



The Most Powerful Name In Corporate News and Information

Having Completed the First Ever Onshore 3-D in the History of Oil and Gas in Portugal, Porto Energy Corp. is Bringing the Techniques and Technologies Necessary to Mitigate Risk in a Country that is Finally Opening Up to the World

**Energy
Oil and Gas
(PEC-TSXV)**

Porto Energy Corp.

**24 Waterway Avenue
The Woodlands, TX 77380**



**Joseph Ash
President, CEO and Director**

BIO:

President and Chief Executive Officer of the Company since May 20, 2010; prior thereto, various successive roles with Devon Energy Corporation, most recently Senior Vice President and VP Exploration, International and Offshore Divisions. Chief Executive Officer of MOGC since June 16, 2010.

Joseph Ash is the Company's President and Chief Executive Officer. Mr. Ash was employed by Devon Energy Corporation from 2001 to May 2010, serving in several capacities in both

domestic and international operations. Most recently, Mr. Ash served as Devon's VP Exploration for the Company's Offshore Division and helped lead the sale and divestiture of offshore and international assets. Prior to that Mr. Ash was Senior Vice President of the Company's International Division where he led his team to three material deepwater discoveries in Brazil and Angola, significant operational and safety improvements on its offshore Brazil production assets, and the capture of over three million gross acres of shale concessions in Europe. Mr. Ash was previously Director of Special Projects and prior to that, Mr. Ash served as Exploration and Development Manager in Devon's onshore Southern Division and Exploration and Business Development Manager for the Company's International Division. He joined Devon in 2001 when the company acquired Santa Fe Energy. At the time of acquisition, Mr. Ash served as Santa Fe's Exploration Manager, South America. Mr. Ash was employed by Santa Fe from 1997 to 2001. Mr. Ash began his oil and gas career in 1985 with Mitchell Energy Corporation, where he was responsible for exploration and development projects within the Gulf Coast and Mid Continent regions until 1997. Mr. Ash's industry experience includes exploration, development, business development, budgeting and reserve planning. Mr. Ash has a bachelor's degree in Geology from Stanford University, and did graduate work at the University of Texas. Mr. Ash is a full time employee of the Company and, pursuant to his employment agreement with the Company, is subject to a non disclose provision and a two

year non competition.

Company Profile:

Porto Energy Corp. is an international oil and gas company. Through its wholly-owned subsidiary Mohave Oil and Gas Corporation, Porto Energy holds virtually 100% working interest in five concessions located on 1.44 million acres (6,000 km²) of contiguous land in Portugal's Lusitanian Basin. Through its exploration effort to date, the Company has discovered two hydrocarbon systems, identified seven major exploration trends, and defined over 45 prospects and leads on its concessions. Through modern exploration and development techniques never before deployed in Portugal, an experienced management team, and established oil and gas infrastructure, Porto Energy Corp. is poised to become an oil and gas producing company in the European Union.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com**

CEOCFO: Mr. Ash, you have a long history in the industry; what attracted you to Porto Energy?

Mr. Ash: Before I joined Porto, I was running Devon's international division. In late 2009, Devon made the decision to sell all of its international and offshore assets to focus on its North American asset base. After helping with the sale of those assets for ~ \$10 billion (BTAX), my role was completed and I left the company. About this time, Porto was looking for someone to assume the role of CEO. During my tenure running Devon's international division, we had a project

evaluating onshore European gas plays to utilize Devon's unconventional expertise and expose the company to the attractive gas market in Europe. I was intrigued with the opportunity to run a smaller company and Porto's assets combined with attractive fiscal terms, strong oil and gas prices, and access to markets looked very exciting to me. I joined the company as its president and CEO in June of 2010.

CEOCFO: What is Portugal like as an oil and gas area, as you do not hear much about this country in this industry?

Mr. Ash: No, you do not and part of that is because the majors and large independents left Portugal when the a change in government in 1974 nationalized the oil and gas industry and really never came back until Petrobras and its partners recently started exploring in the deepwater offshore Portugal. When the majors and independents left Portugal, their technical opinion of the basin in my view is probably thirty years old. However, when I did my due diligence, I saw through

some of my own biases and recognized a focused program using modern exploration techniques could lead to success in the basin. For example, we completed the first onshore 3-D ever acquired in the country. Today, we have completed two surveys and are getting ready to shoot a third, so as a risk reducer that was very important. Currently there is no oil or gas production in Portugal but they have infrastructure in place (pipelines and refineries) with excess capacity that is very close to our concessions. Portugal has a tax royalty fiscal structure that is top tier in terms of netbacks to the operator. Porto recently closed on a \$70 million IPO that will fund our program and put us in position to deliver value to our shareholders. We have a rig on location and we are currently drilling our first well of an eleven well program.

CEOCFO: Are the people themselves friendly to the concept, and are there the same environmental concerns in Portugal that you would face in other countries?

Mr. Ash: Yes, we have found most of the people where we operate appreciate the benefit of our activity. We employ nearly 180 Portuguese sub-contractors in the areas we are working and they, in effect are acting as our ambassadors of good will. We have found that being proactive and operating like a good neighbor in all our dealings with the community is paying dividends. We are trying to create a new industry in Portugal so like any first mover, we work hard to be proactive and we spend a fair amount of time in face-to-face meetings with community groups and local authorities. As for environmental concerns, the bulk of our exploration activity is directed towards conventional targets so the "fracking" issues that I think you are asking about are not in play at his time.

CEOCFO: Is it easy to get equipment and personnel?

We are mostly an exploration company at this point, but to be the first to establish commercial production in a country that has never had that before is a very exciting opportunity. - Joseph Ash

Mr. Ash: Yes, but it requires good planning because the equipment is not indigenous to Portugal since it currently has no oil and gas activity other than Porto. Based on our recent experience since I have come on board, we have attracted more industry bidders than I expected. For example, we have been able to choose contractors from a pool of very competitive bids from multiple vendors. When we were tendering our seismic program last year, we had 10 or 11 contractors express interest, nine that bid for the work, and four very competitive bids to choose from. Same result for the tendering of the drilling rig we have drilling for us now. However, our execution will depend on planning. Even though the personnel and equipment is available, it may have to come from France or Germany so it can take 24-72 hours for a tool that we had not planned to use to arrive on location. However, remember the scale. Portugal is about the size of Indiana and the distance from our concessions to the nearest Schlumberger office is about the

same distance as Calgary is to Fort McMurray or the Barnett to the Marcellus.

CEOCFO: People tend to like a new area that has not been worked before!

Mr. Ash: Wells have been drilled in the basin but most of the activity occurred before 1960 and over half of the wells were drilled to test the abundant shallow oil seeps in the country. It is no doubt it is very exciting because I have watched our technical understanding of the basin evolve in just the year or so that I have been here. It could be a new industry in Portugal and the upside for both the concessionaire and the granter of concessions is very high, so it makes it very exciting. We are mostly an exploration company at this point, but to be the first to establish commercial production in a country that has never had that before is a very exciting opportunity.

CEOCFO: Would you tell us about the property themselves, the size, and what Porto Energy is looking at?

Mr. Ash: We own five concessions that total about 1.44 million acres, a little less than 6,000 square kilometers. Those concessions have lease expirations in 2015 but we can get two one-year extensions that can take us out to 2017. We operate all five concessions, the average working interest in 99%. On four of the five concessions, we have 100% working interest and on the fifth concession, we own 97.5% working interest. Eighty percent of the acreage is onshore and about 20% is offshore. We are focused on the onshore opportunities and are concentrating on three targets: commercializing a gas discovery, a light oil play in Jurassic reefs, and a pre-salt play. We like these opportunities because they are good geologic targets, inexpensive to test and can get us to production in the shortest amount of time

CEOCFO: Will you continue to own effectively 100% of these properties or do you foresee bringing in partners?

Mr. Ash: Part of our strategy is to mature and de-risk the part of the

portfolio that we are not focusing on by bringing in joint venture partners. With 6,000 square kilometers and 7 or 8 and possibly 9 different play types, we are actually very excited about bringing in joint venture partnerships to help share the risks and the cost of exploring such a large set of assets. Our independent third party engineering firm best estimate assigns close to 425 million risked barrels of oil equivalent for our prospect inventory and we intend to test or mature with 3D seismic seventy-five percent of that total. We have both contingent resources (on our gas discovery) and prospective resources that we will test with wells and seismic.

CEOCFO: Do you care whether it is oil or gas, or is it just whatever is there?

Mr. Ash: The portfolio is slightly weighted towards oil, probably 55/45. But in our view the threshold for commerciality is low for a number of factors, number-one is there is an existing infrastructure. We have two refineries on either side of our concessions that process up to about 340,000 barrels of oil a day. There is also an open pipeline that is located about 1 kilometer away from our gas discovery and about 3 kilometers away to the tap-in point. One of the things that attracted me to the European oil and gas business was that our crude oil prices are based on Brent pricing and the spread there is

attractive to us. On the gas pricing side, we commissioned a study by a major oil and gas consulting group that indicates we should expect strong gas prices (relative to North America) in the time frame we could be able to start producing. So we see a price or market advantage and infrastructure that exists, is nearby and has capacity for us to market our crude and our gas.

CEOCFO: Porto raised quite a bit of money; how far will that take you?

Mr. Ash: The IPO and the brokered placements that we did prior to that will fund us for about two years.

CEOCFO: Are people paying attention?

Mr. Ash: The people that hear us talk about the story understand the low entry cost and material upside. However, I will agree there are a lot of people on the sidelines with a "wait and see" attitude until we prove there are commercial quantities of oil and gas in Portugal.

CEOCFO: Why should potential investors look at Porto today?

Mr. Ash: First, between my management team and our board of directors, I think the technical and business capabilities of my management team and the guidance and governance of my board are as good as any of our competitors. Second, the entry cost to the Porto story right now is very low

but the upside can be very high if we are successful. Third, the fiscal terms of our concessions and our access to attractive markets via an existing infrastructure should be very compelling to an investor. In summary, an investor can get exposed to our risked resources of nearly 425 million barrels at less than .30 cents a barrel of oil equivalent with the potential of considerable margins upon success.

CEOCFO: Final thoughts, what should people remember most about Porto Energy?

Mr. Ash: One of the things that is very clear to me is that we are very focused on the execution side right now. We do what we say we are going to do and I think that was well received in the IPO of the people that had invested in the private placement. Then we came back and talked to them about what we had accomplished and what we said we were going to accomplish. One of our brands is that we are going to do what we say we are going to do. The other is that there is nothing more exciting than to have a basin that has been overlooked for a number of years and applying modern state-of-the-art techniques and then covering lots of attractive opportunities and as we shoot more 3-D. That is exactly what we are seeing.



PORTO ENERGY CORP.

**Porto Energy Corp.
24 Waterway Avenue
The Woodlands, TX 77380**