

OFFSHORE CYPRUS

FORMATION OF BIDDING GROUP IN THE 2012 OFFSHORE CYPRUS LICENSING ROUND

EastMed Energy Ventures Ltd, a Cypriot oil and gas exploration company (www.eastmedenergyventures.com) has mandated Simco to advise it for the upcoming Cyprus Licensing Round.

Introduction

EastMed has been liaising with the Cyprus authorities for the last 3 years, with regard to obtaining one or more licence blocks, offshore Cyprus. EastMed has been advised that it is welcome to make an application in the next (2nd) licensing round, which is currently planned for early 2012.

During 2011 EastMed has undertaken much research into the prospectivity of the Cyprus offshore, which has resulted in a decision to apply for those blocks lying in the Levantine Basin. EastMed has acquired a comprehensive seismic and well database, and following a detailed interpretation, has now high-graded the blocks. EastMed is currently seeking to join a bidding group, upon the announcement of the of the licensing round.

Block Status / Prospectivity

Cyprus has held only one previous licensing round (in 2007) which resulted in Noble Energy being awarded Block 12 (see Figure 1). Noble have extensive acreage, offshore Israel, where they have subsequently succeeded in establishing a new gas play with estimated likely (2P) resources of 25 TCF to date. The largest of the 3 discoveries drilled in the last 2 years, Leviathan, was reported as having 16 TCF and covering >300 km² and lies approximately 25 km from the recently ratified Cyprus-Israel boundary line. Noble acquired 3D seismic over a part of Block 12 in 2009/10 and has now started drilling the Cyprus "A" prospect.

The reservoir for the Israeli gas discoveries is Lower Miocene Sand, also known as the Tamar Sand, after

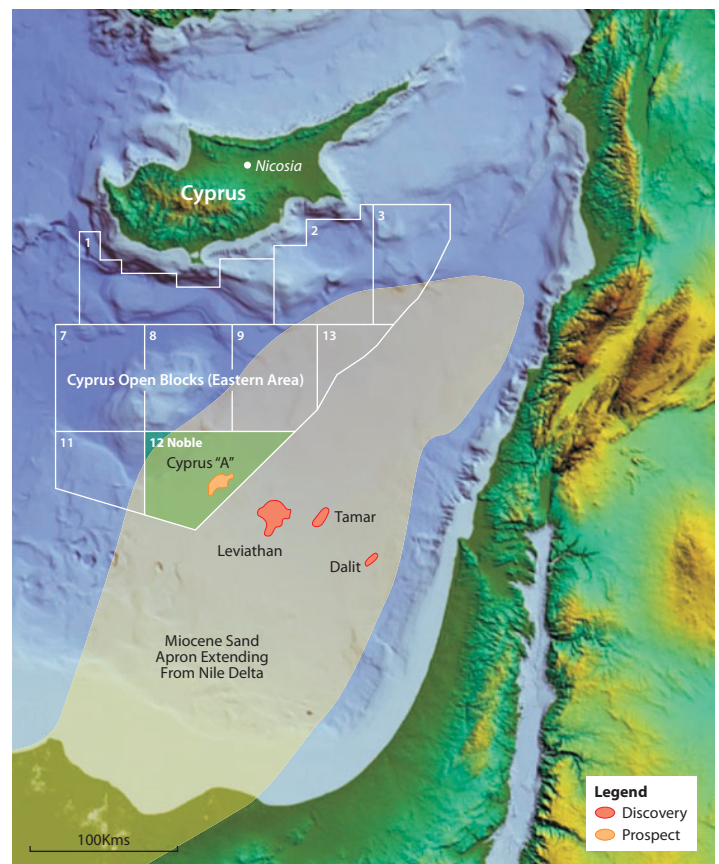


Figure 1 Miocene Sand Fairway and Discovered Gas Fields, Levantine Basin

the first success (see Figure 2). The sands are thick (Tamar was announced as having >140 metres of net pay) and are almost certainly derived from the early Nile delta, about 250 km to the south. As such, the fairway is likely to extend over a large part of the Levantine Basin, constrained by the subsea topography. The gas is described as >99% methane (very dry) and the size of the discovered resource to date suggests that a widely distributed source rock exists.

Development Options

Tamar is already being developed, with first gas due in April 2013. The export route is via the existing Mari B platform (which will be used for storage) and then to Ashdod; Israel's main port (see Figure 3). While Tamar gas will be used mainly to satisfy Israel's domestic market for the next 20 years, the Noble group has also commissioned a pre-FEED FLNG study with Daewoo. This will broaden longer-term export options, both for Tamar and other fields.

In Cyprus, if Noble's Cyprus "A" is a discovery (and the presence of a possible flat-spot suggests this is likely) it would be able to perform a similar function for Cyprus, with its gas being piped to the extensive industrial site surrounding the Vasilikos Power Station, and satisfying all local demand. What is not required for local demand can be allocated towards an LNG plant, together with additional gas resources secured through further exploration in Cypriot waters and from Israel's Leviathan field.

Procedure

EastMed believes that the timing for exploration in the undrilled Cyprus offshore could not be better and wishes to combine its excellent contacts on the island, with its adviser Simco's technical knowledge of the area, and join a bidding group which would include a deepwater operator.

Simco is acting as an adviser to EastMed and interested parties are invited in the first instance to visit Simco's London offices and discuss the opportunity in more detail. Subsequently, visits to EastMed's Nicosia office will be arranged.

For further information please contact:

Kapo Simonian at Simco Petroleum (Management) Ltd

Tel +44 (0)20 8878 0212 or **E-mail** kaposimonian@simco-pet.com

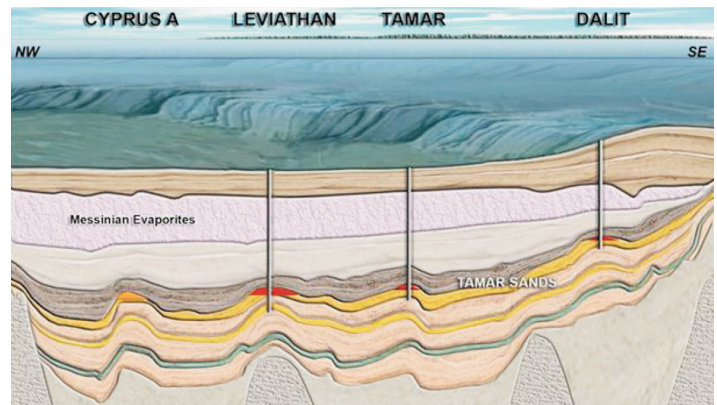


Figure 2 Multiple Opportunities in Levantine Basin

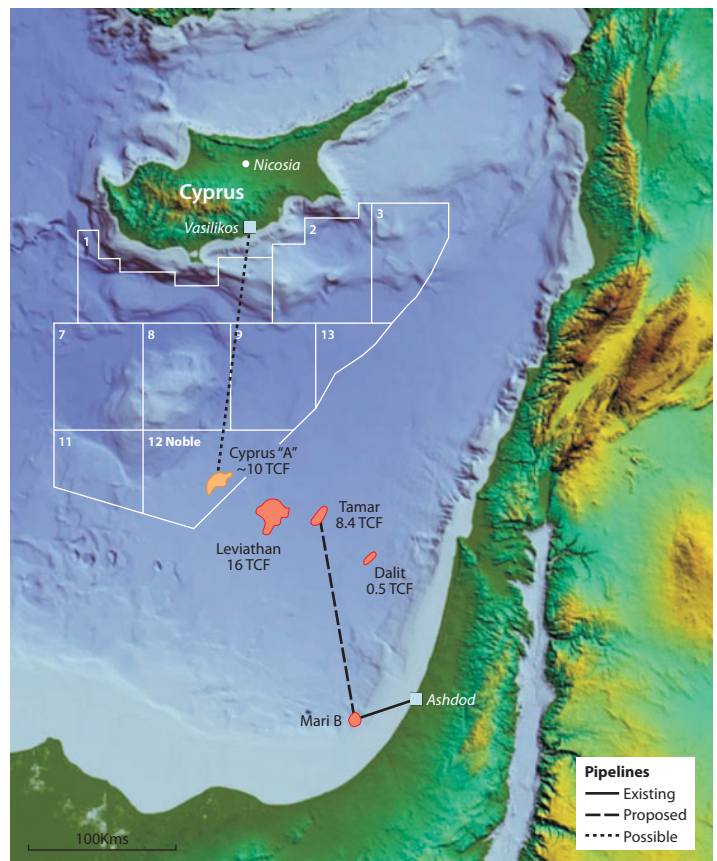


Figure 3 Potential Gas Infra-structure