



Annual General Meeting

London - 16th Jan 2009

Operations Report

July 07 – June 08



by **S. Morandi** Group's CEO



- **Corporate Strategy**
- **E&P Assets**
- **Operational update**
 - **Highlights**
 - **HSE**
 - **Gas Production & Revenues**
 - **E&A Drilling Results**
 - **Reserves & Resources**
 - **Value Creation**
 - **2009 -2011 Operational Programme**
- **Details on Ombrina Mare Field**



Leading independent in Italy

- Acquisition of targeted assets
- Large exploration, appraisal and development portfolio and programme
- Turning exploration/appraisal success into production
- Strong in-house technical capabilities

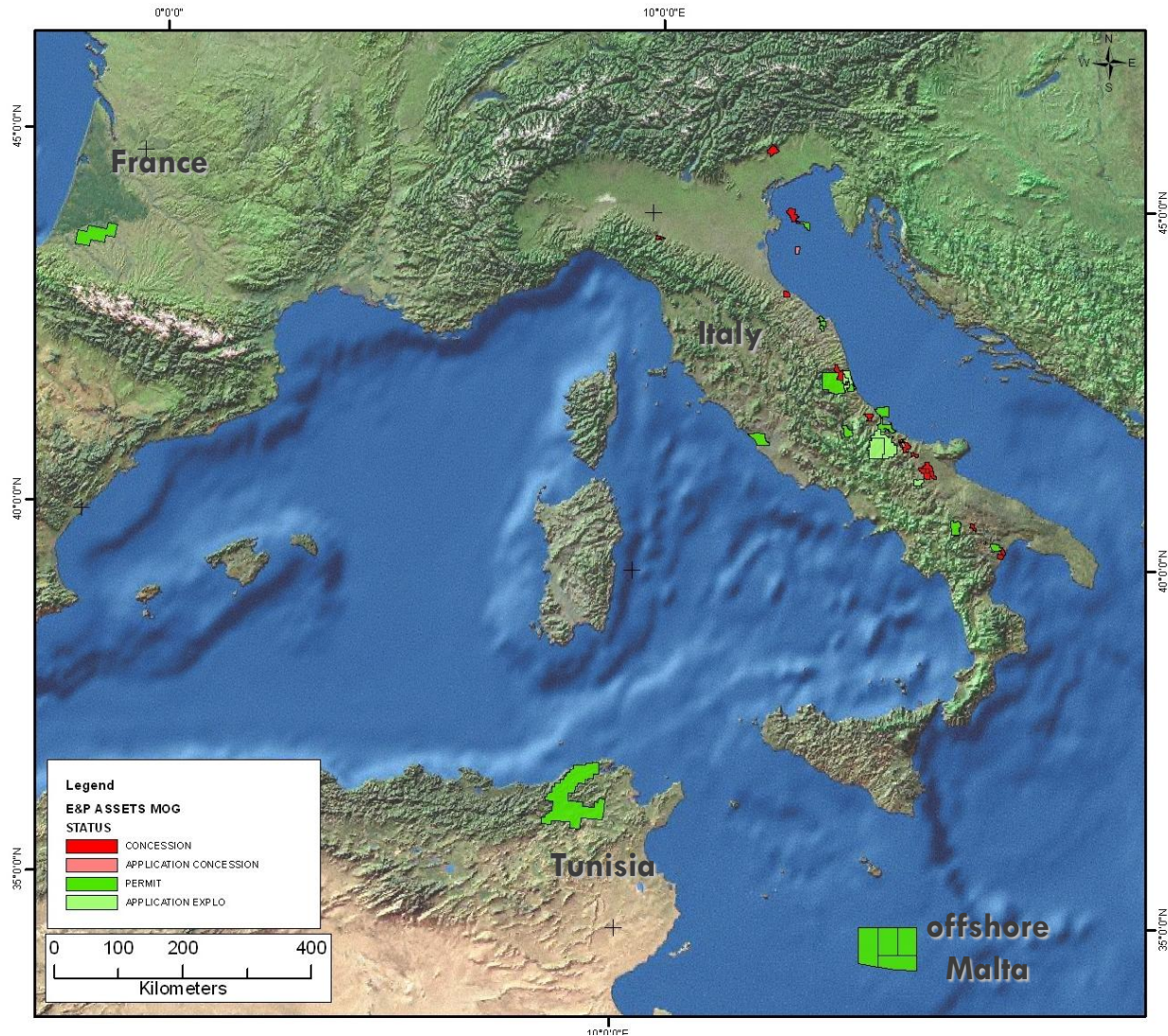
Differentiators

- Profitable and strong cash flow from Italian E&P business
- Geographic focus on Italy and the Mediterranean Region
- Strong operational base in Italy

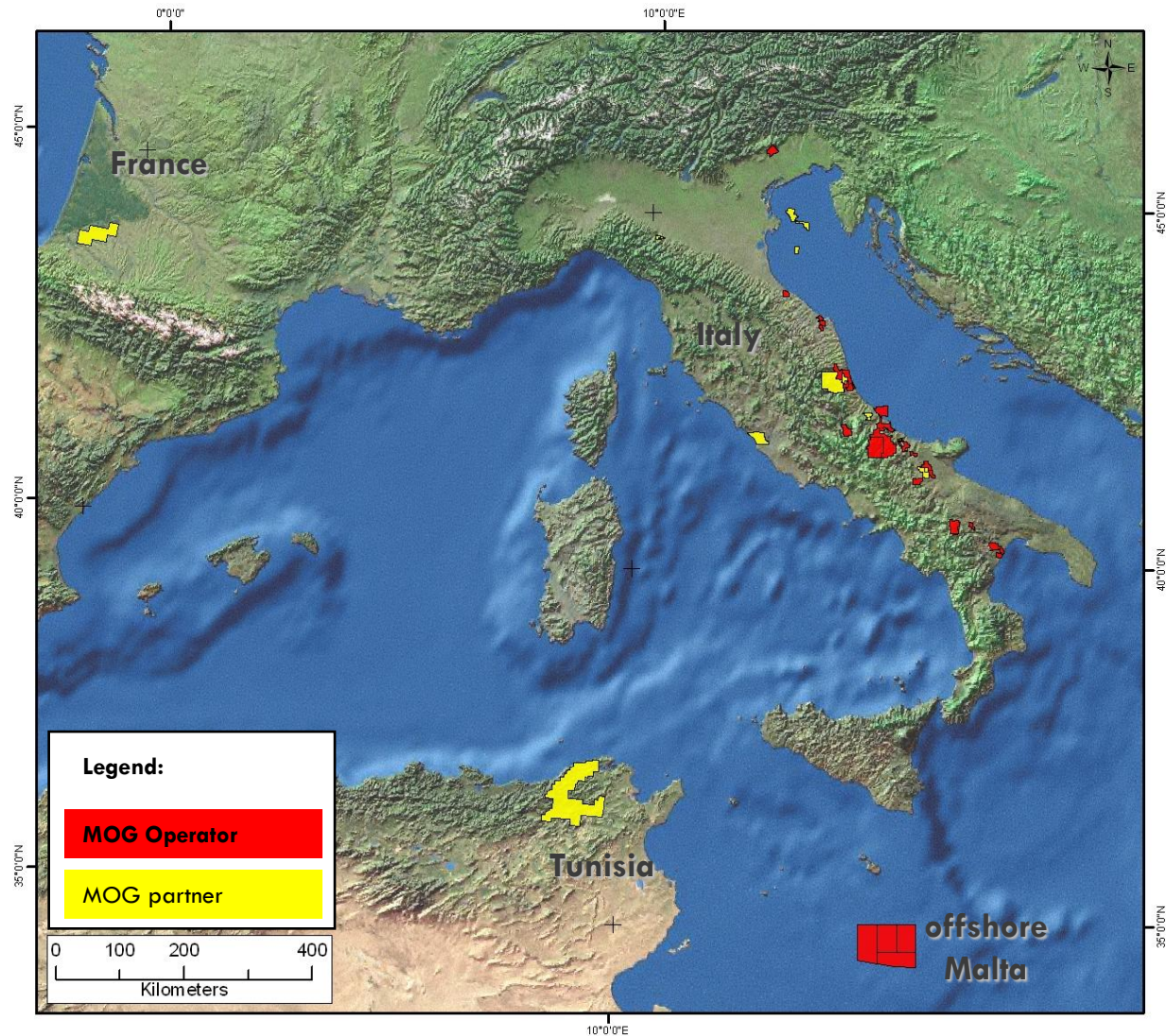
2 – 3 year corporate targets

- Continue to increase oil and gas reserves
- Increase gas production
- Emphasis on growth in the Mediterranean Region
- First oil and gas production from the Ombrina Mare discovery

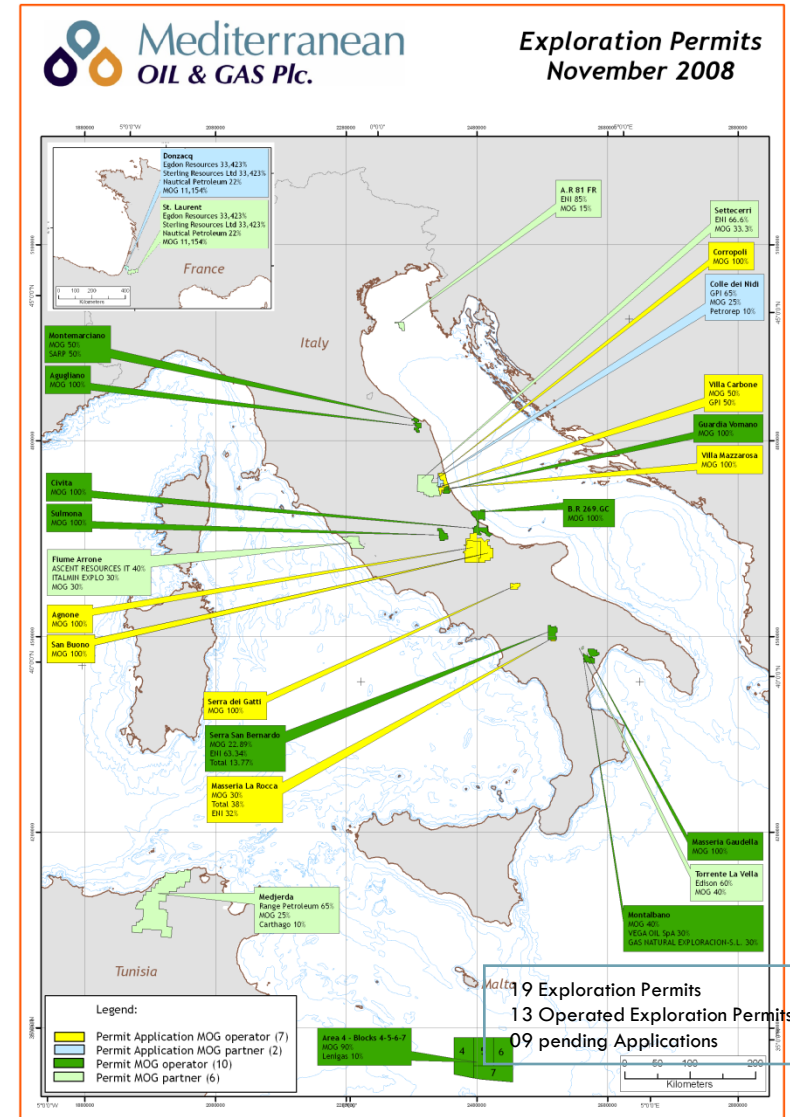
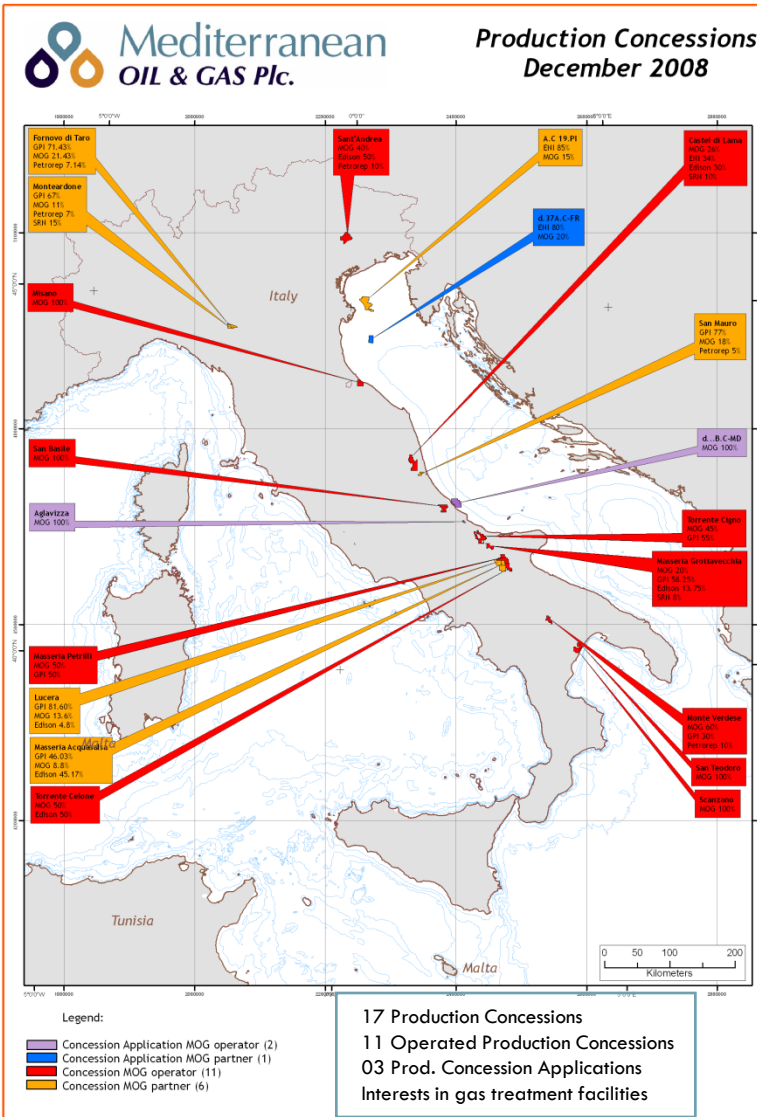
MOG - E&P Assets



MOG - Operated and Non-Operated E&P Assets



MOG - E&P Asset Details



Operational Update (1) - Highlights



Highlights in the reported period (July 07 – June 08)

- ✓ Offshore Italy - **Successful appraisal of the Ombrina Mare oil and gas field**
- ✓ Offshore Italy - **Certification of 20 million barrels of proved and probable (2P) oil reserves** at Ombrina Mare with OM2dir well completed as a future oil producer
- ✓ Area 4 Offshore Malta - **Completion of the Exploration Study Agreement** on Blocks 4, 5, 6 & 7 and completion of negotiations for the Production Sharing Agreement
- ✓ Onshore Italy - **Acquisition of Medoilgas Civita Limited** (formerly named JKX Italia Ltd) and the grant of the Aglavizza gas production concession
- ✓ Completion of a **€18 million debt facility with the Bank of Scotland**

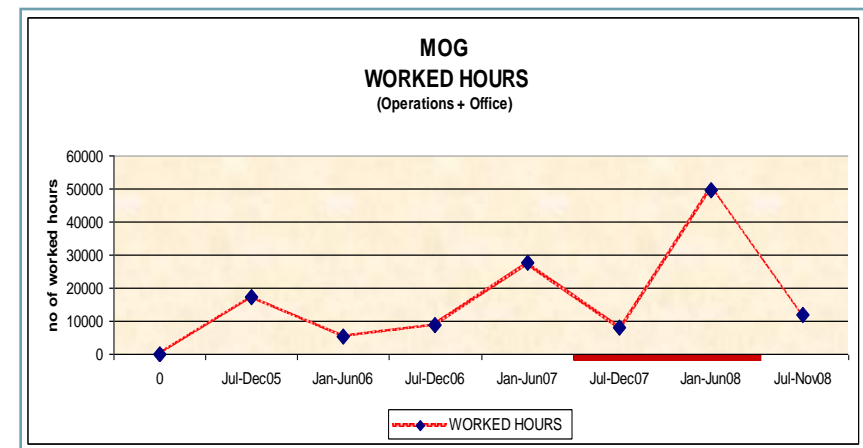
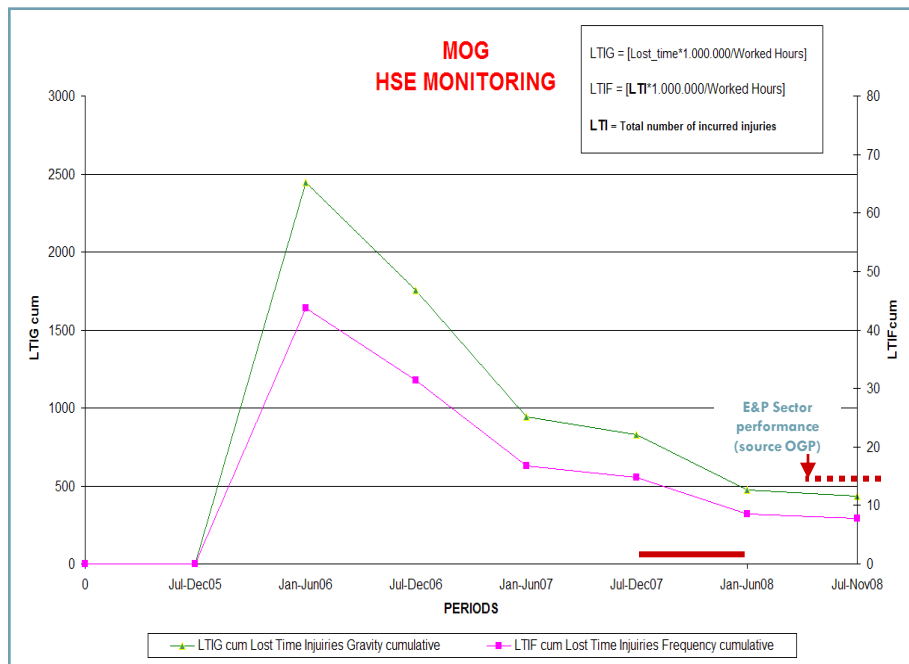
Post Period Highlights (Jul-Dec08)

- ✓ Offshore Italy - **Certification of 6.5 Bcf proved and probable (2P) gas reserves** at Ombrina Mare
- ✓ Area 4 Offshore Malta - **Execution of the Production Sharing Agreement** over Blocks 4, 5, 6 & 7
- ✓ Offshore Italy - **Completion of platform and connecting pipes at the OM2dir site**
- ✓ Italy – **Submission of the Production Concession Application at Ombrina Mare**



Operational Update (2) - HSE

- ◆ Health, Safety and Environment is a MOG priority
- ◆ MOG operations confirmed as safe and sustainable
- ◆ MOG performance confirmed in line with the E&P industry HSE targets
- ◆ more than 58,000 hrs worked July 07 to June 08 by MOG as operator with no injuries

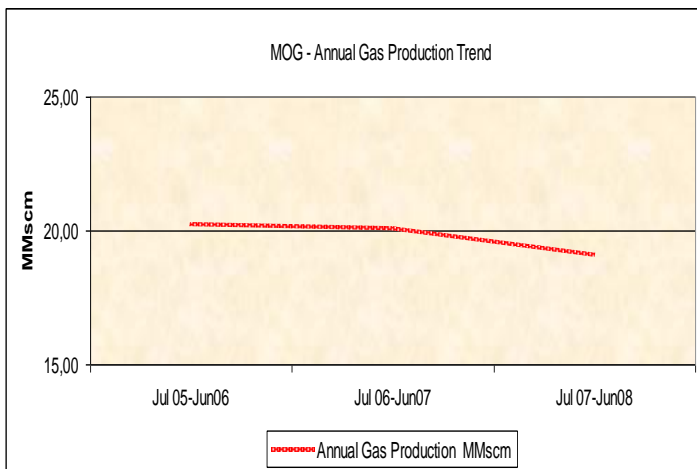




Operational Update (3) - Italian Gas Production

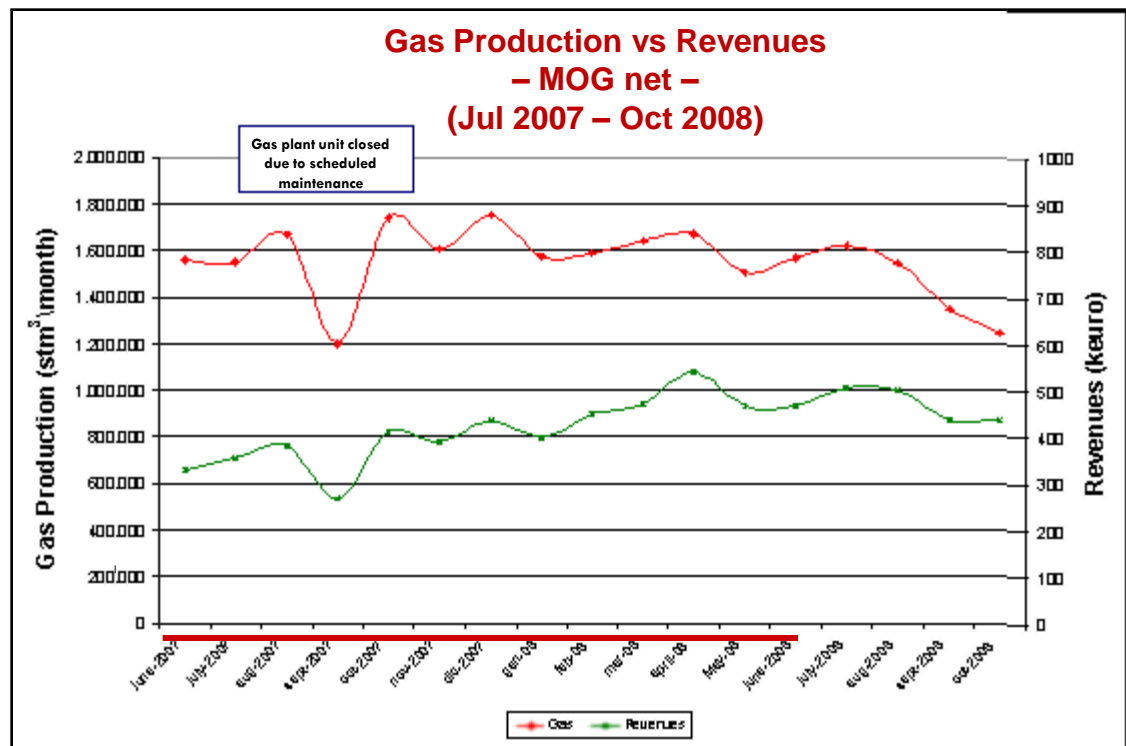
Period: July 07 to June 08

- ◆ Annual Gas Production 19.09 MMscm (674 MMscf)
- ◆ Average production of 1.59 MMscm/month (56 MMscf/month)
- ◆ A phase of lower production due mainly to shutdowns for maintenance (-14%)
- ◆ Income from gas sales sensibly increased

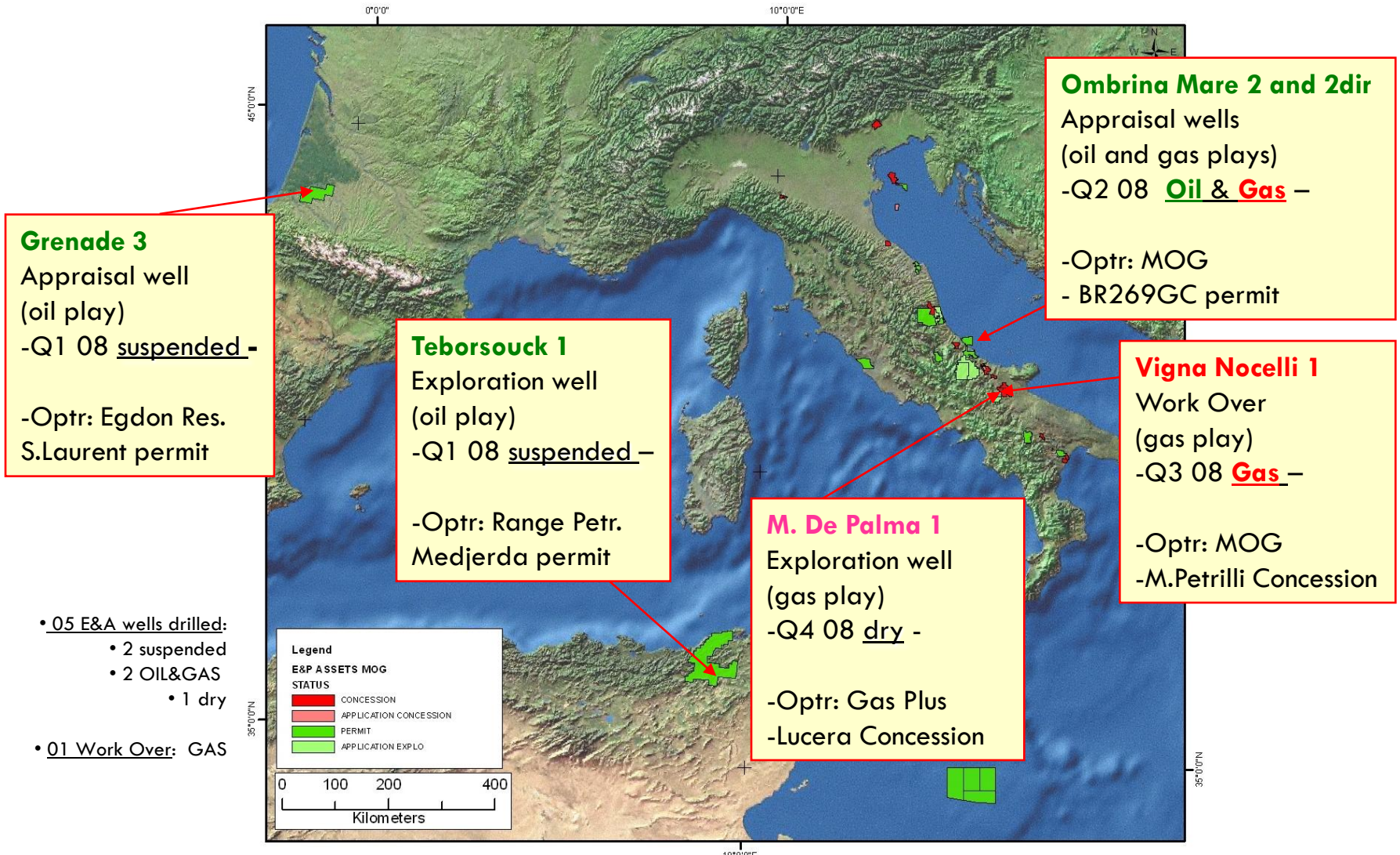


price euro cent/scm

Jul 07 - Dec07	25.87
Jan 08 - Jun08	30.87
Jul 08 - Nov08	37.04



Operational Update (4) - 2008 E&A Drilling Results



Operational Update (5) - Reserves vs Resources & Forecast Production



Update 31.12.2008

Reserves & Resources

	Oil (mmbbls)	Gas (Bcf)	Total (mmboe)
Proved + Probable	20	17	23
Contingent			
Most Likely	12	25	16
High Estimate	19	55	28
Prospective			
Most Likely	1,420	93	1,435
High Estimate	3,950	160	3,980

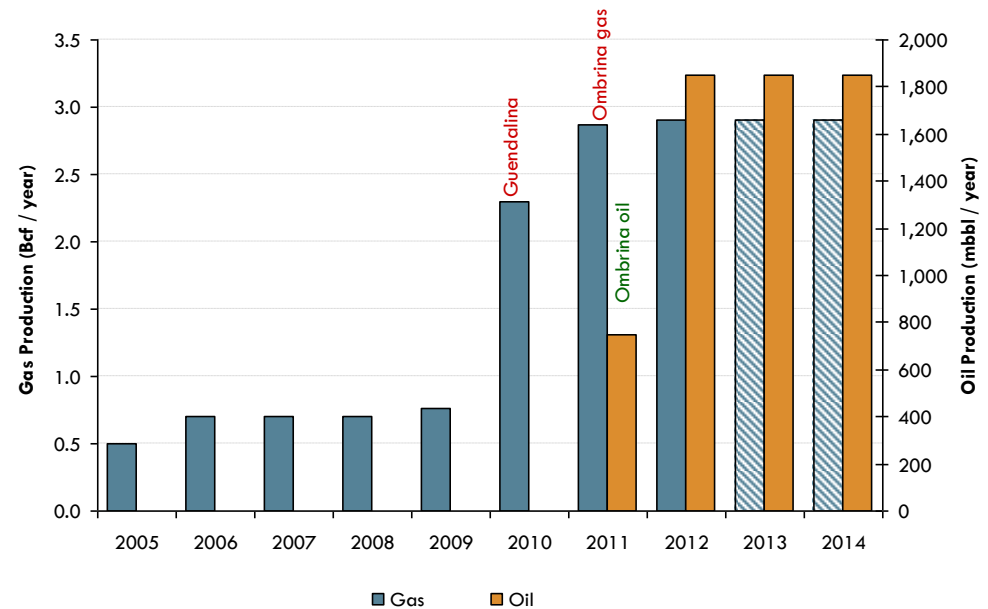
2P Gas reserves up 70% in 2008

no 2P Oil reserves before 2008

Proved + Probable:
independent certification by SIM

Contingent & Prospective:
independent certification by RPS and Company

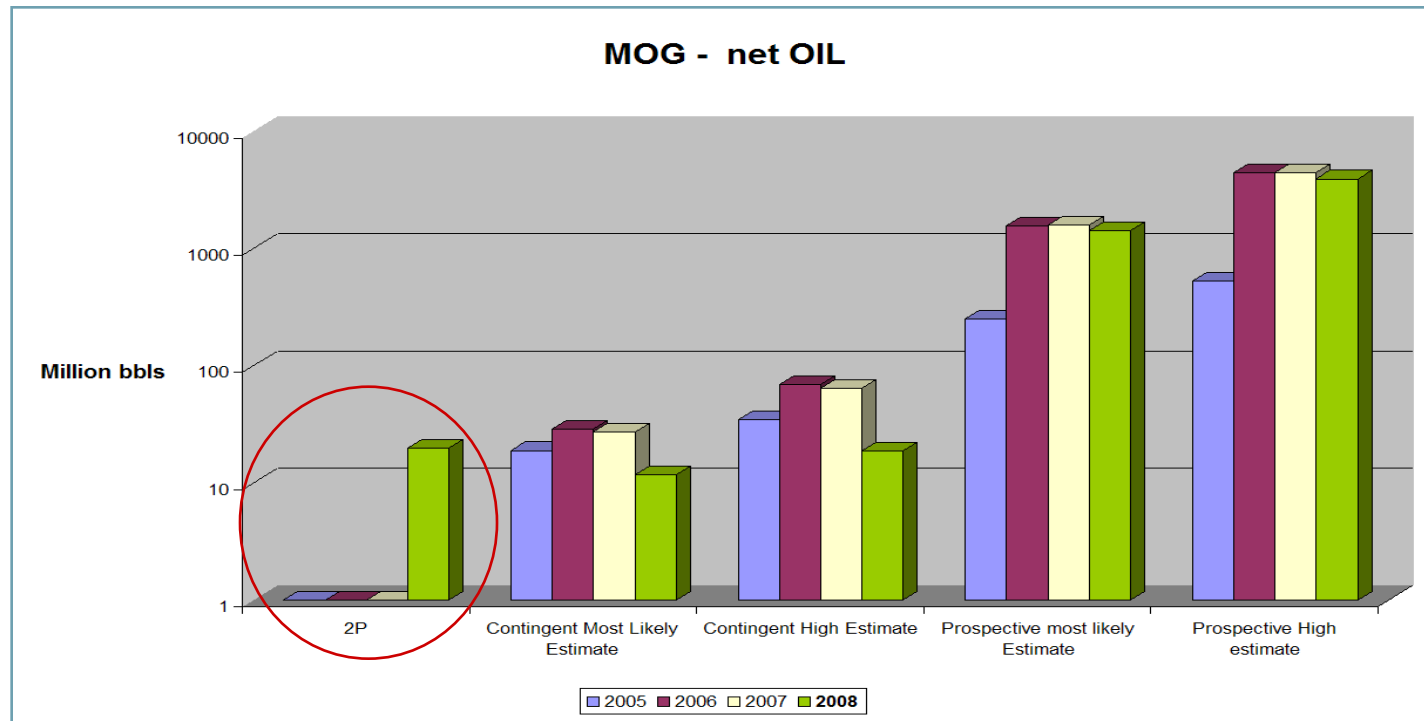
Forecast Production (base case)



2007-2008 MOG Value Creation – Net Oil (1)



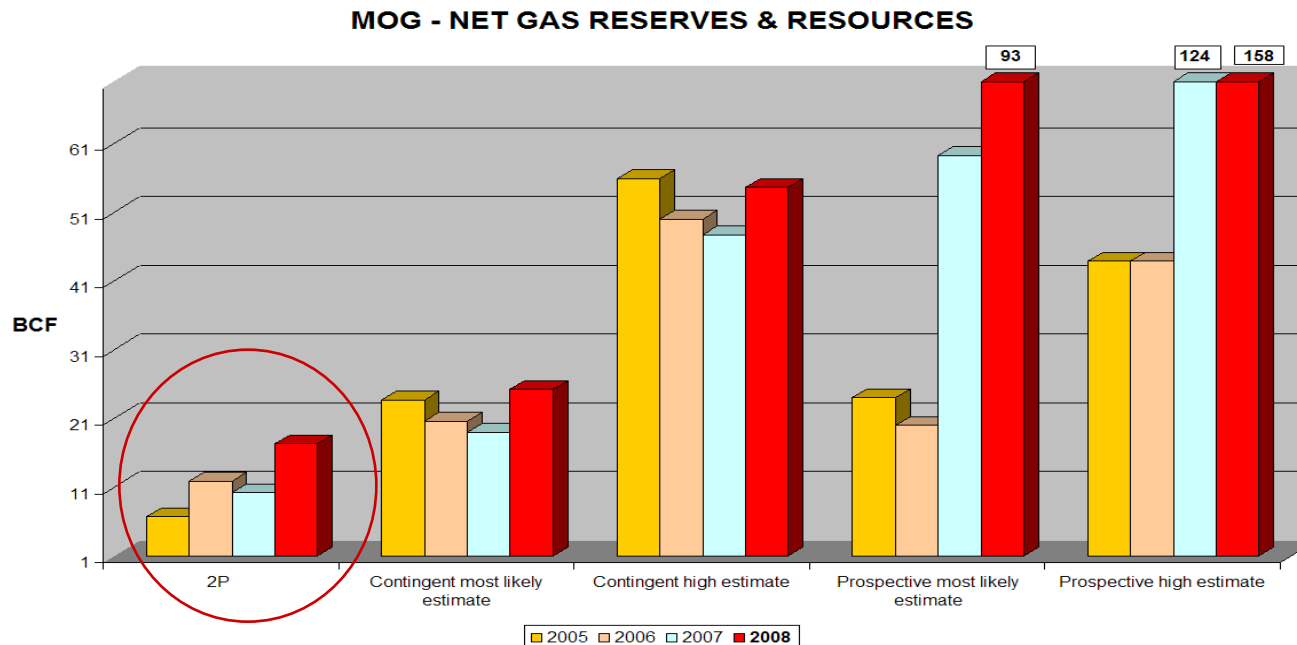
- ◆ Ombrina Mare appraisal drilling “moved” significant Contingent Resources into 2P Reserves
- ◆ 20 MMbbls of 2P reserves certified on Ombrina Mare
- ◆ Oil Resources substantially confirmed over the whole portfolio in 2008;
- ◆ Monte Grosso (Italy) and Offshore Malta are the most promising Prospective Oil Resources



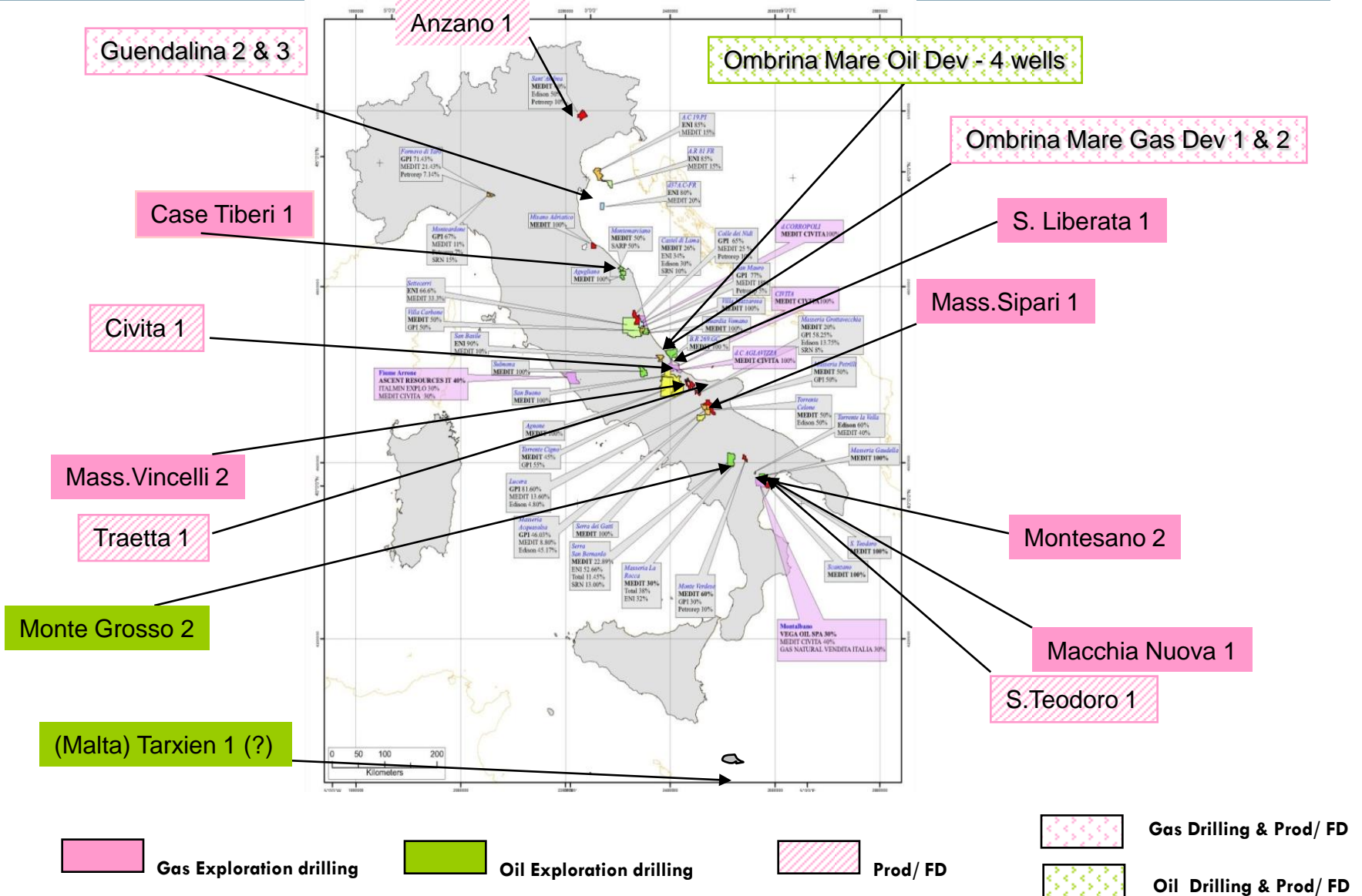
2007-2008 MOG Value Creation – Net Gas (1)



- ◆ 2P Gas Reserves increased from 10 to 17 BCF in 2008 (+ 70%) (Ombrina Mare & Civita gas fields)
- ◆ Guendalina Development on schedule in 2010
- ◆ Prospective Gas Resources strongly increased in 2008 (Ombrina Mare, Medoilgas Civita acquisition, technical reviews)
- ◆ mature E&A drilling & work-over program in the existing Exploration & Production Acreage could “move” additional gas Contingent and Prospective Resources into 2P Reserves in the near future
- ◆ In Northern Adriatic 19 to 48 Bcf of Contingent Gas Resources ready to move to P1+P2 reserves if the development of the above gas fields (presently frozen for environmental restrictions) is authorized

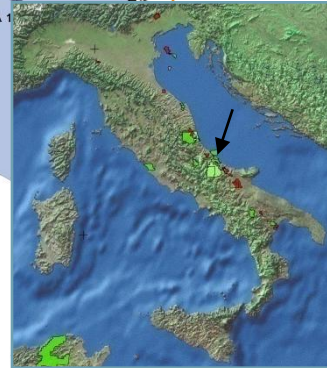
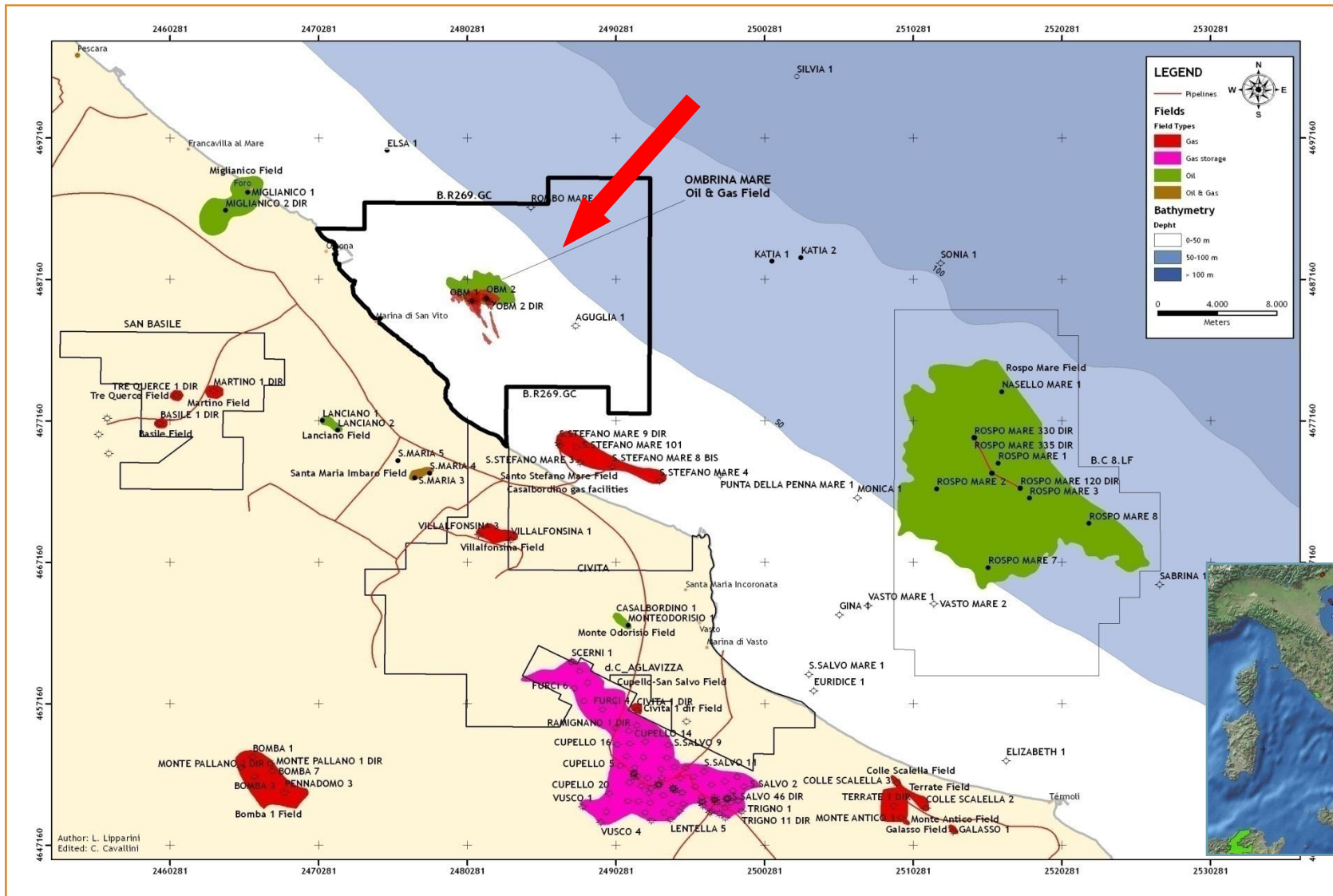


MOG 2009 – 2011 E&P Operational Programme



Details on Ombrina Mare Field





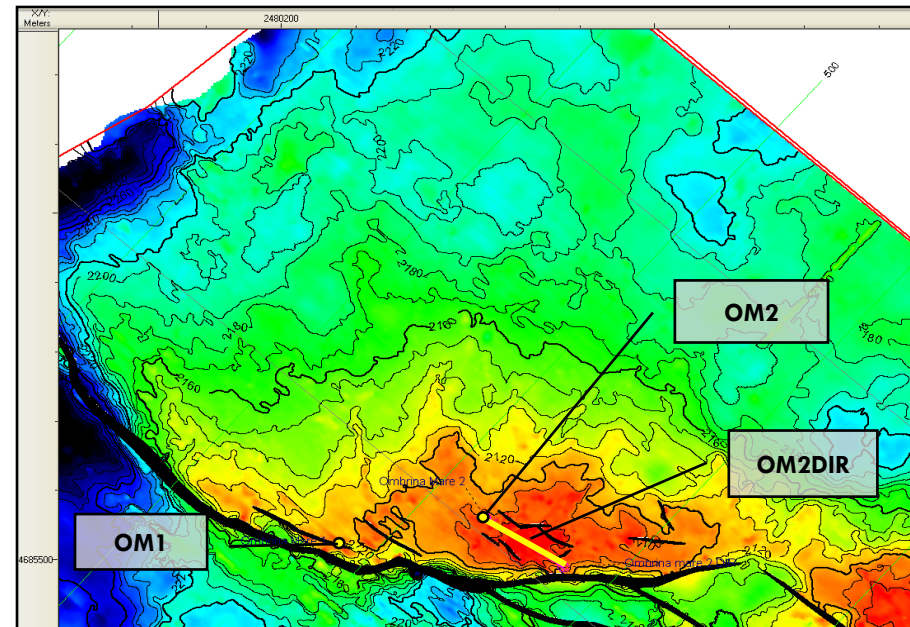


Technical details on Ombrina Mare field

- **Country, Area:** Italy, Adriatic Sea (Abruzzo)
- **Ownership:** MOG (100% W.I)
- **Well count:** OBM-1 discovery well; OBM-2 + 2dir appraisal wells
- **Seismic data:** 2D & 3D
- **HC:** biogenic Gas and Oil (17-19 API)
- **Play types:** Apula Carbonate platform (oil)
Pliocene Clastics (gas)
- **Reservoir level/facies/age:**
 - Main target: Oligocene-Miocene carbonates (bioclastic packstone/grainstone);
 - Secondary Target: Pliocene sands gas complex
- **Oil Target Depth:** 2100 m tvdss

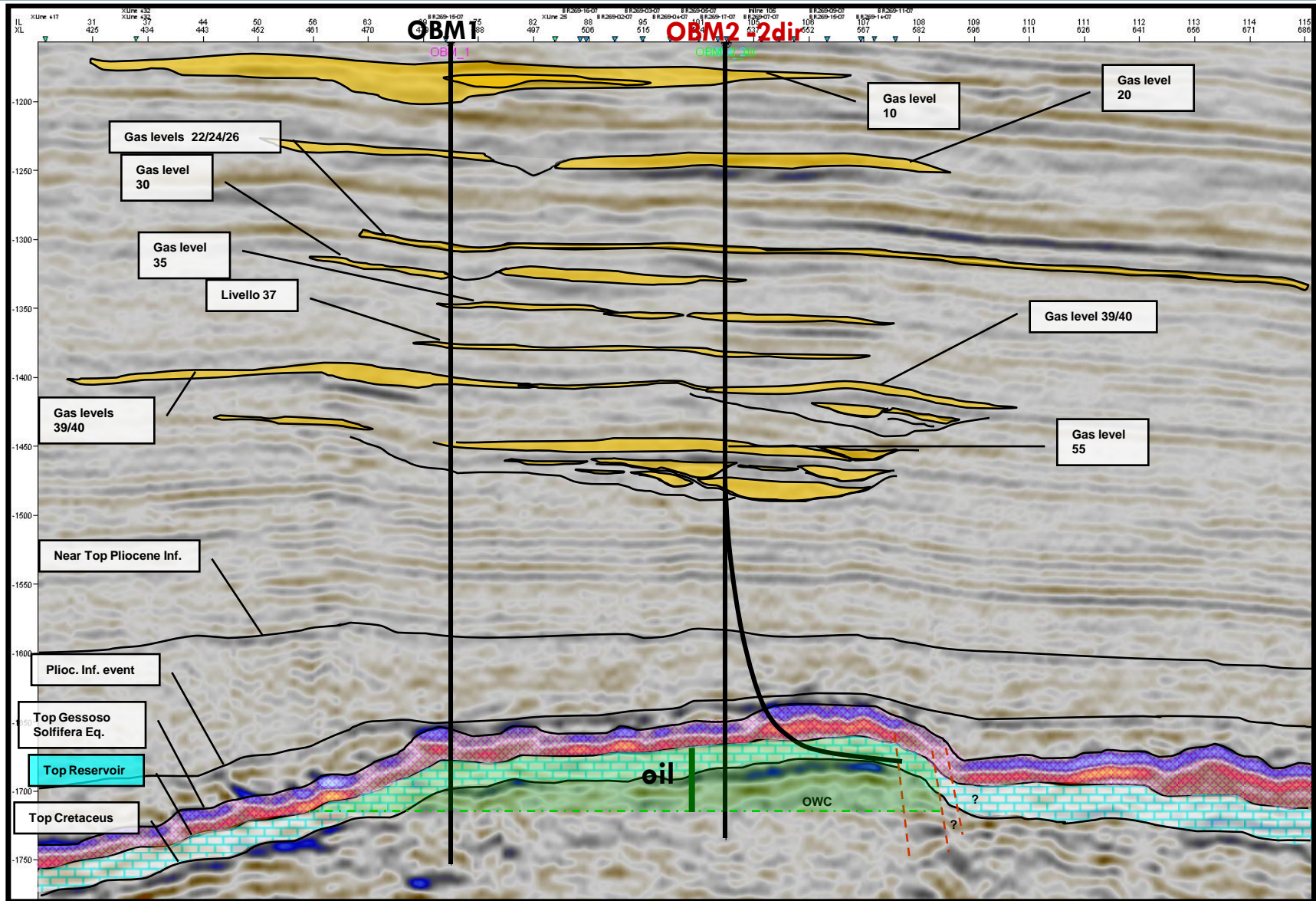
Well OBM 2dir - Test results

- **Stabilised Oil spontaneous production after light acidification:** 900 to 1,000 bbls/day
- **Estimated Oil spontaneous production with gas lifting:** >1,200 bbls/day

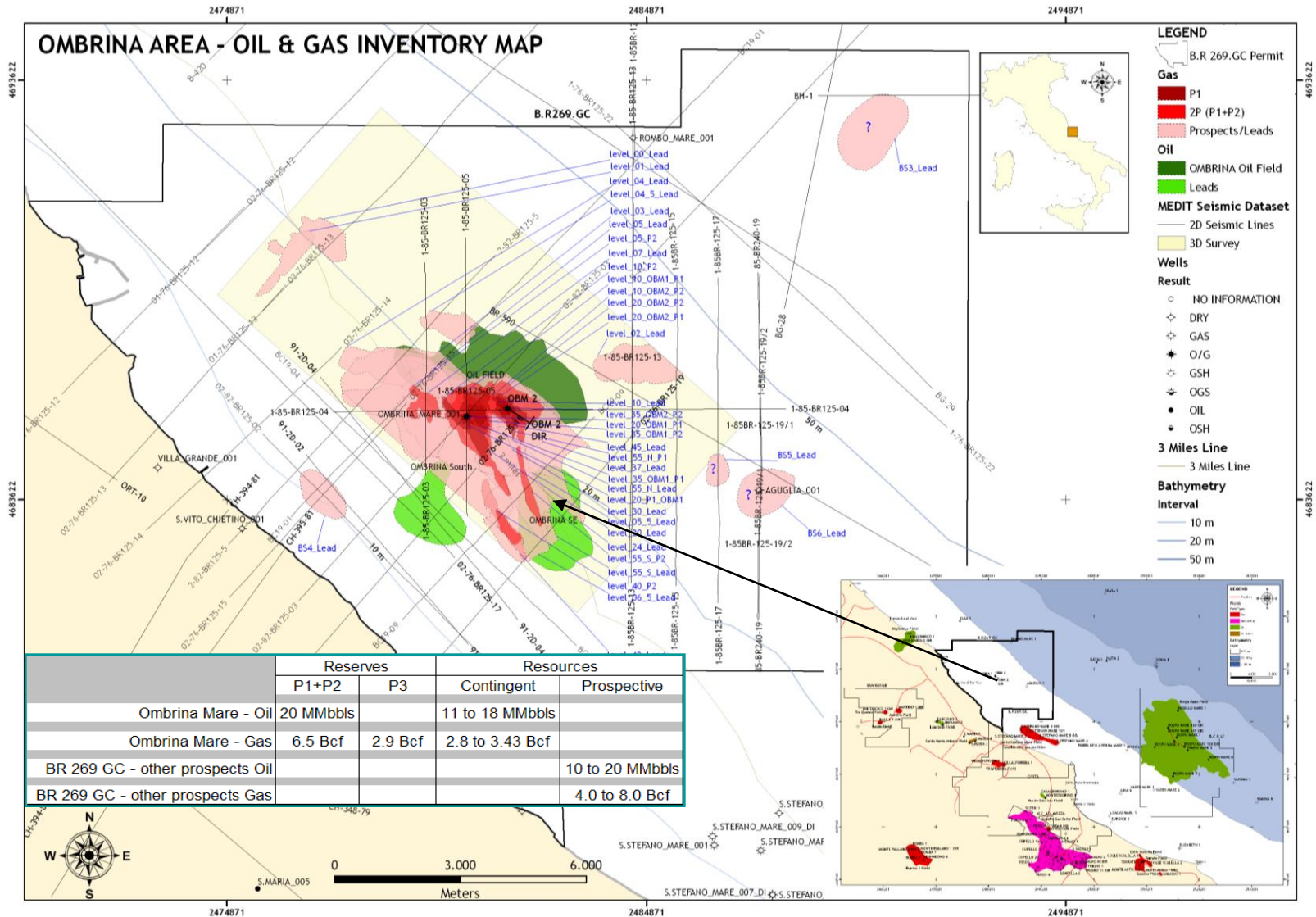


Top Oligo-Miocene **Oil bearing** Carbonate
Reservoir Depth Map

OBM – 3D Seismic Section



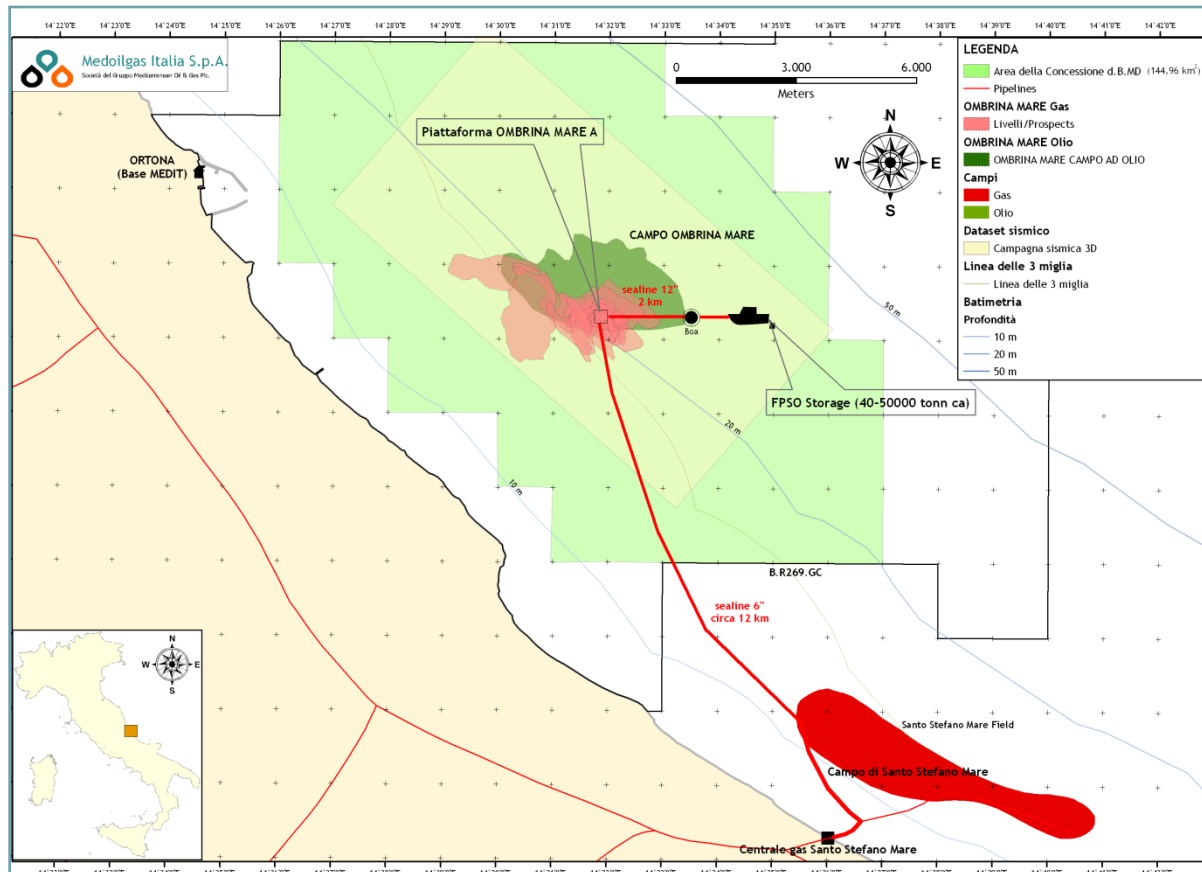
OBM Permit Area - Oil & Gas Inventory Map



Ombrina Mare (OBM) – Proposed Field Development Plan (1)



- 1 oil & gas production Platform (A) at OBM2 location
- 5 development wells: OBM 2dir + 4 new wells with horizontal drains
- Oil production:
 - 1 FPSO storage (40-50000 Tons) and 3 km sea line from Platform A
- Gas production:
 - 12 km sea line connection to S.Stefano Mare offshore existing gas plant





OBM Development Plan (2)

- Application for Production Concession lodged December 2008
- Base case timetable is for construction start by Q3, 2010

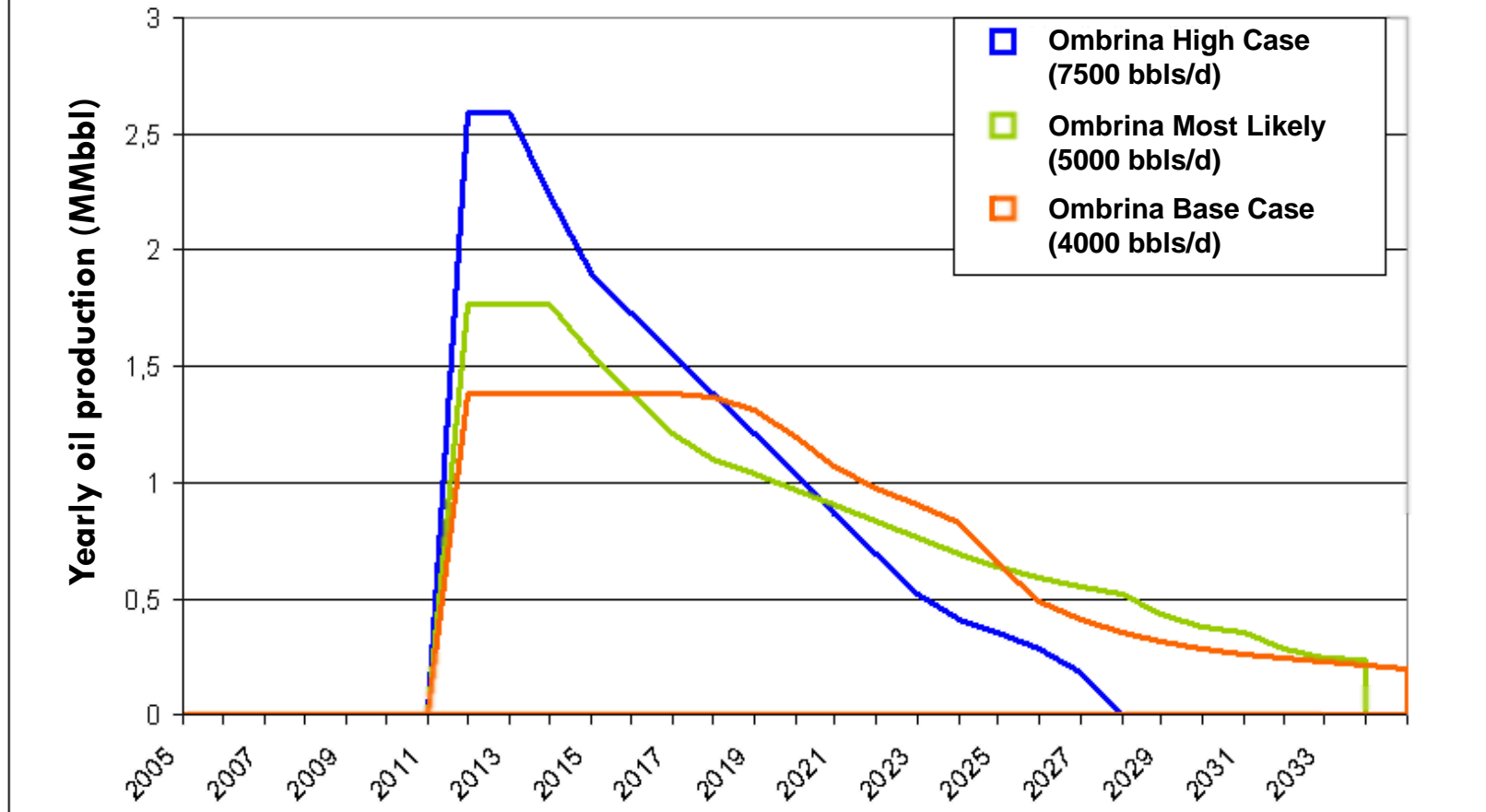
- CAPEX:
 - estimated max €180 million, based on 2008 peak prices
 - anticipate opportunity for significant reduction by pricing in 2009

- OPEX estimated at €6 - 8/bbl

- Project Financing by early 2010



Oil Forecast Production (net 2P Reserves)



CORPORATE DIRECTORY



Joint Broker

Tristone Capital Ltd
77 Grosvenor Street
London UK W1K 4QR

Operational Office

Via Orazio N. 30
Roma (00193)
Italy

Nomad/Broker

WH Ireland
24 Martin Lane
London UK EC4R 0DR

Registered Office

C/- Emcee
44 Southampton Buildings
London UK WC2A 1AP

Legal Advisers

Memery Crystal
44 Southampton Buildings
London EJ WC2A 1AP

London Office

288 Bishopsgate
London UK EC2M 4QX

Auditor

BDO Stoy Hayward
8 Baker Street
London UK W1U 3LL

Website

www.medoilgas.com

Public Relations

Pelham PR
1 Cornhill
London EC3ZV 3ND

Thank you for your attention !