PETROLEUM PROSPECTING LICENSE
PPL 294
PAPUA NEW GUINEA

CHINA INTERNATIONAL HOLDINGS LTD
MKS LTD

April 2010

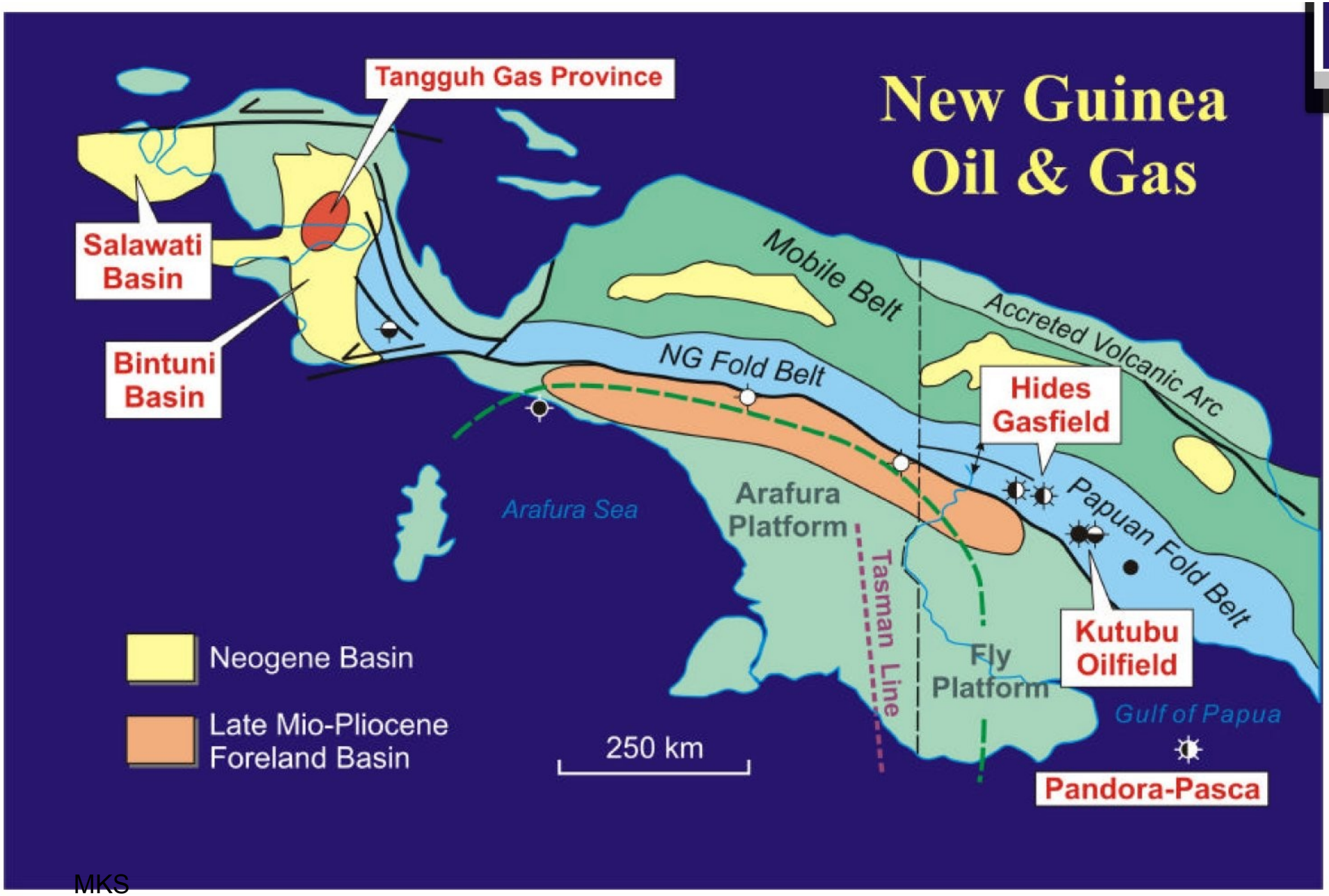
Introduction

His Excellency, the Minister for Petroleum and Energy, Mr William Duma, granted the Petroleum Prospecting License (PPL 294) to Media Karya Sentosa Ltd (MKS) on 6th June 2008. This marks the effective start date of the two year exploration phase of PPL 294. MKS is 100% operator. It is fully committed to carry out the work commitment in a professional and timely manner.

PPL 294 is located in the northwest Papuan fold belt region of the Papuan Basin. The Papuan fold belt is the most prospective as well as the most productive oil and gas area of Papua New Guinea. Several wells have been drilled nearby with significant discoveries at P'ngyang, Juha, Hides, Kutubu, Moran and Gobe totalling some 20 TCF of gas.

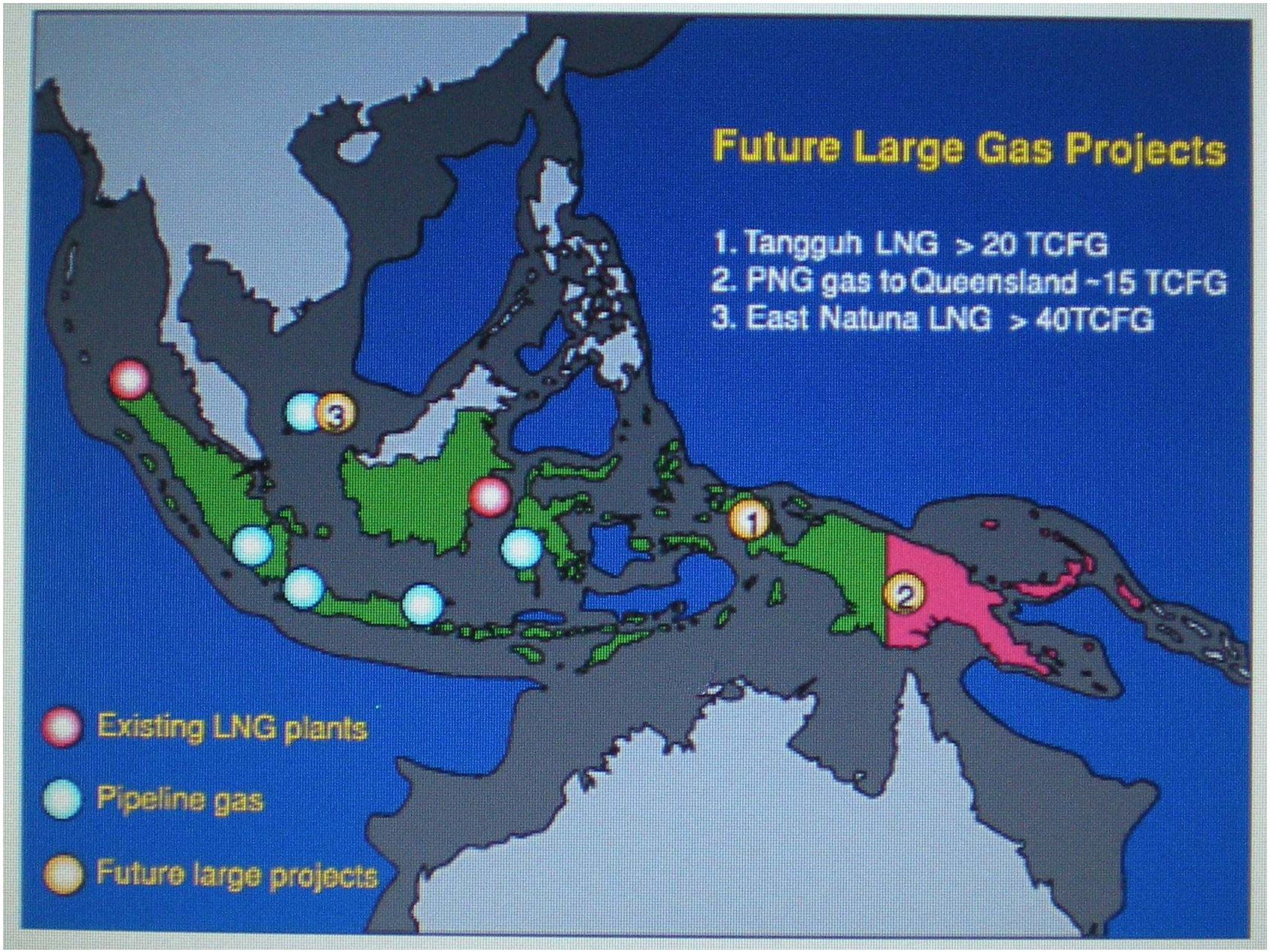
Past exploration in and around PPL 294 has been rather limited and reconnaissance in nature mainly due to the difficult to access rugged mountainous terrain.

Successful exploration strategy will have to involve all available exploration methods and integration of all data to understand, predict, map and locate sizeable traps for hydrocarbons.

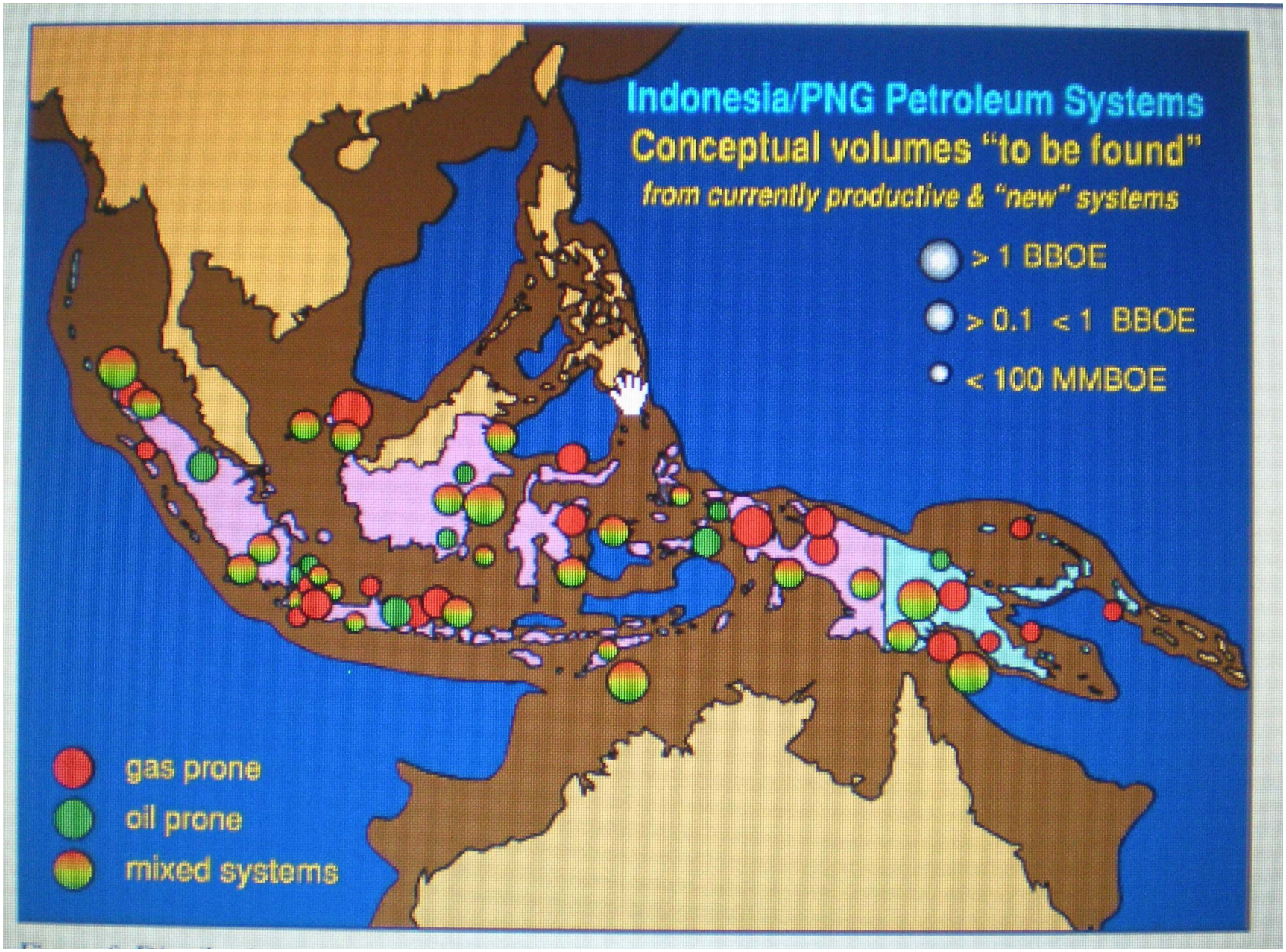


MKS

Tectonic setting of the Irian Jaya – Papuan Fold Belt and regional hydrocarbon discoveries.

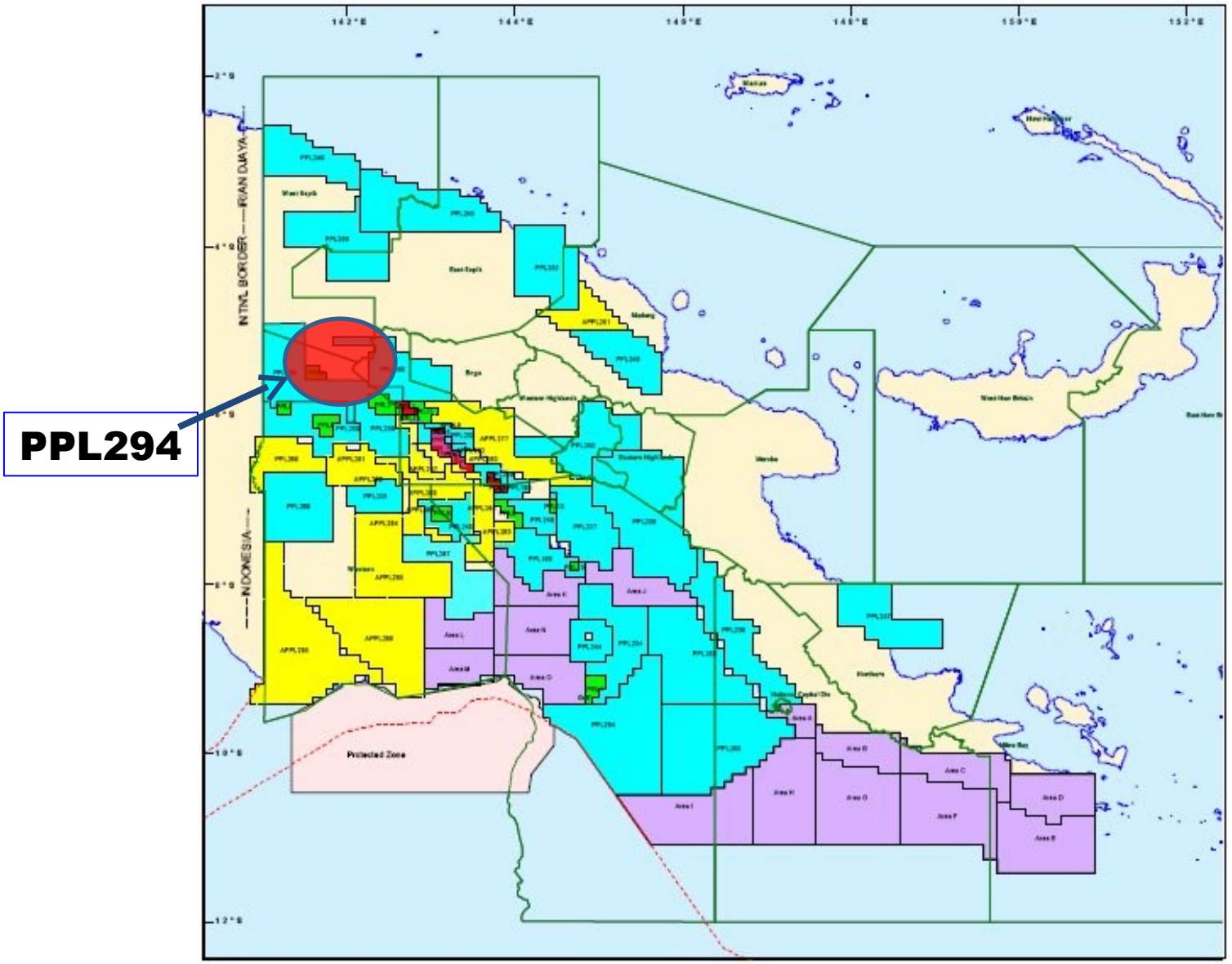


Location of existing and future significant natural-gas projects in Indonesia and Papua New Guinea. (TCFG=trillion cubit feet of gas)

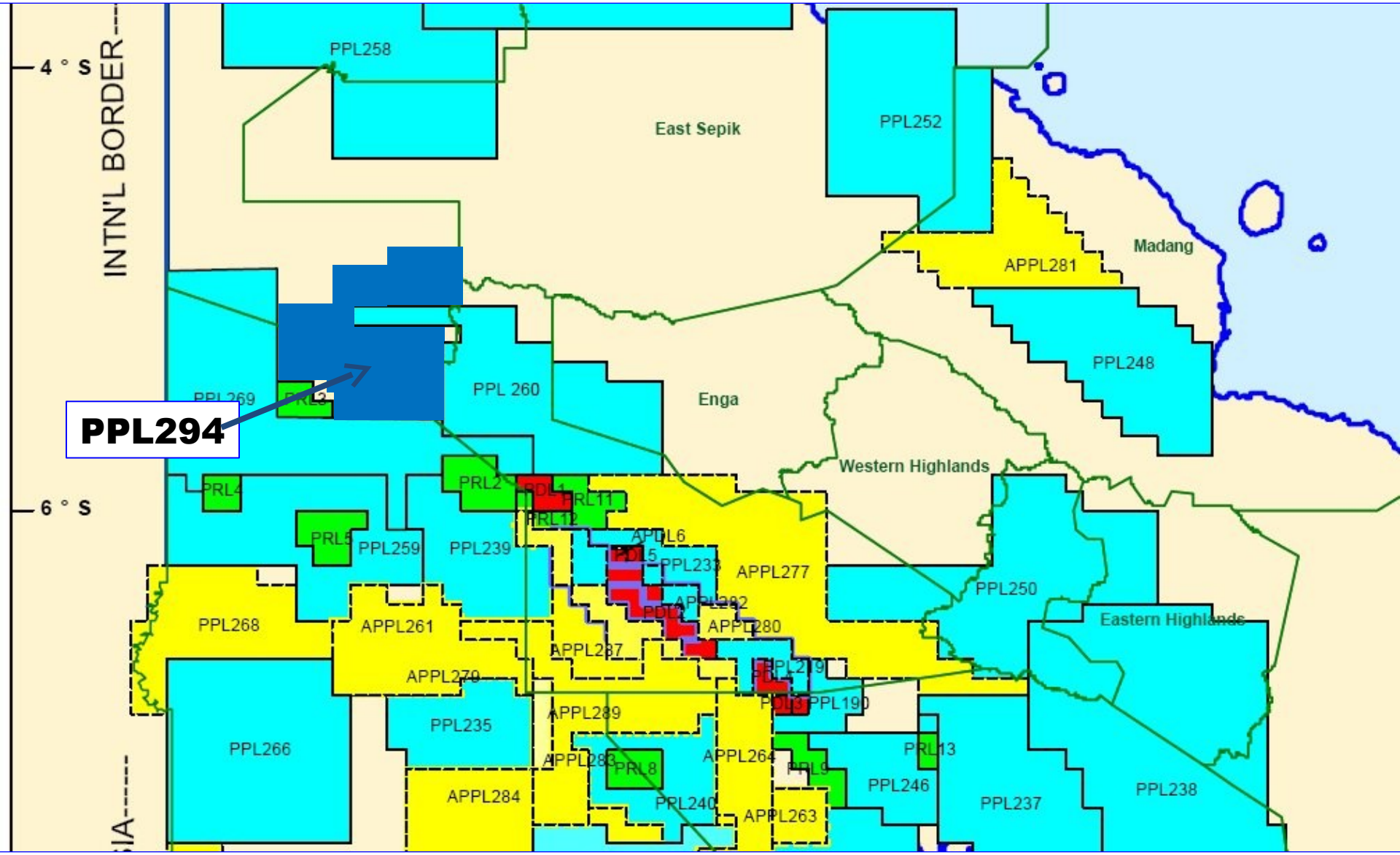


Distribution and possible volumes of remaining petroleum reserves to be discovered in Indonesia and Papua New Guinea, by petroleum system.

PPL 294, PAPUA NEW GUINEA



License Map

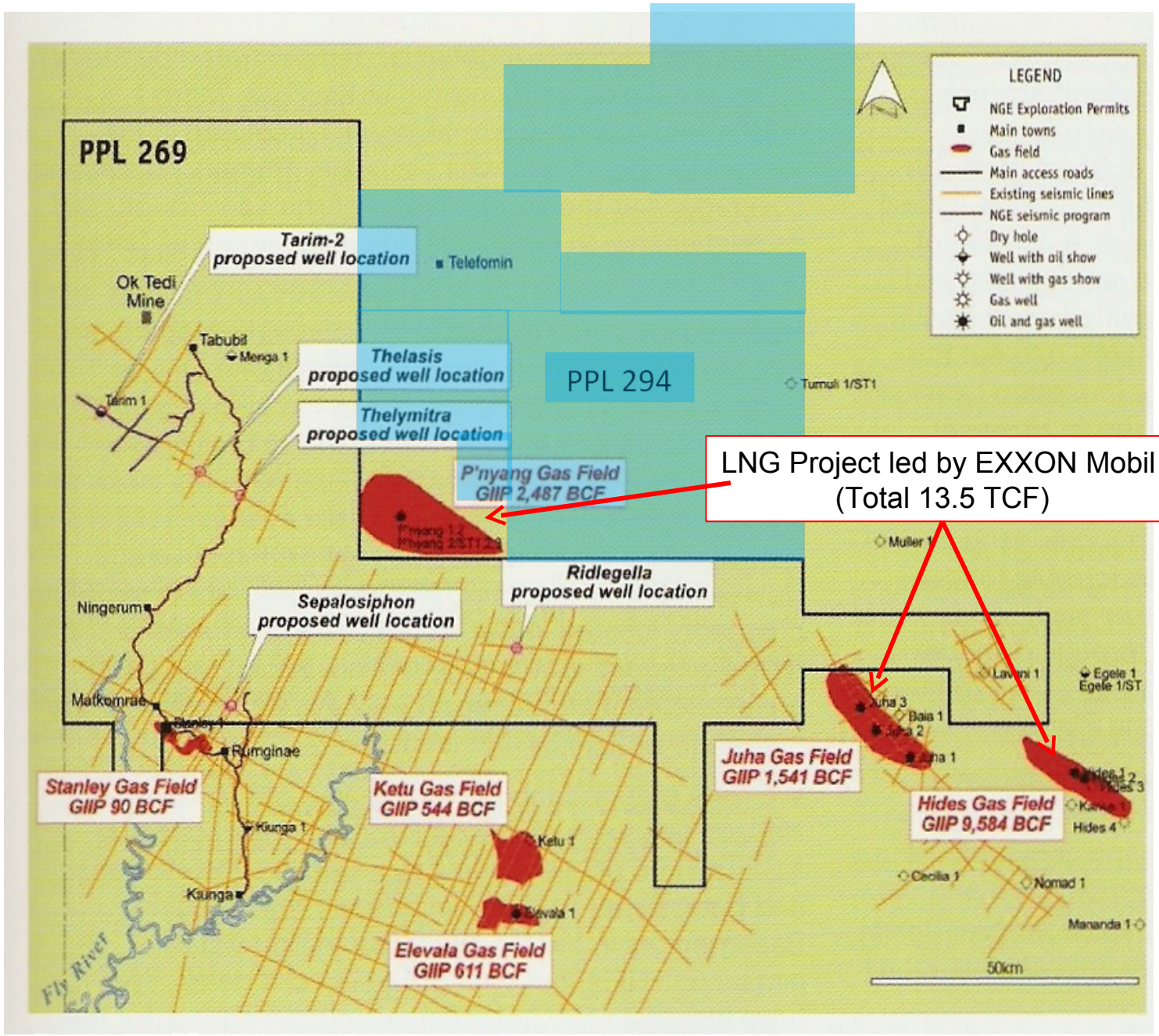


Producing Fields

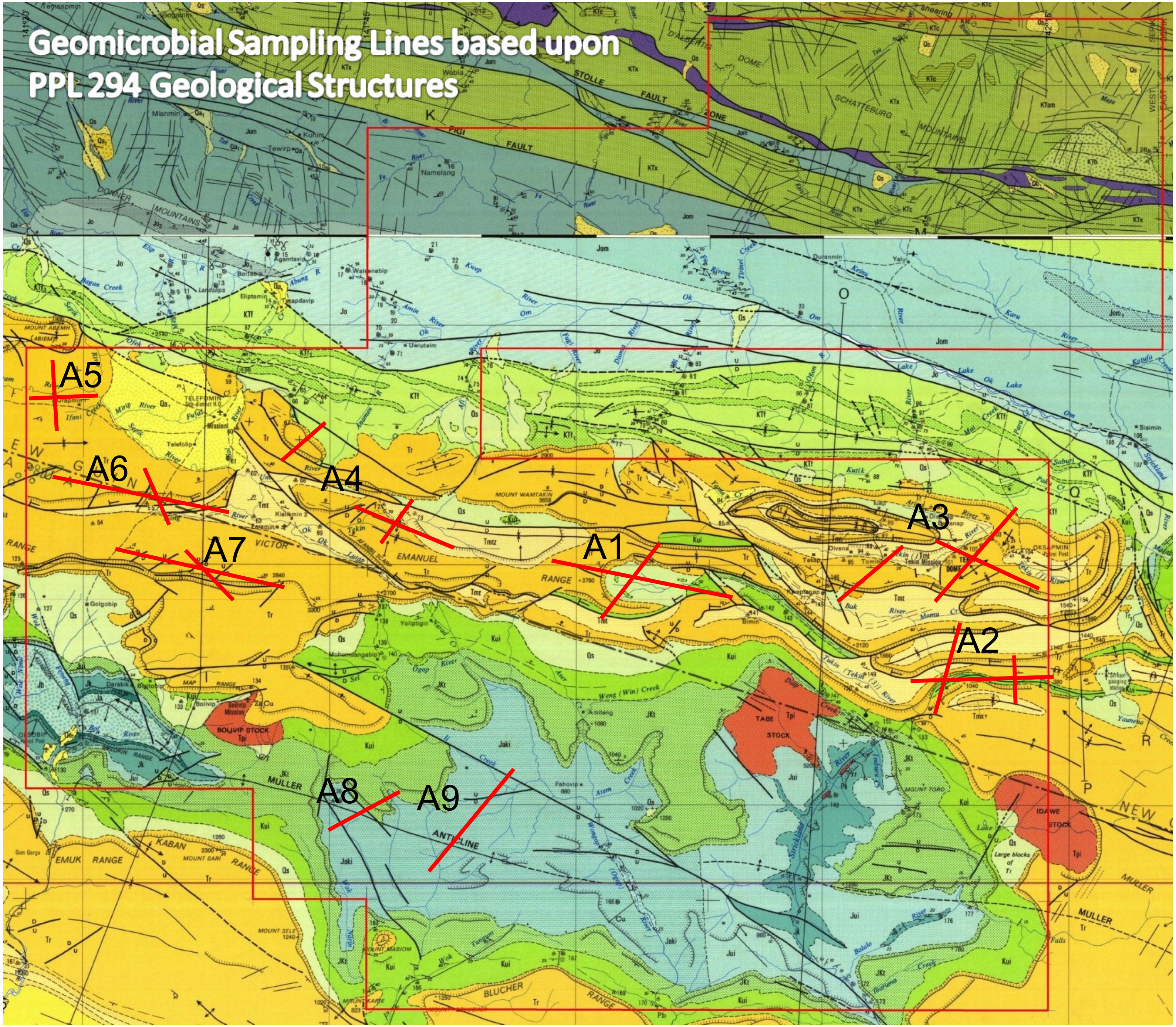
Discovered Fields

Prospecting License

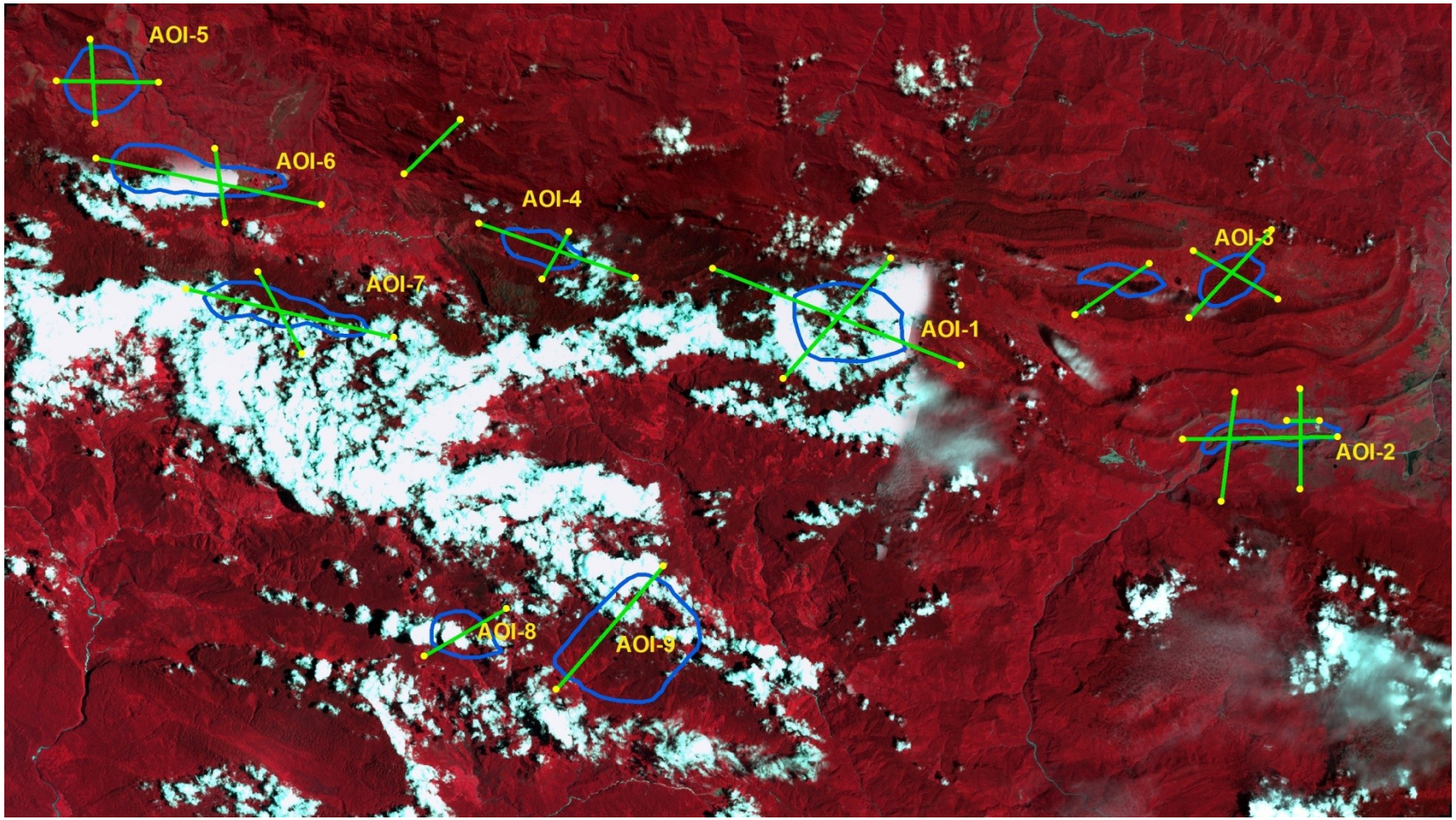
Estimated Gas in Place (BCF)



Geomicrobial Sampling Lines based upon PPL 294 Geological Structures

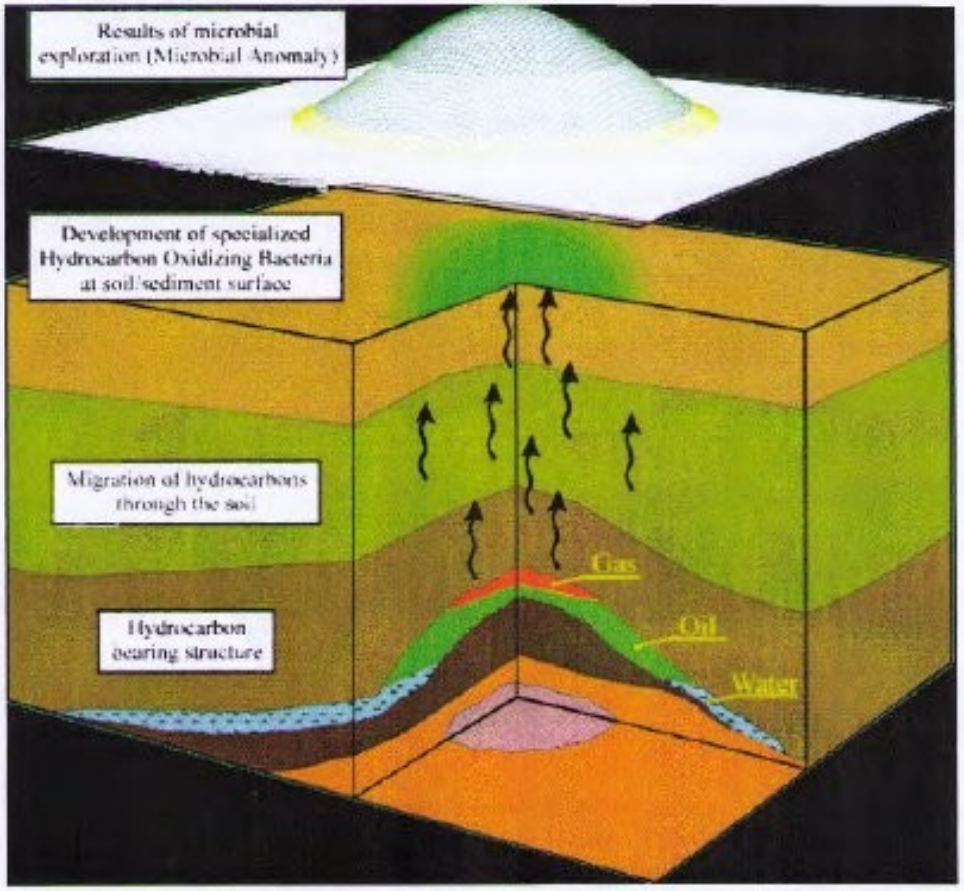


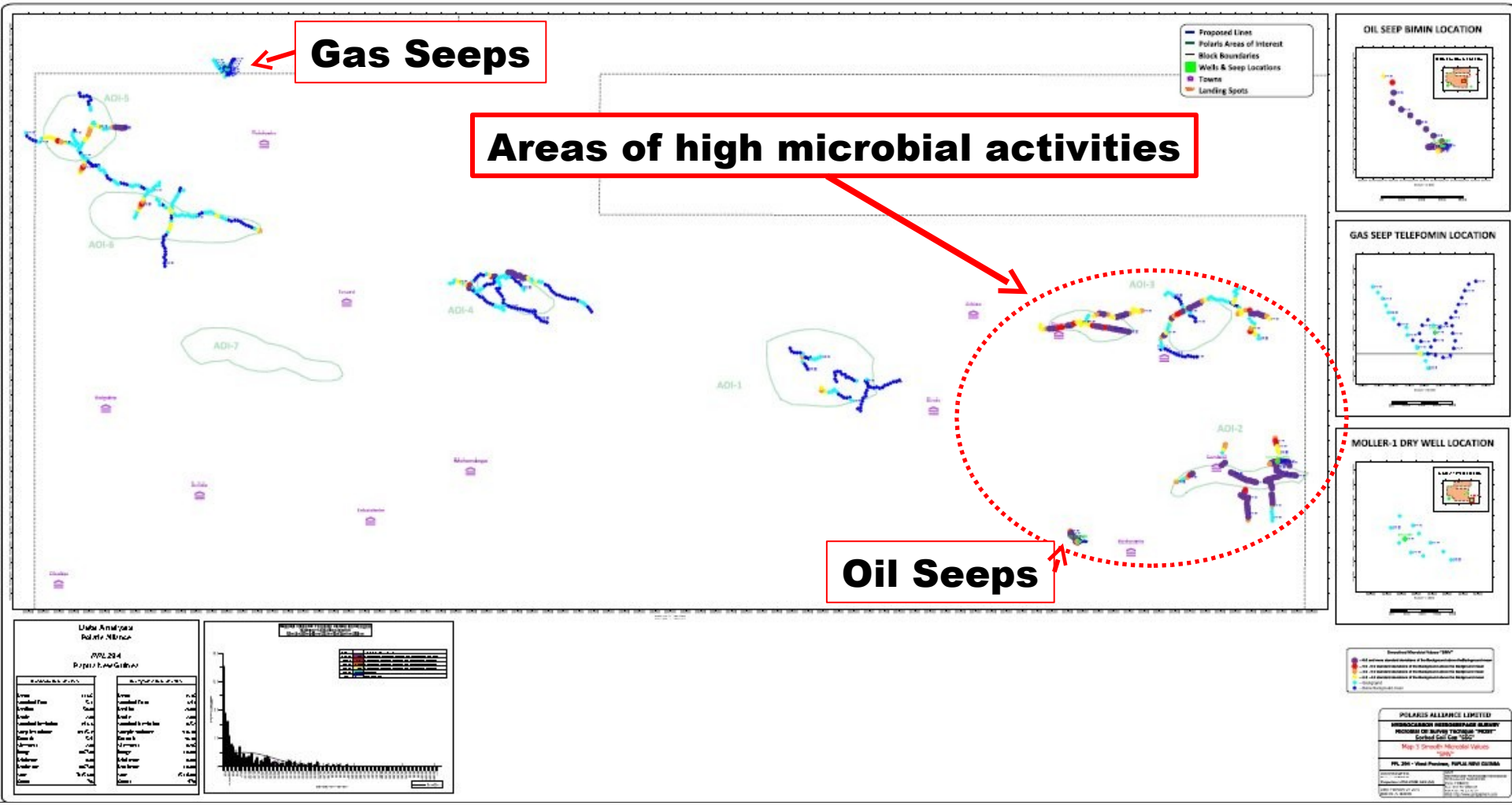
False Colour Satellite Image Showing Location of Propects



Microbial Prospection for Oil and Gas

The basis of MPOG is that oil or gas fields emit a continuous stream of light hydrocarbon gases at the earth's surface. Generally it is not questioned anymore whether thermogenic hydrocarbons generated and trapped at deep lying structures escape to the surface model macro- and microseepages. Specialized microorganisms, the Hydrocarbon Oxidizing Bacteria, depend on light hydrocarbon gases as their only energy source. Such microorganisms are able to utilize extremely low concentrations of hydrocarbons wherever there is a continuous gas flow, and are only found enriched under the surface above hydrocarbon bearing structures



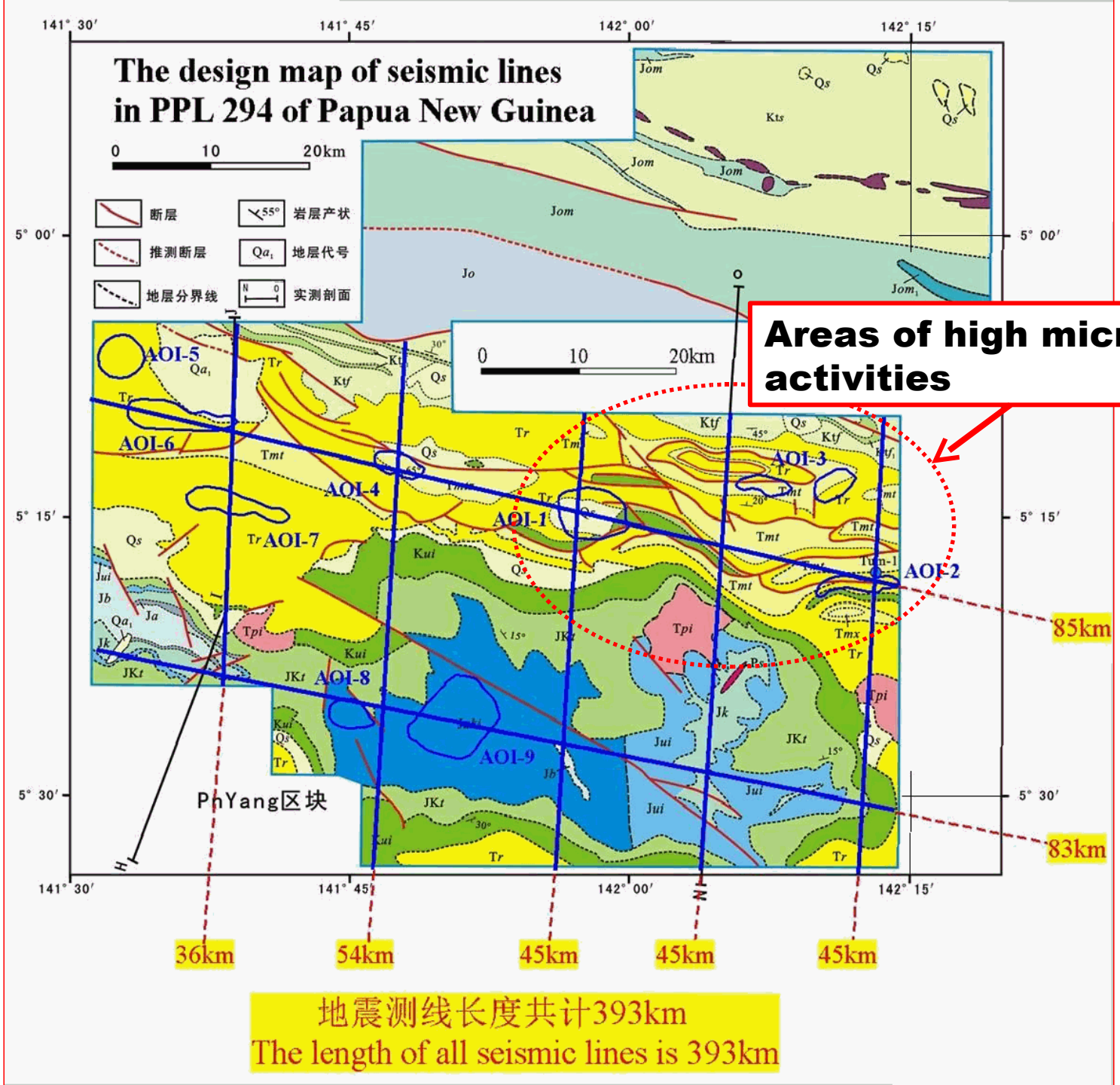


Smoothed Microbial Values-"SMV"

- -- 6.0 and more standard deviations of the Background above the Background mean
- -- 5.0 - 6.0 standard deviations of the Background above the Background mean
- -- 4.0 - 5.0 standard deviations of the Background above the Background mean
- -- 2.5 - 4.0 standard deviations of the Background above the Background mean
- -- Background
- -- Below Background mean

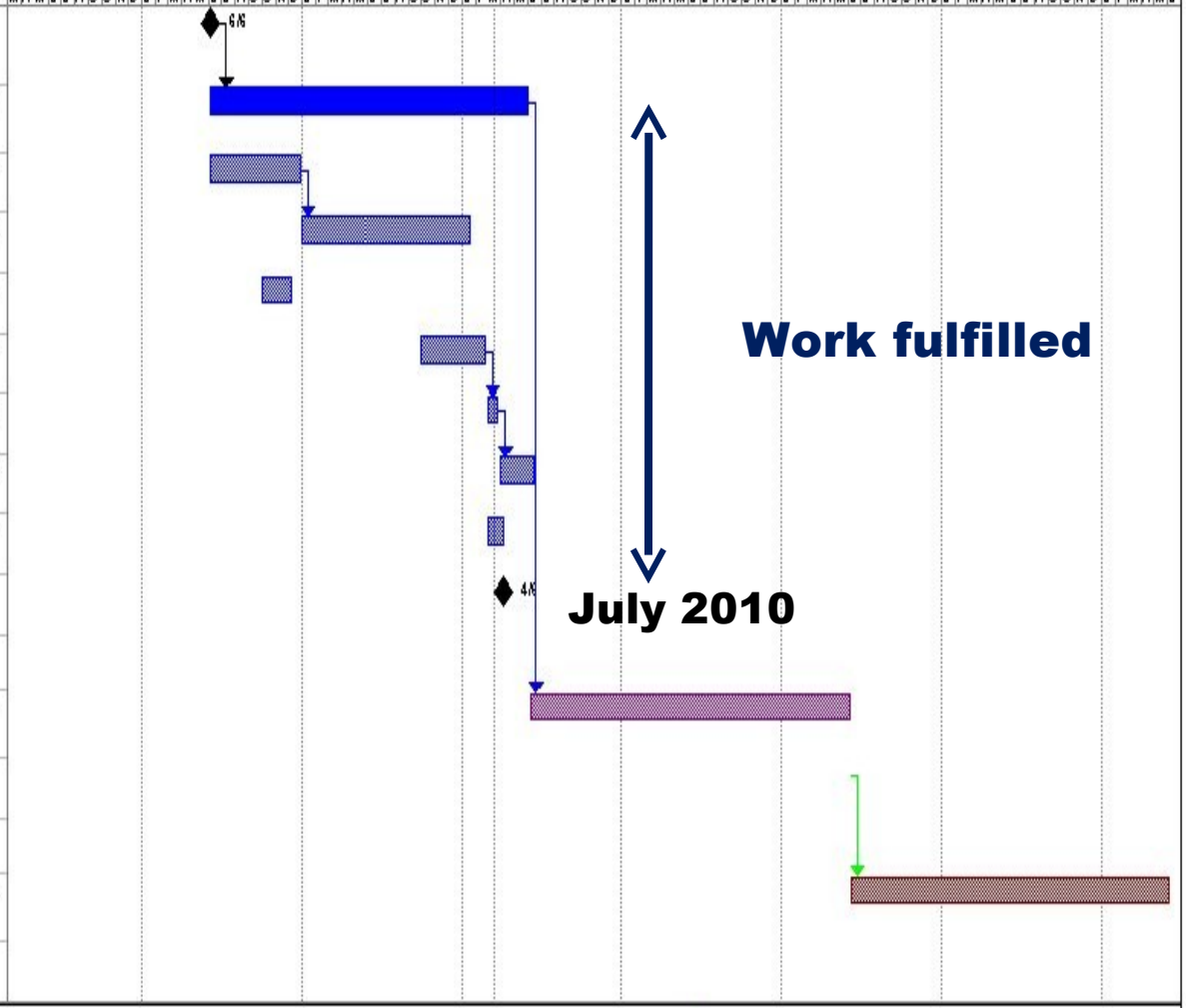

Gas Seeps

Oil Seeps


The design map of seismic lines in PPL 294 of Papua New Guinea
0 10 20km
断层
岩层产状
推测断层
地层代号
地层分界线
实测剖面
Areas of high microbial activities
AOI-1
AOI-2
AOI-3
AOI-4
AOI-5
AOI-6
AOI-7
AOI-8
AOI-9
PhYang区块
85km
83km
36km
54km
45km
45km
45km
141° 30′
141° 45′
142° 00′
142° 15′
5° 00′
5° 15′
5° 30′
地震测线长度共计393km
The length of all seismic lines is 393km

WORK PROGRAM AND PLAN

ID	Task Name	Duration
1	PPL 294 EXPLORATION PHASE	0 days
2	Exploration Years 1 and 2	522 days
3	Review all available G&G data in/nearby license area.	150 days
4	Geological, Geophysical and Geochemical studies.	275 days
5	Gravity and Topographical interpretation and mappings.	50 days
6	Field Geology/Geochemical/Geo-microbial sampling.	110 days
7	Inventorise preliminary leads and prospects.	20 days
8	Seismic acquisition design and planning.	60 days
9	Preparation of work proposal for Years 3 and 4.	30 days
10	Submission of Years 3 and 4 work proposal.	0 days
11		
12	Exploration Years 3 and 4	523 days
13	20 km 2D seismic and one well commitment.	1 day
14		
15	Exploration Years 5 and 6	522 days
16	One exploration or appraisal well commitment.	1 day



Project: FC_M1_ProjectSchedule-Explo
Date: Tue 3/16/10

Task | Progress | Summary | External Tasks | Deadline
Split | Milestone | Project Summary | External Milestone

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