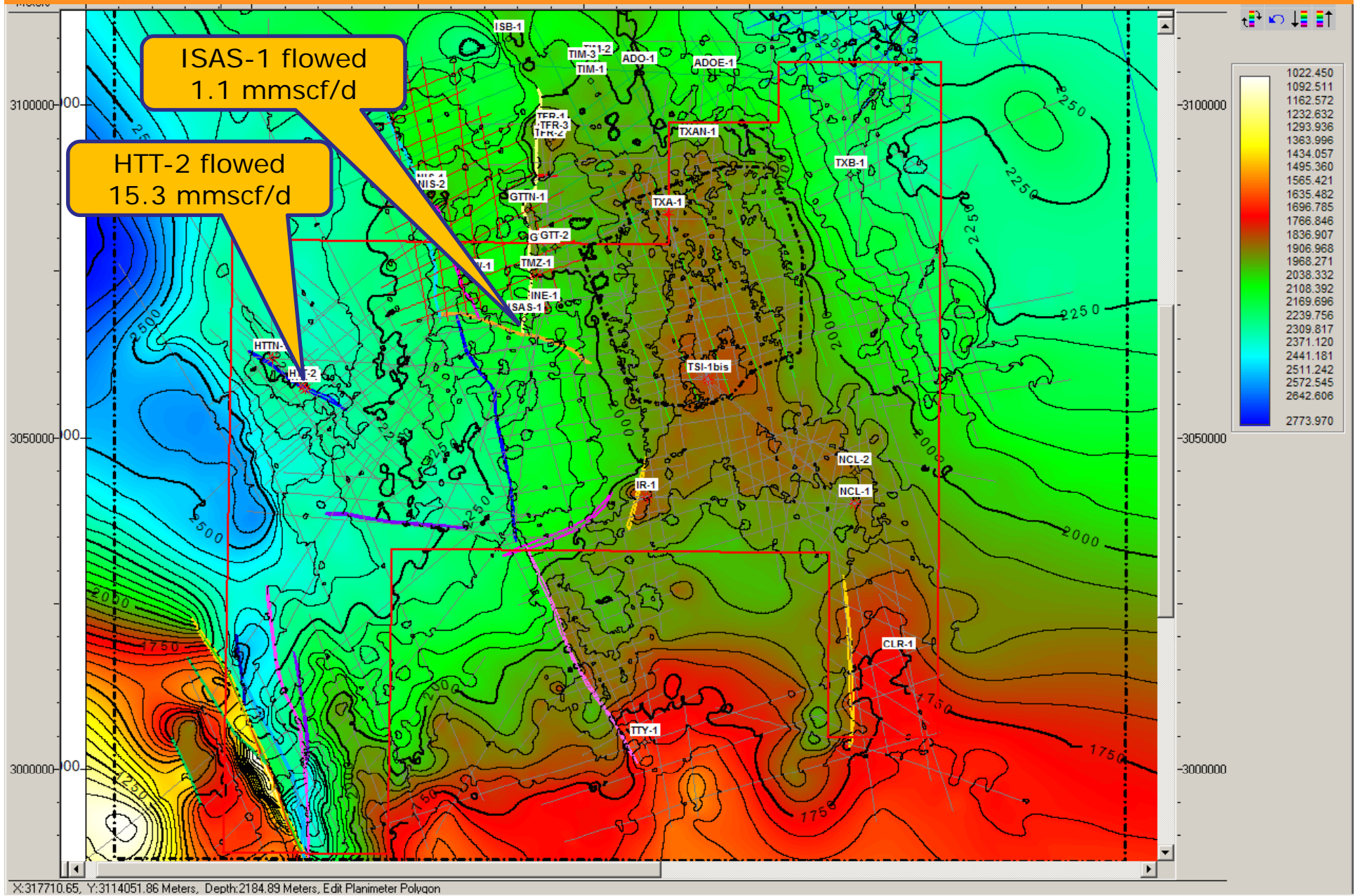
- 26<sup>th</sup> April 2008 – 30% Relinquishment
- 26<sup>th</sup> April 2010 – Expiry of 2<sup>nd</sup> Exploration Period
- 26<sup>th</sup> April 2012 – Expiry of any Extension Period
- Delineate & Capture Resources in 4 areas
  - Ain Tsila Ridge
  - ISAS area
  - Hassi TabTab (Already proved in 2006)
  - El Biod (Exploration)



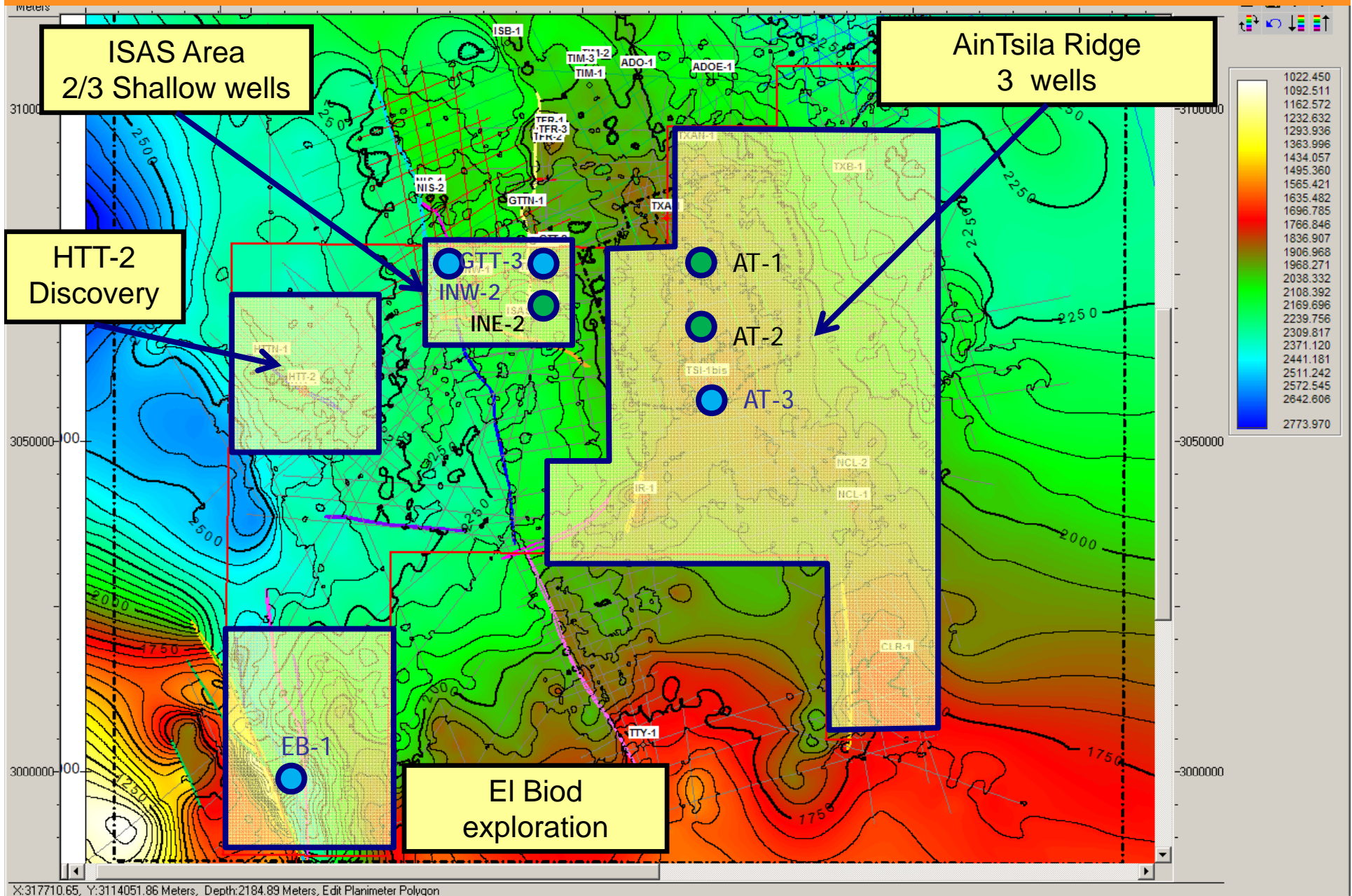
# Algeria strategy and objectives to April 2010

- **5/7 wells planned in 2009-2010 to:**
  - Secure existing discoveries for future production
  - Prove large gas resources (>2TCF) on Ain Tsilla Ridge 3D area
  - Obtain early oil production at GTT
  - Secure existing gas discoveries for exploitation via adjacent planned infrastructure
  - Drill remaining exploration prospects
  - Capture 2P reserves
- Drilling Rig Contract signed for KCA Deutag Nomad Class Rig T-212
- Drilling starts mid-May 2009, 9-12 month programme

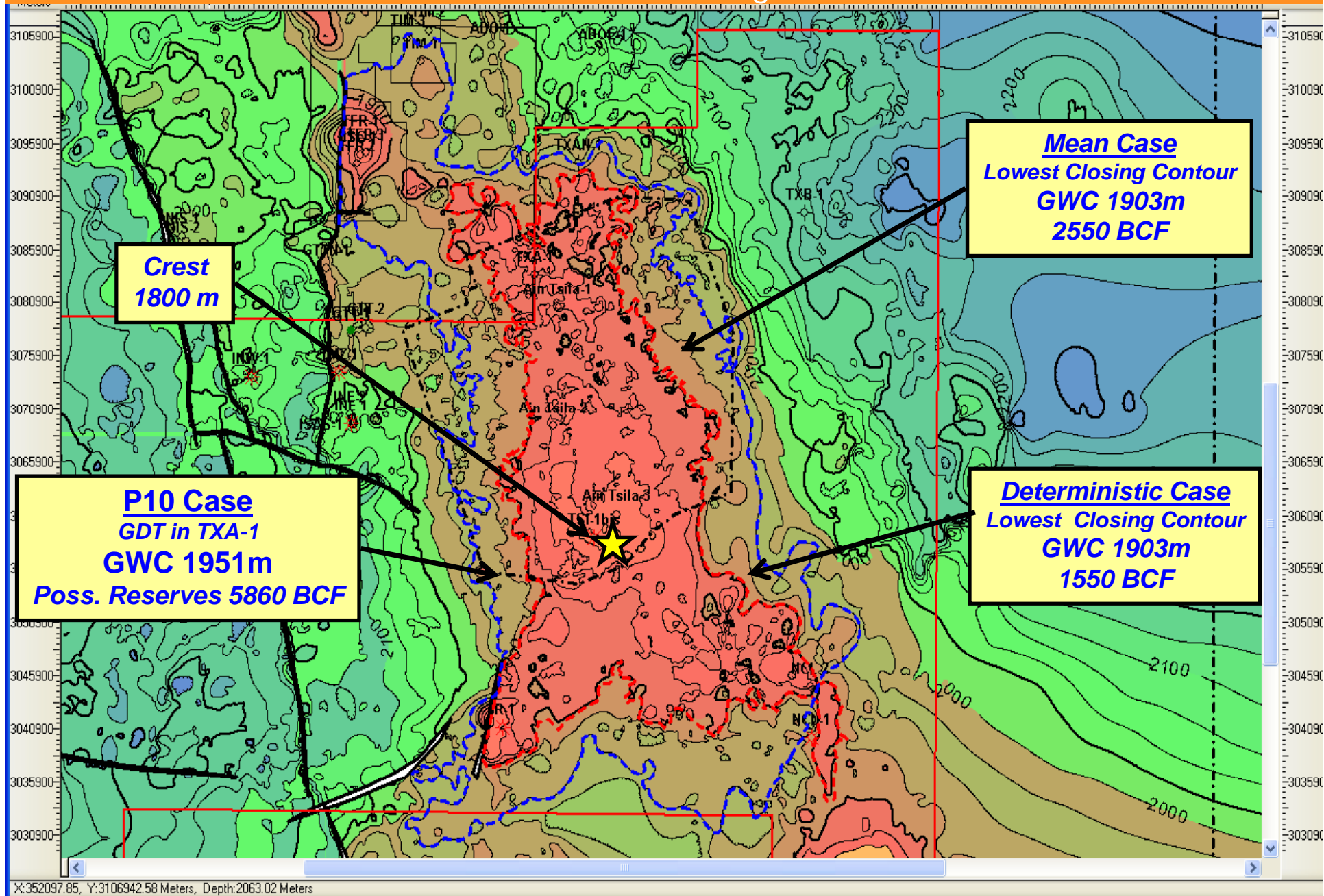
# Isarene - Top Ordovician Structure Map



# PCI OBJECTIVE - CAPTURE 4 APPRAISAL/DEVELOPMENT AREAS BY Q1 2010



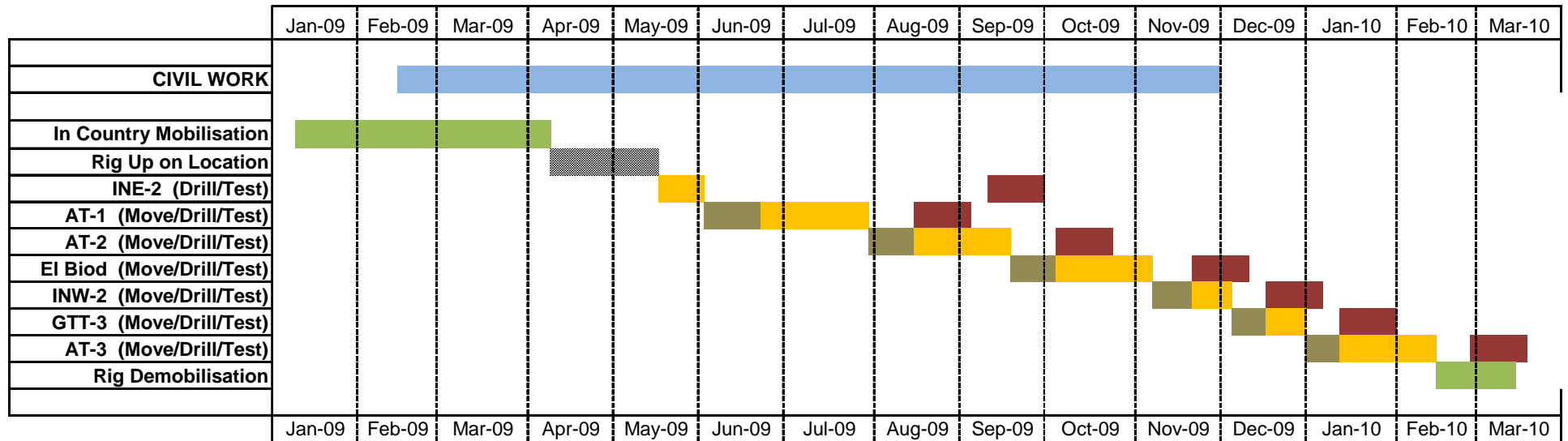
# Ordovician Ain Tsila Prospect- Unrisked Potential Contingent Resources



# AinTsila Ridge Ordovician Prospect

- Key Success Factors
  - No charge risk, lots of gas (based on wells drilled to date)
  - Good structural closure
  - Need good porosity 6-12%
  - Need open fractures
  - Internal estimate of good well >5 mmscf/d
  - Development well could potentially do x5 to x10 times
  - Will decide on test / frac program post logging
  - Test results will be kept tight until Sonatrach approval

# Isarene Planned Drilling and Testing Sequence



## Key

- Mobilisation
- Drilling
- Rig Move
- Rigless Well Test/Fracing

# Unrisked potential contingent reserves\*

Reservoir	Prospect	Gross Prospective Resources (Bcf)				Gross Prospective Resources (MMbbls)				Total Gross Prospective Resources (MMboe)				Timing	Wells
		P90	P50	P10	Pmean	P90	P50	P10	Pmean	P90	P50	P10	Pmean		
Ordovician	Ain Tsila	300	1,381	6,013	2,616	15	69	301	131	69	316	1,375	598	Q3/Q4 2009	3
	El Biod	7	44	249	106	0	2	12	5	2	10	57	24		
	<b>SubTotal</b>	<b>307</b>	<b>1,425</b>	<b>6,262</b>	<b>2,722</b>	<b>15</b>	<b>71</b>	<b>313</b>	<b>136</b>	<b>70</b>	<b>326</b>	<b>1,432</b>	<b>622</b>		
Devonian/ Carboniferous	ISAS Area				310				27				83	Q2 2009	2
	Hassi Tabtab				146				6				32		
	El Biod Area					138	332	641	368	138	332	641	368		
	<b>SubTotal</b>				<b>456</b>	<b>138</b>	<b>332</b>	<b>641</b>	<b>401</b>	<b>25</b>	<b>59</b>	<b>114</b>	<b>528</b>		
	<b>TOTAL</b>				<b>3,178</b>				<b>537</b>				<b>1,150</b>		7

*\*Current Petroceltic estimates, post new 3D interpretation*

*All numbers gross prospect, unrisksed*

# Iberdrola transaction overview

- Strategic alliance with Spanish Energy Group Iberdrola to facilitate development of Petroceltic's attractive portfolio and underpin the inherent value of our oil and gas asset base
  - Iberdrola invested \$55m in Petroceltic through placing of approximately 216m shares at £0.13 / share. Three year standstill in place, and non-blocking provisions
  - Iberdrola has paid \$7.3m for option to invest a further \$47.7m to acquire 49% financing interest in Algerian asset (subject to regulatory & partner approval)
  - 1 non-executive director on board
- Subscription price underlines significant upside potential in Petroceltic's share price
- Joint business committee to look at further upstream co-operation in a focused area of North Africa / Mediterranean
- Represents Iberdrola's first upstream investment
- Petroceltic gains access to gas marketing expertise

Strategic alliance highlights intrinsic value in Petroceltic's attractive exploration and appraisal portfolio





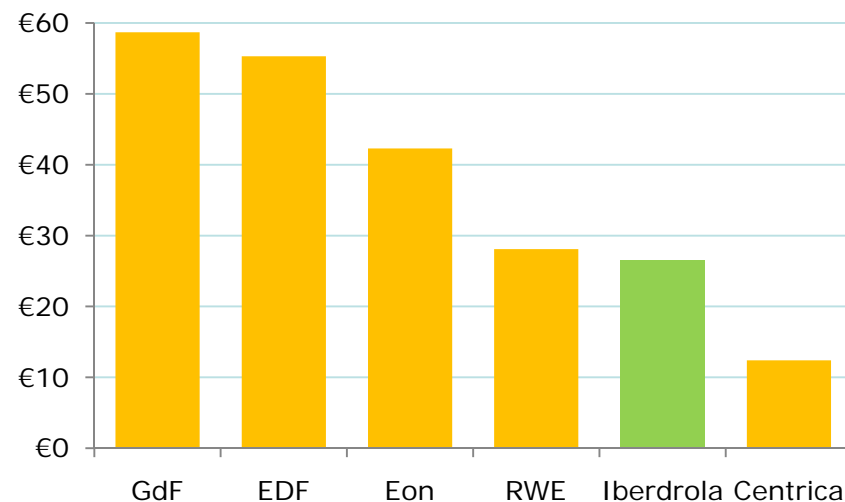
- Headquartered in Spain, Iberdrola is the 4<sup>th</sup> largest electricity company in the world with a market capitalisation of €27 billion and net sales of €17.5bn in 2007
- Operations in over 40 countries worldwide, mainly in the Atlantic Basin area
- In 2007 managed 5.5 billion cubic meters of gas, supplying combined cycle plants and industrial, business and residential users in mainland Spain
- Strong presence in renewable energy sector through its subsidiary, Iberdrola Renewables, and is the global market leader in wind energy
  - Floated 20% of Iberdrola Renewables on Spanish Stock Exchange in 2007
- Acquired Scottish Power for €17.1bn in 2007, overall 2007 Acquisitions €27 bn

Source: Iberdrola

### Global Positions

<b>North America</b>	#2 wind-power company. #3 in gas storage
<b>Latin America</b>	#1 private generation company in Mexico #1 supplier in NE Brazil
<b>United Kingdom</b>	#3 electricity supplier One of the 5 leading retail companies #1 wind-power company
<b>Spain</b>	The leading energy company

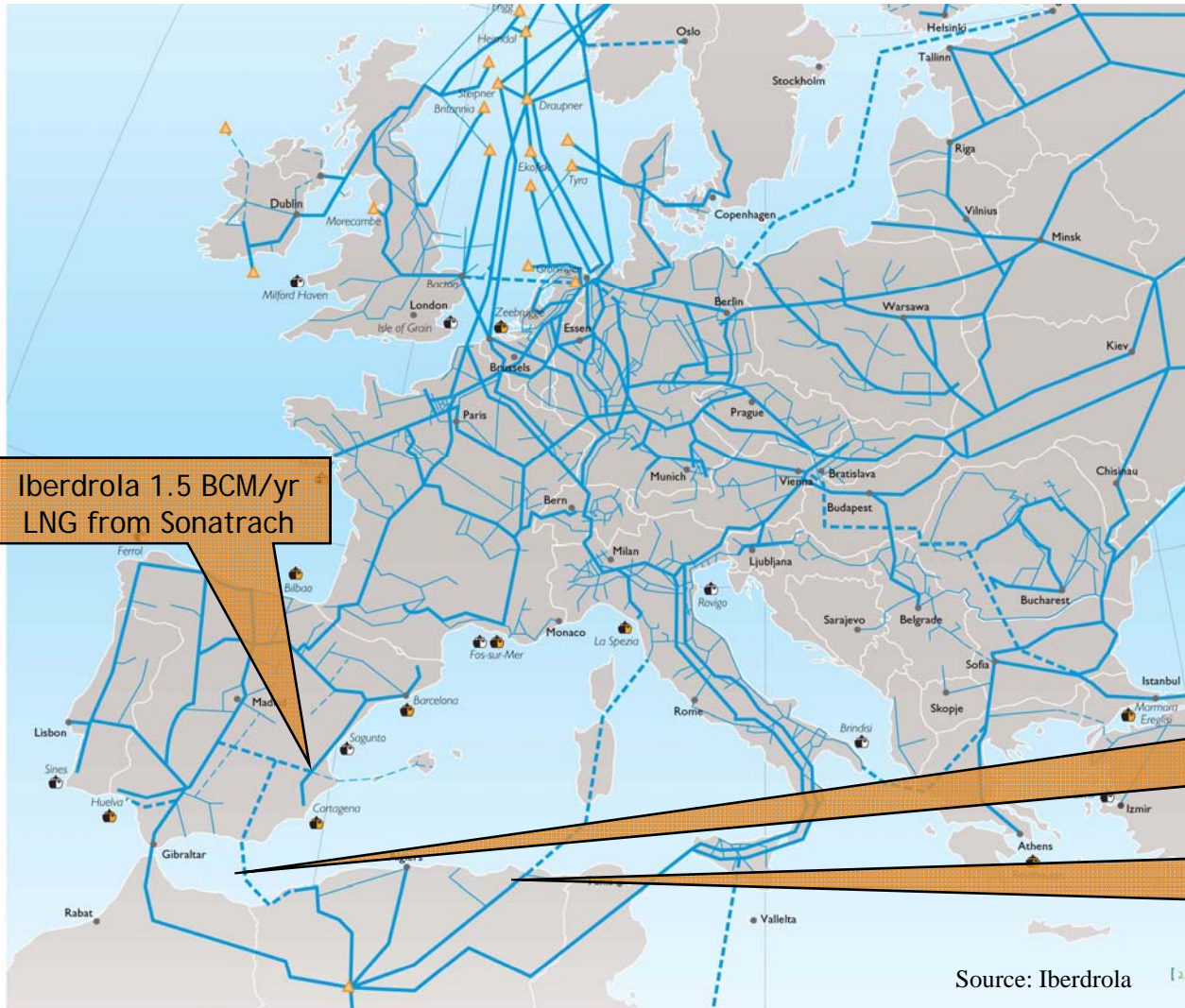
### Market Capitalisation €Billion (30/3/09)





**IBERDROLA**

# Projects in Algeria



- Pipelines integrated in the European system**
- existing
  - under construction, projected or planned
- Other pipelines**
- existing
  - under construction, projected or planned
  - natural gas fields
- Liquefied natural gas (LNG) receiving terminal**
- in operation
  - under construction or projected

Iberdrola 1.5 BCM/yr  
LNG from Sonatrach

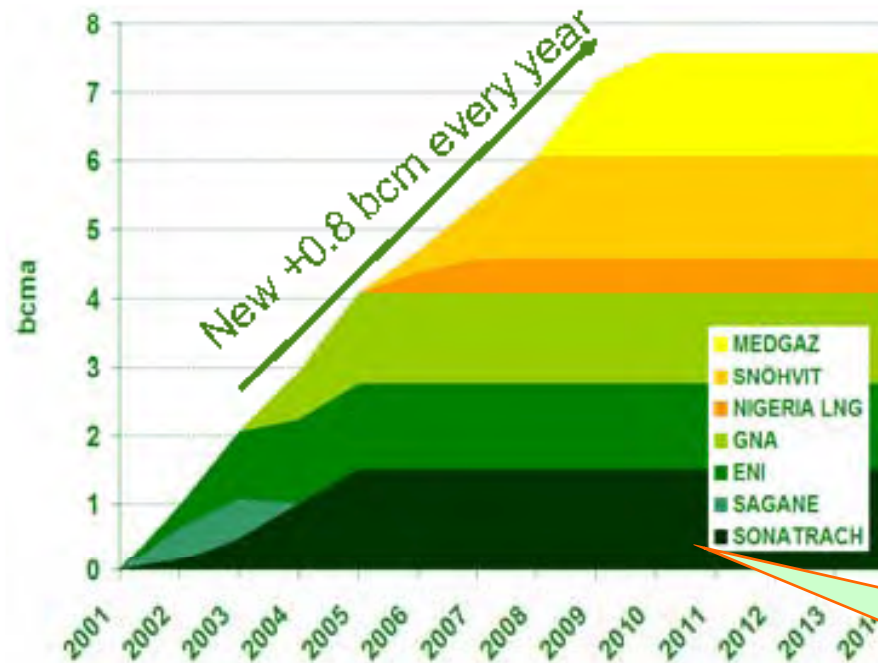
Medgaz Pipeline  
24", 200km  
8 BCM/yr. 2009 start  
Sonatrach 36%  
Iberdrola 20% (1.6 BCM/yr)

Koudiet CCGT Power Plant  
700km east of Algiers  
Iberdrola Engineering  
1200 MW, 20% of Algerian Power

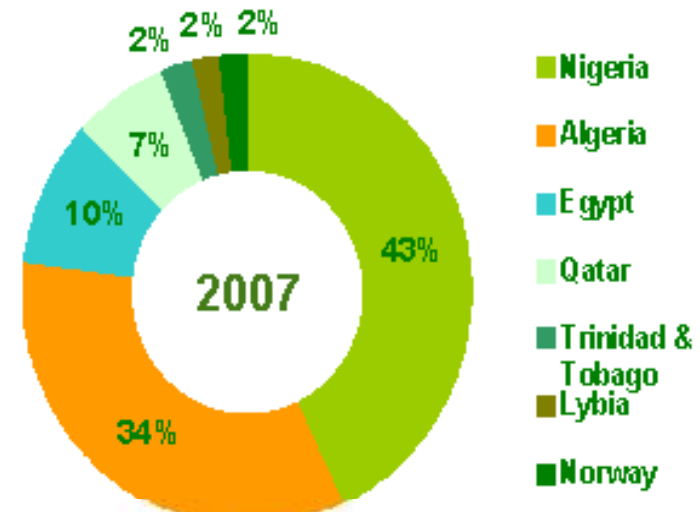
Source: Iberdrola [25]

# Iberdrola: Natural Gas Contracts

## Gas procurement



## Iberdrola's LNG supply origins



Iberdrola's current Algerian gas supply is 1.5 BCM/yr in LNG. Rises to 3.1 BCM/yr with Medgaz pipeline in Q3/Q4 2009

Iberdrola has a large and well diversified portfolio of long term gas contracts, balanced in LNG and pipeline gas

Source: Iberdrola

# Petroceltic Italy Assets



7 Permits (3 operated)

11 Offshore Exclusive Applications

1 Onshore Exclusive Application

Three drill ready prospects for 2010

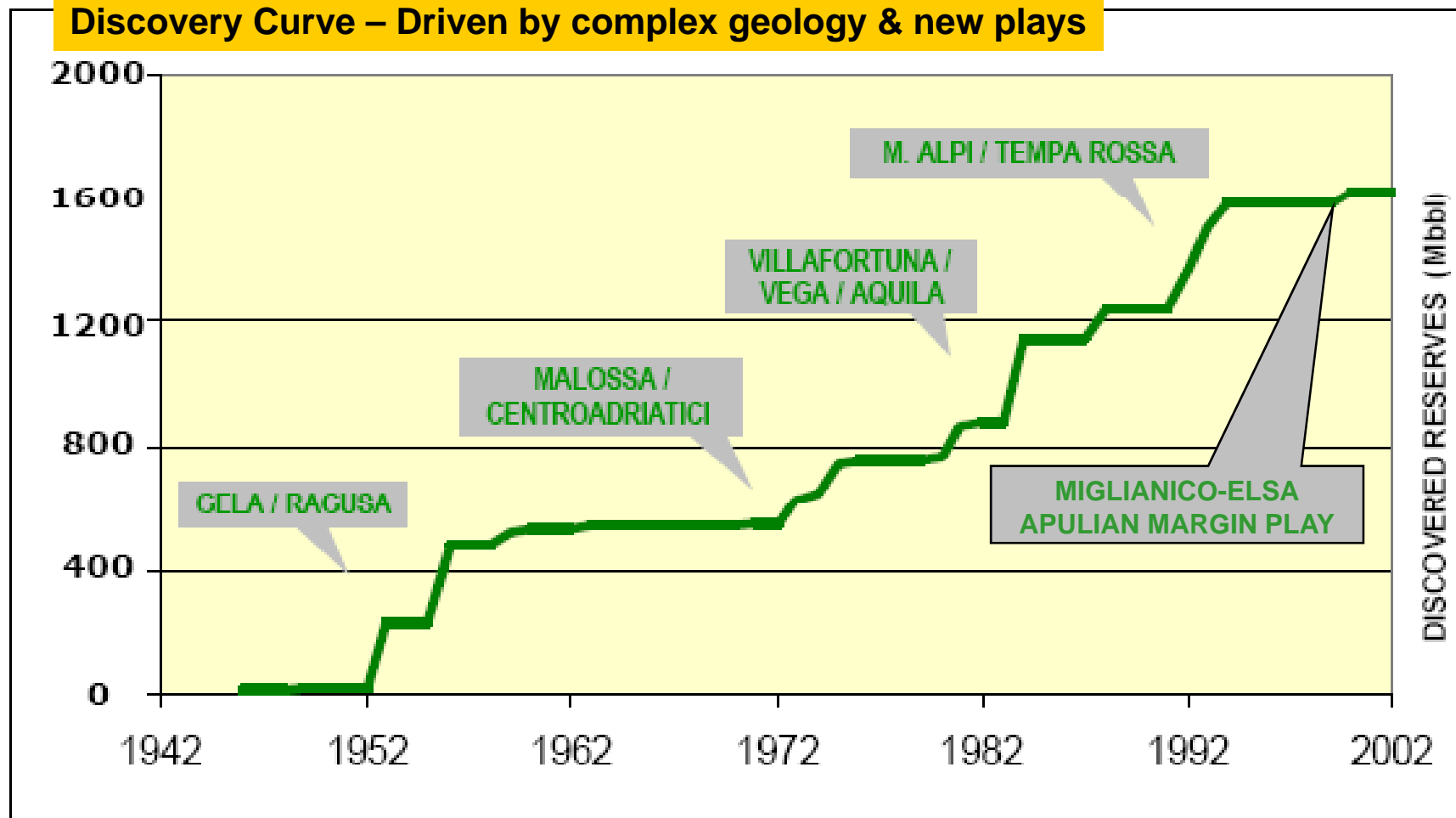
High Equity Interests

Oil & Gas

# Potential remains for large oil discoveries

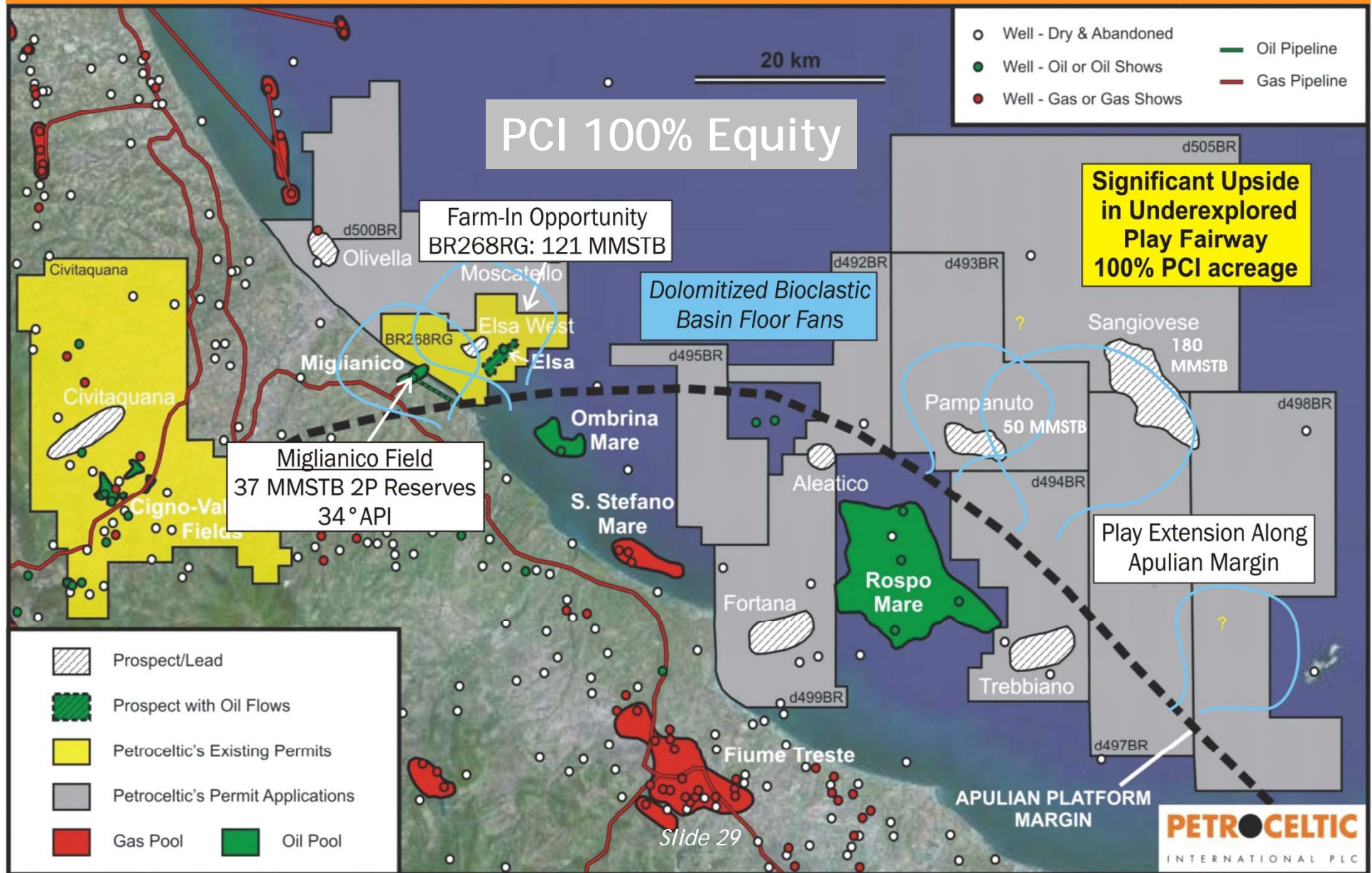
## ITALY - OIL CUMULATIVE DISCOVERED RESERVES / YEAR

Discovery Curve – Driven by complex geology & new plays



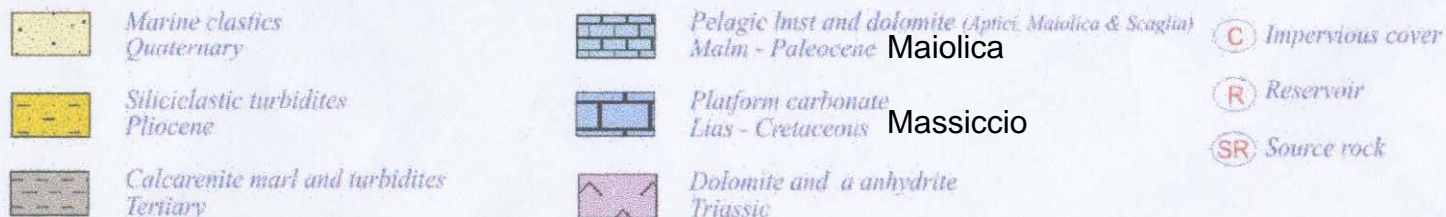
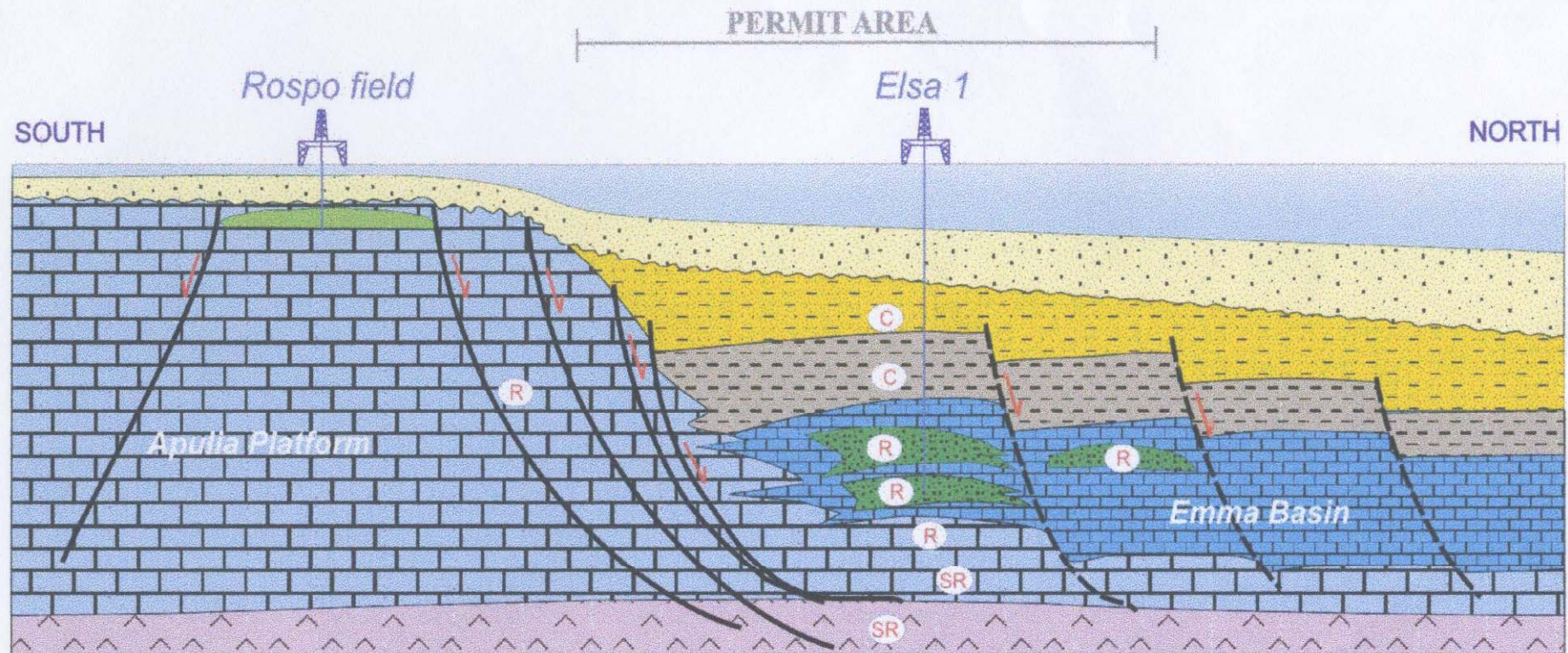
Sources: IHS & ENI

# Central Adriatic Area Petroceltic Acreage Position



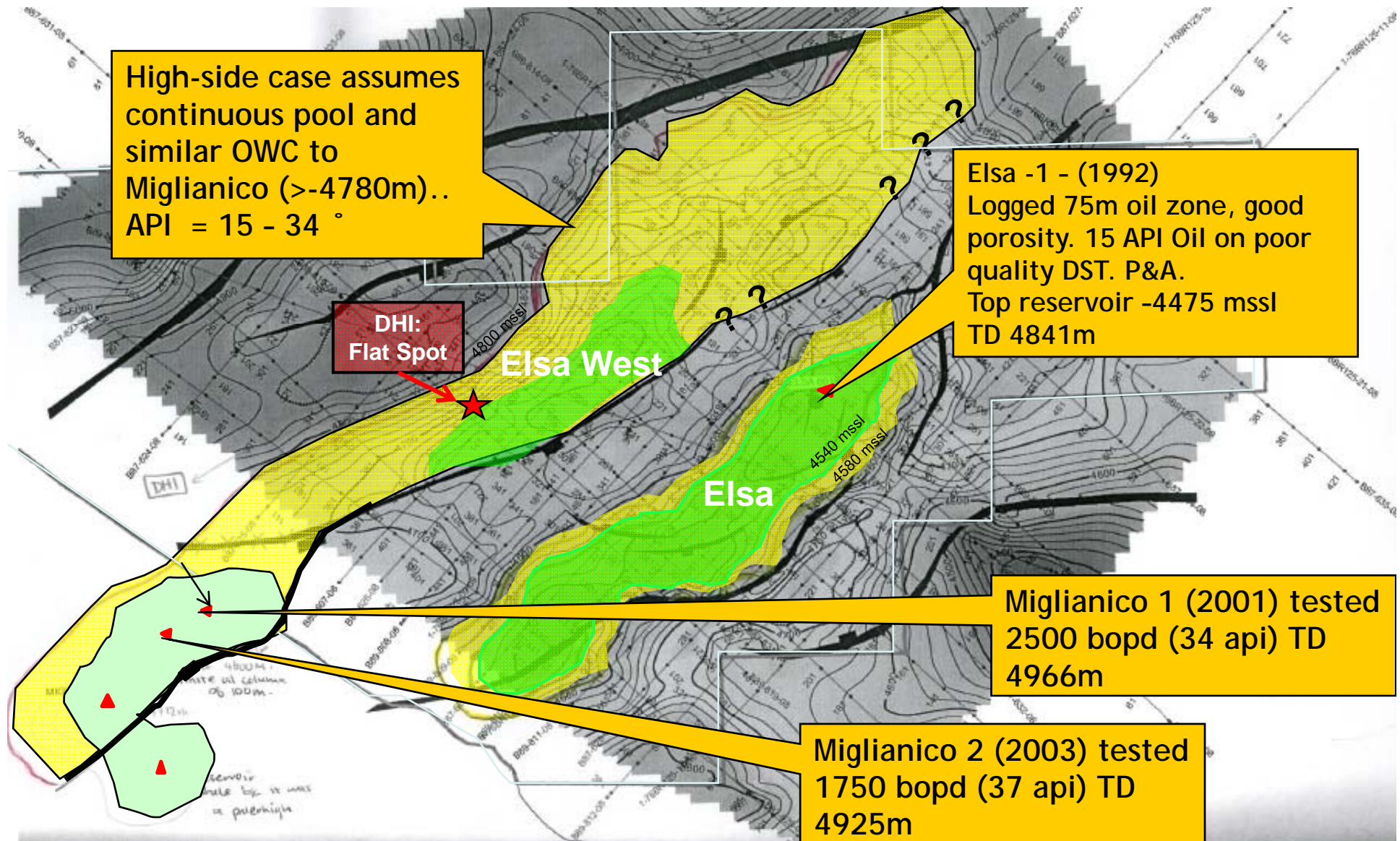
# Cretaceous Slope Play Elsa Area

- Cretaceous dolomitized deposits resedimented from the Apulian Platform edge and sealed by overlying pelagic sediment



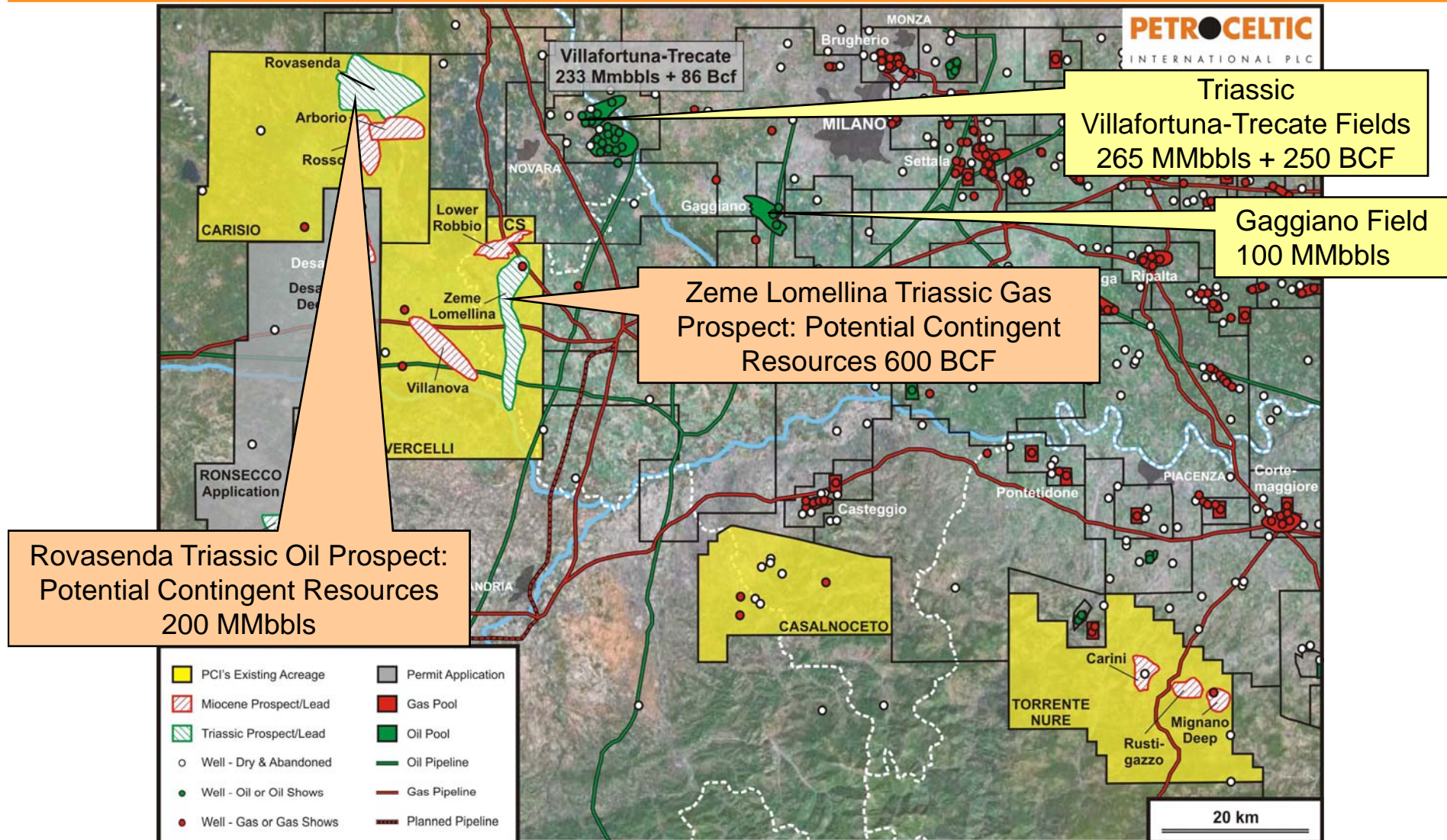
Source: Vega Oil

# Elsa-1, Elsa West & Miglianico Area





# Italy: Po Valley licenses & prospects

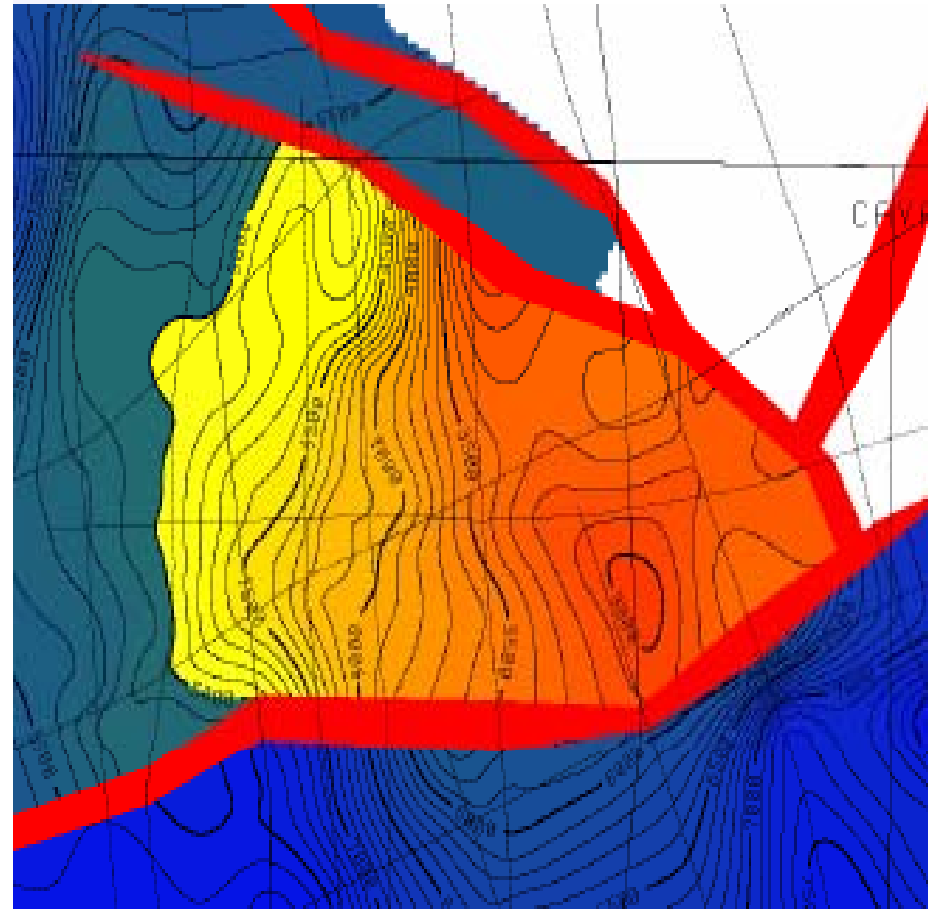


# Carisio Permit: Rovasenda Prospect

PCI 47.5%; ENI 47.5%; Condotte 5%

<b>Prospect Type</b>	<b>'Trap Door' Fault Block</b>
Target Depth	~ 3000-4000m
Reservoir	Jurassic/Trias Lst.
HC Type	Oil
HC Column	250-1500m
Vertical Closure	2500m
ML Area	32 km <sup>2</sup>
Max Area	32 km <sup>2</sup>
STOOIP <sub>(Mean)</sub>	680 MMbbls

<b>Reservoir</b>	<b>Parameters</b>
Gross Reservoir	40-60%
Net/Gross	40-60%
Porosity	3-12% (Avg. 6%)
Sw	20-60%
Recovery Factor	40%



Funding 30<sup>th</sup> April 2009

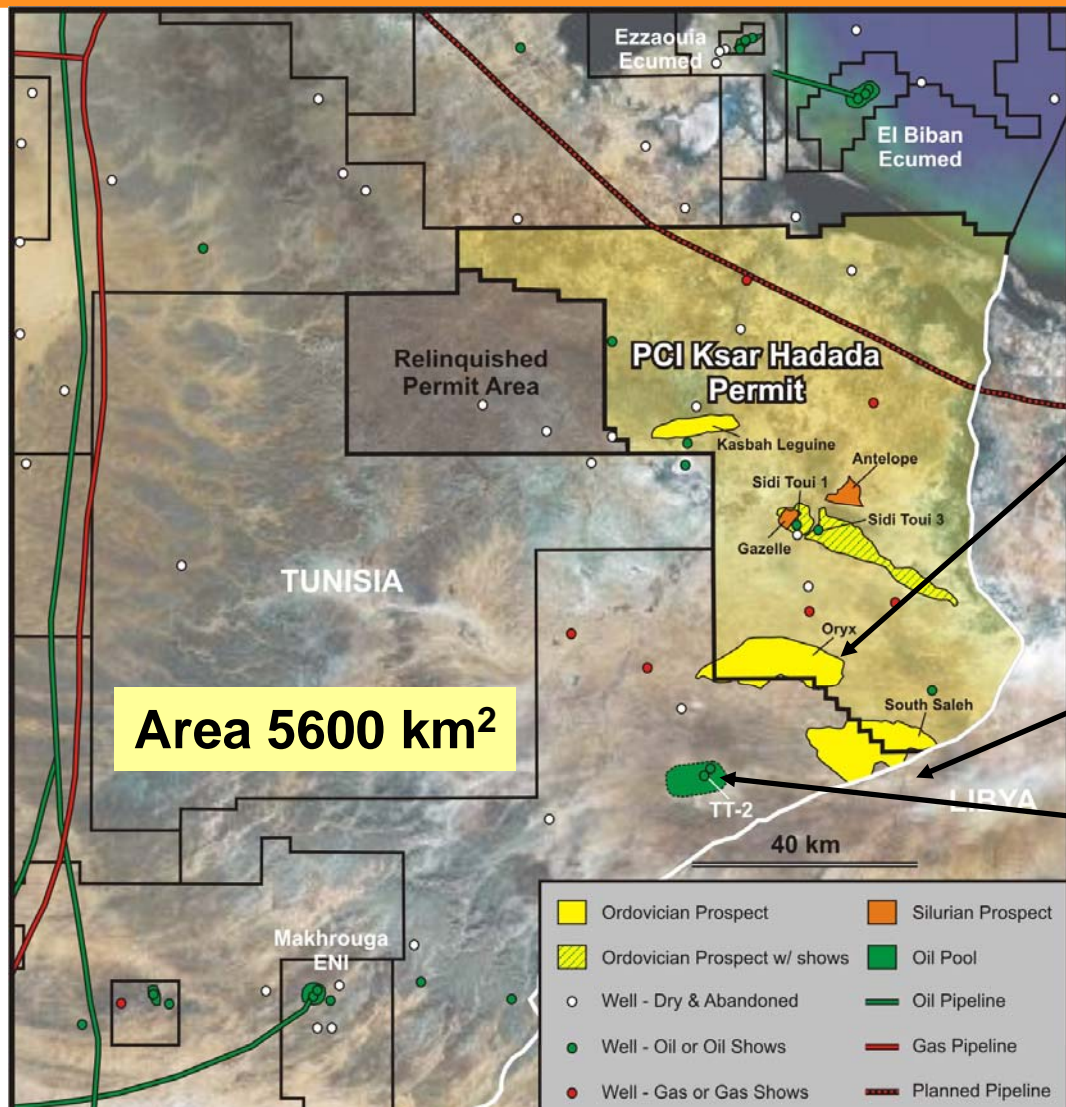
# Petroceltic Italy - prospect inventory

Area	Licence	PCI % Interest	Prospect Name	Objective	Potential Reserves					
					Gross			Net		
					BCF	MMbbls	Mmboe	BCF	MMbbls	Mmboe
Po Valley	Carisio	47.5%	Rosso	Miocene	95		17	45		8
			Arborio	Miocene	75		13	36		6
			Rovasenda	Triassic		200	200		95	
	Vercelli	50%	Villanova	Miocene	150		27	75		13
			Lower Robbio	Miocene	75		13	38		7
			Ottobiano	Miocene	90		16	45		8
			Zeme	Triassic	600		107	300		54
	Casalnocetto	75%	Lomellina	Miocene	10		2	8		1
			Carone	Miocene	100		18	75		13
			Volpedo	Miocene	35		6	19		3
Torrente Nure	55%	Carrini	Miocene	25		4	14		2	
		Rustigazzo	Miocene	220		39	121		22	
Sicily	Licata	37.5%	Licata	Plio-Pleistocene	245		44	92		16
Adriatic	BR-268	40%	Elsa	Cretaceous		80	80		32	32
	d496BR	100%	Olivella	Pliocene	15		3	15		3
	d497BR,d505BR	100%	Sangiovese	Jurassic		180	180		180	180
	d492BR,d499BR	100%	Aleatico	Oligo-Miocene		20	20		20	20
	d493BR	100%	Pampanuto	Cretaceous		50	50		50	50
	d496BR	100%	Moscattello	Jurassic		40	40		40	40
	d499BR	100%	Fortana	Jura-Cret		25	25		25	25
	d494BR	100%	Trebbiano	Cretaceous		20	20		20	20
	Civitaquana	35%	Cocciapazza	Mio-Pliocene	50		9	17.5		3
	Civitaquana	35%	Colle Tavo	Jurassic		10	10		3.5	3.5
<b>Total</b>					1785	625	944	899	466	626

# Strategy and objectives for Italy 2009 - 2011

- ***Drill 1 to 3 Wells:***
- **Drill Elsa Appraisal well in 2010/11**  
**P2 potential resources 80mmbbls, upside 180 mmbbls**
- **New Seismic on Adriatic 100% acreage, fund drilling via farm-out**
- **Seismic and drilling on Carisio Rovasenda Triassic oil play (Villafortuna trend) 2010/2011**  
**P2 potential resources 200 mmbbls**

# Petroceltic Tunisia - Ksar Hadada license



Petroceltic 57%  
Independent 40%  
Derwent & GA.I.A.

Oryx Structure

New seismic interpretation  
Complete – additional  
Prospects identified

Verenex Accacus successes  
In western Libya >5000 bopd/well

Storm Ventures success  
In TT-2, tested 300 bopd  
from the Ordovician, 170 MMbbls  
STOIIP discovered in April 2009

Source: Madalena Ventures

# Tunisia

- Licence in 2<sup>nd</sup> Period April 2008-April 2011
- 2 wells planned in 2009/10, contingent on farm-out to:
  - Fulfill outstanding commitments
  - Test Oryx and South Salah prospects
  - Wells costs approximately \$5mm each
- The block is currently under exclusive evaluation by a private E&P company
- Petroceltic 57%, paying 60%
- Fiscal terms good, 45% cost oil and 40% profit oil, no other taxes

## 2009 Cash: Sources & Uses, pre-funding

<b>Sources</b>	<b>US \$ Million</b>	<b>Uses</b>	<b>US \$ Million</b>
<b>Cash 1st January 2009</b>	<b>43.4</b>	<b>Algeria 7 well programme</b>	<b>-57.0</b>
		<b>Net Business Running Costs</b>	<b>-4.0</b>
<b>Iberdrola Advance Fee</b>	<b>7.3</b>	<b>Other Capex</b>	<b>-3.0</b>
<b>Drilling 2008 prepayments</b>	<b>5.6</b>		
		<b>Iberdrola Farm-in funds</b>	<b>55.0</b>
<b>Total Opening Cash</b>	<b><u>56.3</u></b>	<b>Closing Cash</b>	<b><u>47.3</u></b>

Source: Petroceltic Management Accounts & 2009 Budget

## 2009 Cash: Sources & Uses, pre-funding (without Iberdrola farm-in, capex reduced)

<b>Sources</b>	<b>US \$ Million</b>	<b>Uses</b>	<b>US \$ Million</b>
<b>Cash 1st January 2009</b>	<b>43.4</b>	<b>Algeria 5 well programme</b>	<b>-45.0</b>
<b>Iberdrola Advance Fee</b>	<b>7.3</b>	<b>Net Business Running Costs</b>	<b>-4.0</b>
<b>Drilling 2008 prepayments</b>	<b>5.6</b>	<b>Other Capex</b>	<b>-1.0</b>
		<b>Iberdrola Farm-in funds</b>	<b>0.0</b>
<b>Total Opening Cash</b>	<b><u>56.3</u></b>	<b>Closing Cash</b>	<b><u>6.3</u></b>

Source: Petroceltic Management Accounts & 2009 Budget



# Placing - Use of Funds

## Placing of USD\$40 million

Existing and New Investors	USD\$31.1
Iberdrola provision @ 22.34%*	USD\$ 8.9
<hr/>	
	USD\$40.00

## Use of funds

- Secures Algerian drilling programme in case of delay to Iberdrola farm-in approval
- Allows continuation of Algerian appraisal in a success case
- Accelerates drilling and seismic programmes in Italy
- Allows development of Italian portfolio

*\* Note: Iberdrola has an option to take 22.34 % of placing. If not exercised, these shares will go to existing and new investors*

# Placing Statistics

Current Shares in issue	965,797,049	%		
			£mm	US\$mm
Tranche1 - Unconditional	190,619,082	19.7%	13.3	19.4
Tranche 2 - AGM on 3/6/09	114,164,330	11.8%	8.0	11.6
Tranche 3 - Iberdrola Option*	87,680,588	9.1%	6.1	8.9
<b>Total Placing</b>	<b>392,464,000</b>	<b>40.64%</b>	<b>27.5</b>	<b>40.0</b>
New Shares in issue post Funding	1,358,261,049			
Issue Price (27/9/08)	7p/share			
30 day Average price	6.997p/share			

\* Note: Iberdrola has an option to take 22.34 % of placing. If not exercised, these shares will go to existing and new investors

# Placing Summary

- **Protects investment in Algeria**
  - Currently not fully funded for success case drilling programme
  - Finance in place for drilling in 2009/10, but cannot complete desired programme without Iberdrola farm-in
  - Difficult/impossible to fund while drilling ongoing
  - Provides protection in case of drilling project cost overruns
- **Allows development of Italian business**
  - Italian Portfolio requires funding for 3D seismic and drilling
  - Rig commitments must be entered into in 2009 for drilling in 2010
  - New seismic required for Rovasenda prospect in Po Valley
- **Improves strength of institutional following**
  - New investors are backing the vision of management to grow across the portfolio, in Algeria, Italy and Mediterranean / Maghreb
  - Quality of new and existing investors is high, long term holders

# Petroceltic Summary

- **Foundations for Growth in Place**

- Rig in country, 5/7 well programme about to start
- Finance in place for drilling in 2009/10, additional farm-in funds expected
- Strong Technical & Operational Team
- Robust Strategic Partner – Iberdrola
- Italy Adriatic/Po Valley permits secured with drill ready prospects

- **Newsflow**

- Rig contracted for Algerian drilling, starting Q2 2009
- 5/7 wells planned for Algeria 2009/10
- Up to 3 wells planned for Italy 2010/11
- Possible drilling in Tunisia 2009/10
- Iberdrola Farm-in expected Q3, further \$55 mm cash

End

