

SIMBA ENERGY INC.

C\$0.09

New frontiers in Africa

9 November 2011



Recommendation

Sector:
Exchange & Ticker:
Shares in issue:
Fully diluted equity:
Market cap:

BUY

Oil & Gas
TSX.V: SMB
140.6m
211.9m
C\$12.7m

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TSX Venture listed Simba Energy offers investors the opportunity to gain exposure to a pan-African portfolio of early stage yet highly prospective onshore licences. The company is focused on overlooked and underexplored hydrocarbon basins and has already secured Production Sharing Contracts (PSCs) in Kenya, Guinea and Mali. The company is also in late stage negotiations for additional licences in Liberia and Ghana.

- Simba operates a very straightforward business model. The management works exceptionally hard in a competitive environment to secure highly prospective acreage in underexplored regions. Following early stage work programmes to highlight the upside potential of the acreage, Simba will look to farm down its interests to larger partners in return for carried interests over longer term exploration programmes.
- Simba's initial focus is on Block 2A (Simba: 100%) in Kenya where we expect the prospectivity of the permit to increase significantly over the next twelve months. This is likely to be as a result of seismic work programmes by Afren to the north and Lion Petroleum to the south which could enable Simba to draw positive inferences regarding its own acreage. In particular, Afren estimates that there is over 750mboe of unrisks gross prospective resources on its licence, which lies on trend with Simba's acreage in the Mendera Basin.
- Guinea has little history of exploration activity. However, Simba has recorded extensive surface oil seeps on Blocks 1 & 2 (Simba: 60%) indicating a working hydrocarbon system. The company intends to embark on a modest expenditure programme over the next twelve months including the reprocessing of existing seismic data and the submission of a new work programme to the government ministry.
- In Mali, analogous discoveries in neighbouring Mauritania reveal Simba's acreage to be very promising and we anticipate that the company will complete the formal signing of its Malian PSC imminently. Liberia and Ghana represent longer term upside for Simba given that PSC negotiations in both countries are not finalised. Nevertheless, we believe that Liberia could be particularly promising given the recent escalation of exploration activity in the offshore region immediately adjacent to Simba's onshore area of interest.

Attaching an indicative valuation to Simba at such a nascent stage is not possible given that the group's portfolio of frontier acreage is not attributed any prospective resource estimates. Nevertheless, we believe that Simba represents a very attractive proposition to investors given that the management has accumulated a unique portfolio of highly prospective frontier exploration acreage from a standing start less than twelve months ago.

A marketing communication from Old Park Lane Capital (OPLC), consultant to Simba Energy Inc.

Executive summary

Simba is a TSX.V listed independent oil and gas exploration company with core interests in overlooked and underexplored basins in Africa. The company's strategy is to create a Pan-African hydrocarbon exploration company with operations focused exclusively on onshore opportunities in Kenya, Guinea, Mali, Liberia and Ghana.

The company already holds a 100% interest in a Production Sharing Contract (PSC) for Block 2A in Kenya and 60% of a PSC in two blocks in the Republic of Guinea. Simba also received formal notification that it has been awarded a PSC for Block 3 in Mali in October 2011 and is in late stage negotiations for highly prospective licences in Liberia and Ghana.

As a small company, Simba does not envisage operating an extensive long term exploration drilling programme over five countries. However, the management expects that modest initial spending will highlight the upside potential of its acreage at which time the company will look to bring in considerably larger partners and farm down its interests in return for a carried interest over a wider exploration programme.

As a frontier exploration play, we believe that the upside potential for Africa is enormous. The offshore west coast has yielded a raft of large discoveries over the last twenty years. However, of particular interest to Simba is Africa's onshore exploration potential, as demonstrated by recent successes in Uganda. With several highly prospective onshore regions yet to have been opened up to any great extent, we believe that Africa remains one of the world's great remaining prospects for multi-billion barrel discoveries.

Simba's primary focus is Kenya which, in spite of being the company's most mature play, has not been drilled extensively by international standards. We believe that the prospectivity of Simba's Block 2A will increase significantly over the next twelve months given that there has been and there is scheduled to be, extensive seismic surveys in each of the blocks bordering Simba's acreage.

We believe that the results of these work programmes will enable Simba to draw several direct inferences regarding its own block. In particular, Afren, which holds the block immediately to the north of Simba's licence in the same basin has estimated that there is over 750mmboe of unrisks gross prospective resources on its acreage.

There has been negligible historical exploration activity over Simba's acreage in Guinea. However, the company has noted extensive oil seeps in numerous surface locations indicating a working hydrocarbon system. Simba now intends to embark on a modest expenditure programme over the next twelve months including the reprocessing of existing seismic data and the submission of a new work programme to the government ministry.

In Mali, analogous discoveries in near neighbour, Mauritania, reveal Simba's prospective acreage to be very promising. With regards to the acreage that Simba currently has under application, Liberia and Ghana represent longer term upside to Simba given that negotiations for PSCs in both countries are not yet finalised. Nevertheless, Liberia in particular has seen a significant increase in exploration activity in the offshore region immediately adjacent to Simba's onshore area of interest.

Attaching an indicative valuation to Simba at such a nascent stage is not possible given that the company's portfolio of frontier acreage is not attributed any prospective resource estimates. Nevertheless, we believe that Simba represents a very attractive proposition to investors given that, from a standing start twelve months ago, the management is well on the way towards accumulating a unique portfolio of highly prospective frontier exploration acreage.

Introduction to Simba Energy

Simba is a Canadian independent oil and gas exploration company with core interests in overlooked and underexplored basins in Africa. The company is headquartered in Vancouver and listed on the TSX Venture Exchange under the ticker, SMB. Simba also has secondary listings in Frankfurt and on the OTC Bulletin Board in the US. It is likely that the company will seek an AIM quote within the next twelve to eighteen months.

Company strategy

Simba is seeking to create a Pan-African hydrocarbon exploration company with operations focused exclusively on onshore opportunities in Kenya in east Africa in addition to Guinea, Mali, Liberia and Ghana in West Africa.

Location of Simba's activities in Africa



Source: Simba Energy

The company is focused on near term operations in Kenya and Guinea where it already holds a PSC for 100% of Block 2A in Kenya and 60% of a PSC for Blocks 1 & 2 in Guinea. Simba has also received formal notification that has won the PSC for Block 3 in Mali and is in negotiations for highly prospective PSC in Liberia and Ghana.

Simba's African projects

| Country | Acreage and terms | Status |
|---------|----------------------|--------------------------|
| Kenya | Block 2A PSC (100%) | Signed |
| Guinea | Blocks 1&2 PSC (60%) | Signed |
| Mali | Block 3 PSC | Signing expected Q4 2011 |
| Liberia | Submitted PSC | Final negotiations |
| Ghana | Submitted PSC | In negotiations |

Source: Simba Energy

An introduction to Simba

Origins

Simba started life as Gold Star Resources (TSX.V: GXX), a Canadian oil and gas exploration company focused on opportunities in Liberia and the Ivory Coast. In 2009, the company signed a letter of intent to merge with fellow Canadian explorers, Lion Energy Corp and Southern Star Energy Inc. However, Gold Star terminated the initial agreement in January 2010 due to incompatibility of strategic objectives with its proposed partners. In a separate move, Gold Star also raised the modest amount of C\$191,500 for working capital purposes.

In April 2010, Gold Star arranged a private placement raising C\$411,710 at C\$0.07 per share for working capital and changed its name to Simba Energy Inc. Approval for the name change was received from the TSX Venture Exchange in February 2010 and initial activity focused on the company's activities in Liberia. Simba has conducted a total of four placements since formal inception, raising almost C\$7.0m with which to progress its activities.

Simba's placement history

| Date | No. of shares | Amount | Price | Warrants | Expiry |
|------------|---------------|--------------|----------|---------------------|-------------|
| April 2010 | 5,881,571 | C\$411,710 | C\$0.07 | 5,881,571 @C\$0.15 | 18 Mar 2012 |
| June 2010 | 31,222,357 | C\$2,185,565 | C\$0.07 | 31,222,357 @C\$0.15 | 31 May 2012 |
| Oct 2010 | 12,112,500 | C\$969,000 | C\$0.08 | 12,112,500 @C\$0.16 | Expired |
| Jan 2011 | 42,322,500 | C\$3,385,800 | C\$0.11* | 21,161,250 @C\$0.16 | 20 Jan 2012 |

Source: Simba Energy

*Awaits approval from the TSX Venture Exchange

Corporate overview

Simba has approximately 140.6 million shares in issue with added dilution of a further 57 million warrants and almost 14 million options. Consequently, the fully diluted equity position for the company is approximately 211.9 million shares.

Of the listed equity, approximately 25% is held by management and close associates, 25% is held by institutions including Alpha North, Pinetree Capital, Expedition Capital, Prophet Fund and Ubequity. The remaining c.50% is represented by free float.

Given the early stages of the company's activities, Simba does not have any revenue, production or booked oil and gas reserves. As at the end of October 2011, the company had cash of under C\$0.5m, which is expected to be sufficient to fund the company's activities over the next six months. As such, we do not rule out the prospect of Simba attempting to raise additional capital within the foreseeable future.

Portfolio overview

Kenya

Simba was granted a PSC for Block 2A by the Ministry of Energy in Kenya in August 2011. Block 2A comprises approximately 7,801 km² in the northeast region of the country. This was a key milestone for Simba given that Block 2A overlies the southern tip of the highly prospective Mandera Basin while the southwest corner of the block extends into the promising Anza Basin. Consequently, Simba believes that Block 2A has excellent potential for large oil and gas discoveries.

Republic of Guinea

In late July 2011 Simba signed an Agreement to acquire a 60% interest in the PSC for Blocks 1 & 2 comprising 12,000km² onshore in the Republic of Guinea's Bové basin.

Under terms of the agreement, Summa Energy is transferring to Simba Energy a 60% interest in the PSC covering Blocks 1 & 2. Simba will provide 100% funding of all costs in the first year and 60% of all programme costs thereafter.

The finalisation of this agreement is subject to receipt of approval from the Republic of Guinea's Minister of Mines and Geology and a work programme, including planning for commencement of a seismic programme, will proceed after receipt of final approval from the Minister. Simba recently conducted a detailed review of technical data on Blocks 1 & 2 and concluded that there is significant potential for oil and gas on the acreage.

Mali

Simba has received formal notification from Mali's Council of Ministers granting the company a PSC for Block 3. As such, Simba anticipates travelling to Bamako very soon in order to complete the formal signing ceremony. The block consists of a 22,500km² area of acreage entirely within the central part of the 1.4m km² Taoudeni Basin that straddles the north/south boundary with Mauritania. Block 3's western boundary lies on the border with Mauritania where Total has made significant discoveries.

Liberia

In October 2010, Simba announced that the National Oil Company of Liberia (NOCAL) issued its formal acknowledgment confirming the receipt of Simba's application to convert its current Hydrocarbon Reconnaissance License NR-001 into a PSC.

In the same month, Simba also hosted a delegation from the NOCAL at the company's headquarters in Vancouver. The purpose of the visit was to review Simba's application to convert its hydrocarbon reconnaissance permit to a PSC.

In July 2011, Simba met NOCAL in Monrovia to commence the final negotiation process for Simba's formal PSC application. A draft PSC has been received from NOCAL and Simba and final discussions are currently ongoing. However, progress has been slowed by a number of factors including changes to the management and the board of directors of NOCAL, a moratorium imposed by the government on new (offshore) PSC applications and the lack of a "model PSC for onshore oil".

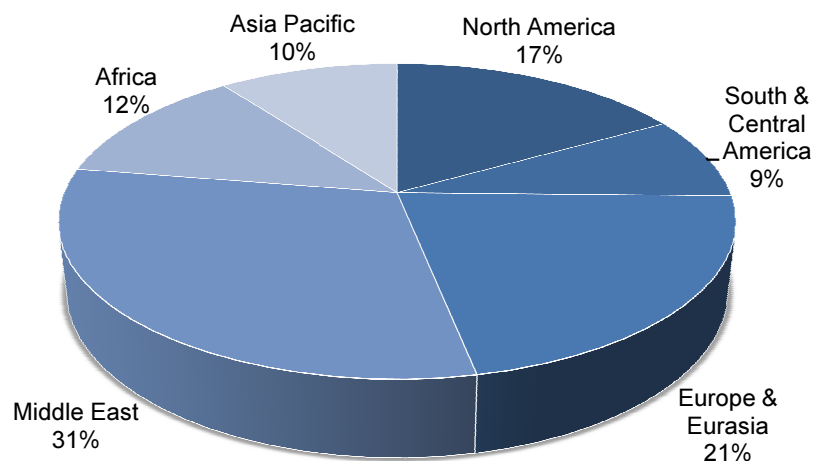
Ghana

Simba also submitted its application for a PSC in Ghana in late 2010. This application covers a significant area and is currently being processed through the country's technical committees. Simba currently awaits their report regarding any further information that may be required for the final decision stage.

Africa – an established hydrocarbon province

As a continent, Africa represents an important hydrocarbon producing region with daily oil production in excess of 10 million barrels. With global annual oil production of approximately 82mmbopd in 2010, African output represents over 12% of world production, placing Africa ahead of both the Asia Pacific region and South & Central America in terms of global share of output.

African share of global oil production



Source: BP Statistical Review

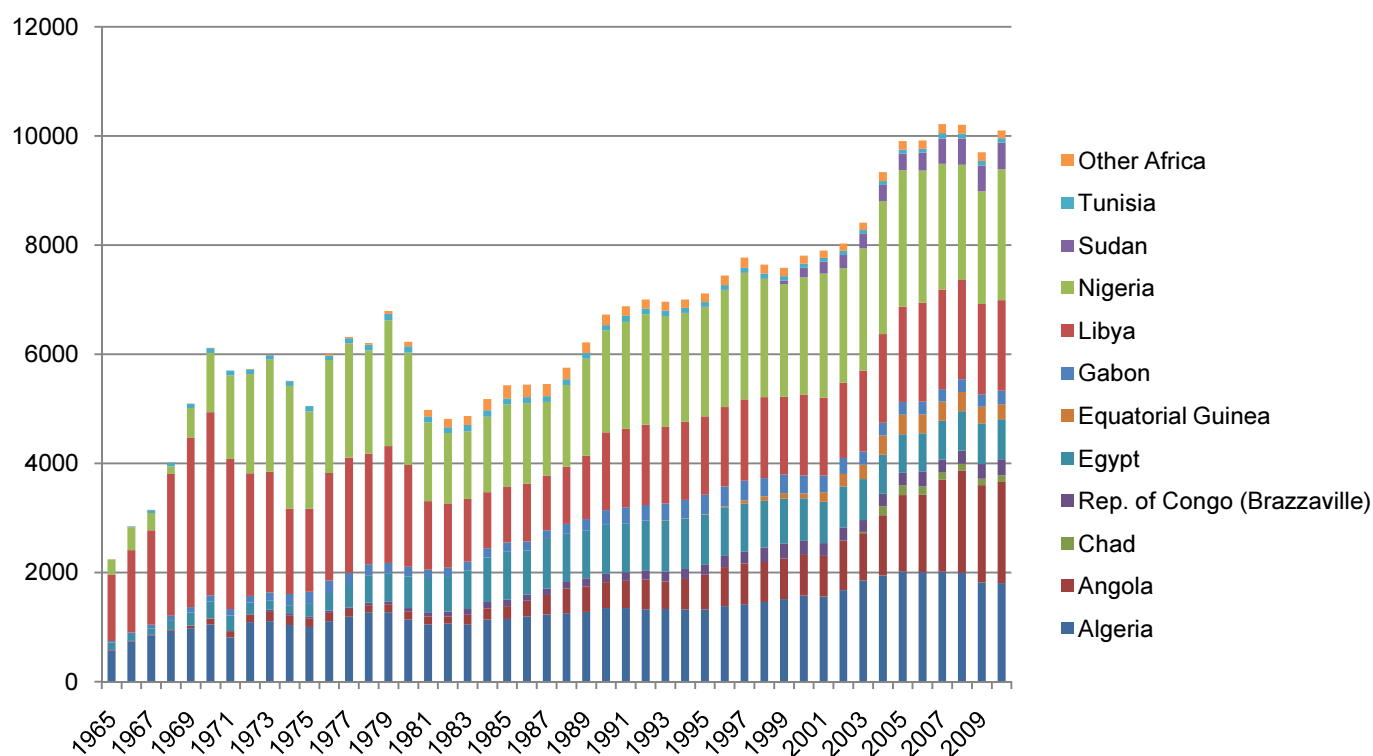
Core producing countries

African oil production is concentrated within the OPEC members, Libya, Nigeria, Algeria and Angola, which comprise more than three quarters of the continent's production. These same four countries also comprise over 80% of Africa's proved oil reserve base with emerging producers such as Sudan and Equatorial Guinea growing rapidly in recent years albeit from standing starts in the early 1990s.

The chart overleaf depicts the African oil production profile on a country by country basis. Production has grown by a factor of five over the last 45 years, interrupted only by events surrounding the oil glut of the early 1980s which caused a severe slump in output. During this period, OPEC members, Libya and Nigeria in particular, slashed oil output by more than 30% in response to a sharp reduction in consumption in the US, Europe and Japan. This global reduction in demand was a consequence of a series of oil price increases by OPEC over the 1970s.

By the late 1980s oil prices had started to recover and oil prices were relatively stable for a decade. Consequently, African oil output, led by its core OPEC members, recommenced its upwards trajectory with only a brief hiatus in the late 1990s as the oil price troughed below \$10 per barrel in 1998.

African oil production by country ('000bopd)



Source: BP Statistical Review

The impact of newer producers

Although the four OPEC members have retained their share of African oil production over the last ten years, several states have emerged as modest oil producers over the last decade following a spate of discoveries in the 1980s. However, we believe that the potential for continued production growth in countries such as Sudan, Equatorial Guinea and Chad is highly dependent on a substantial improvement in social and political stability within those countries.

Chad

Production in Chad has stalled after a promising start in 2003. Oil production from the Exxon-Mobil led Doba Basin oil project in the deep south of the country has been declining since 2005 partly as a result of deep concerns over government corruption and the use of oil revenue for arms purchases. The Doba project was initially planned to produce up to 250,000 bopd from three fields. However, momentum has declined and current output from the whole country was less than half the anticipated maximum in 2010.

We believe that Chad represents a promising region for oil exploration in the longer term given that it has oil export capacity of 225,000 bopd via the Chad–Cameroon Petroleum Development and Pipeline Project, a joint venture with Cameroon. However, we believe that greater political stability is a pre-requisite for sustained development of the country's oil industry.

Sudan and South Sudan

Sudan's first major oil discoveries were made by Chevron in the early 1980s and included the Adar, Heglig and Unity oilfields which represent some of the most productive fields in the country. The outbreak of civil war in 1983 created a significant hiatus in the development of the oil sector in Sudan, particularly as Chevron suspended activities in the country.

Sudan's support of Iraq during the first Gulf War further delayed the commencement of oil production as Saudi Arabian patronage was removed as a consequence of Sudan's international stance.

Sudan's oil assets changed hands a number of times in the early 1990s and oil production was static at a measly 2,000-3,000 bopd. Large independent oil company, Talisman, was able to kick start early production increases in the early part of the last decade. However, the company withdrew from Sudan in 2002 and now over 90% of Sudan's oil output is controlled by Chinese state oil company, CNPC, Malaysian state oil company, Petronas and Indian state-owned oil and gas major, ONGC.

As a result of the creation of the new state of South Sudan, the regions oil assets are now divided between both the new country and the old. In particular, the large Adar oilfield estimated to contain 276mmbbls of oil and the Unity oilfield are located in the Melut Basin in South Sudan.

With Sudan's production approaching 500,000 bopd and a political settlement established following the secession of South Sudan, we believe that the region represents a promising area of major oil exploration going forward. In particular, proved oil reserves (both countries) are estimated to be in excess of 6.7 billion barrels, which represents the largest reserve base outside the four African OPEC members by some margin.

Equatorial Guinea

A spate of major oil discoveries in the mid-1990s increased oil output in Equatorial Guinea from a negligible base to a peak in excess of 350,000bopd by 2005. Although not an enormous contribution to global production, this represents a huge source of income for a small country with a population of less than one million people.

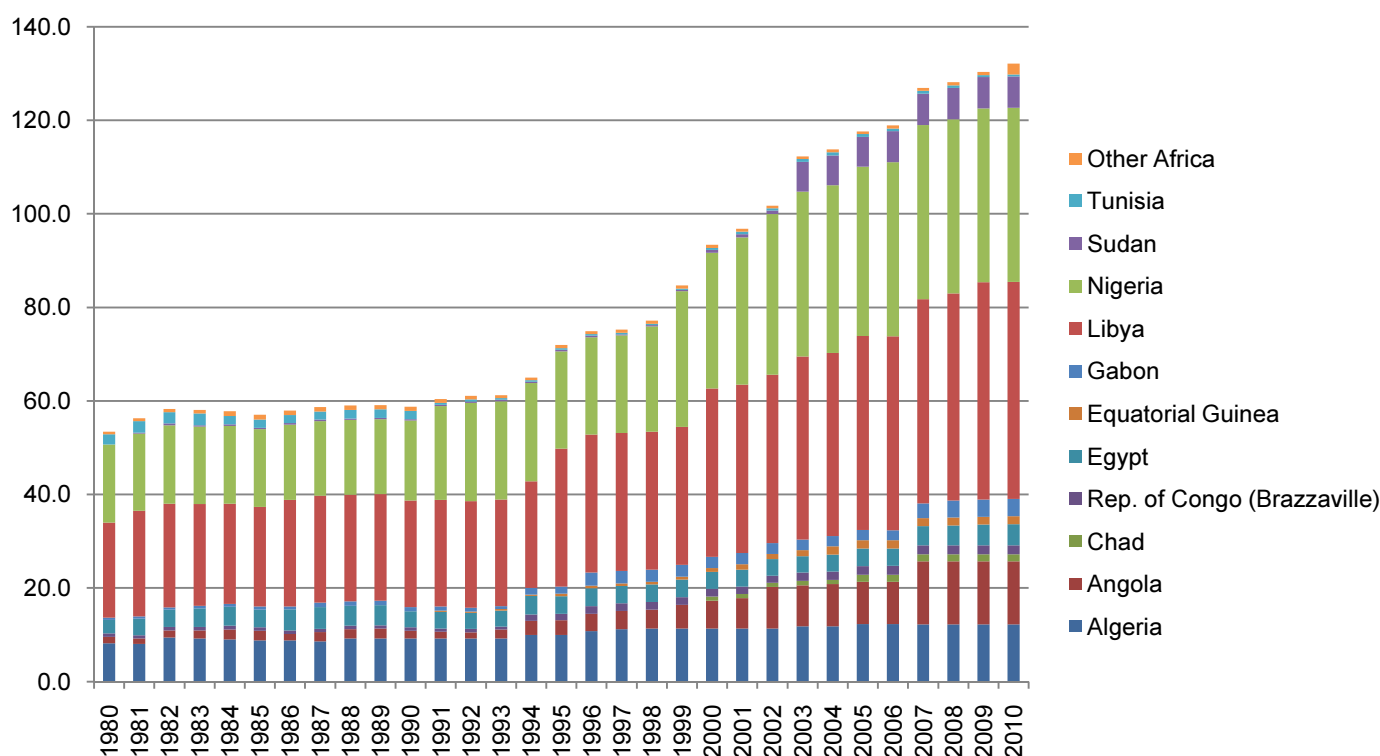
The country's proven oil reserves are estimated to be up to 1.7 billion barrels, a level that has been static for at least seven years. Added to this, the lack of major discoveries over this time indicates that further exploration prospectivity is limited in such a small country and oil production will continue to decline as it has been since 2005.

African reserve growth

As outlined earlier, the four OPEC members comprise approximately 83% of the continent's reserve base, a level that has been constant over the last five years even as Africa's reserve base has grown considerably.

Nevertheless, it is noticeable that the growth in Africa's proved reserves has been augmented by emerging oil provinces such as Sudan where historical exploration success over the last ten years has started to be translated into booked reserves. As noted previously, nearly 83% of African production is concentrated within the OPEC members. However, we are confident that the gradual increase in reserves within the non-OPEC members will translate into production over the long term and the relative share of output from emerging hydrocarbon regions will increase.

African proved reserves by country (billion barrels)



Source: BP Statistical Review

Recent exploration success in Africa

The preceding analysis indicates that the progress from exploration activity to discovery of reserves and subsequent development can be slow in Africa. However, this has not deterred an explosion of exploration activity in Africa over the last decade. Much of this high impact exploration has focused on highly prospective offshore and deep water regions on the west coast of Africa such as Mauritania and Angola and the next generation of significant oil producing states is likely to focus on this region.

However, given that Simba is focused on onshore exploration opportunities, we believe that it is more pertinent to focus on recent success stories in Uganda which have more relevant parallels to Simba's opportunities in Kenya.

Uganda

Exploration activity has concentrated in the Hoima district along Lake Albert in the west of the country over the last ten years. Uganda has no commercial oil production as yet. However, a series of large discoveries since Heritage Oil began operations in the country in 1997 indicates that Uganda will become a major oil producing region in Africa in the future.

Since 2004, Tullow Oil has gained pre-eminence in Uganda with the acquisitions of Energy Africa and Hardman Resources in 2004 and 2007 respectively and the subsequent acquisition of Heritage's Ugandan portfolio of assets in 2009.

Tullow/Heritage presided over a raft of discoveries including the Mputa, Waraga and Kingfisher discoveries in 2006. Kingfisher in particular demonstrated flow rates in excess of 14,000 bopd and has estimated reserves in excess of 200 mmbbls of oil.

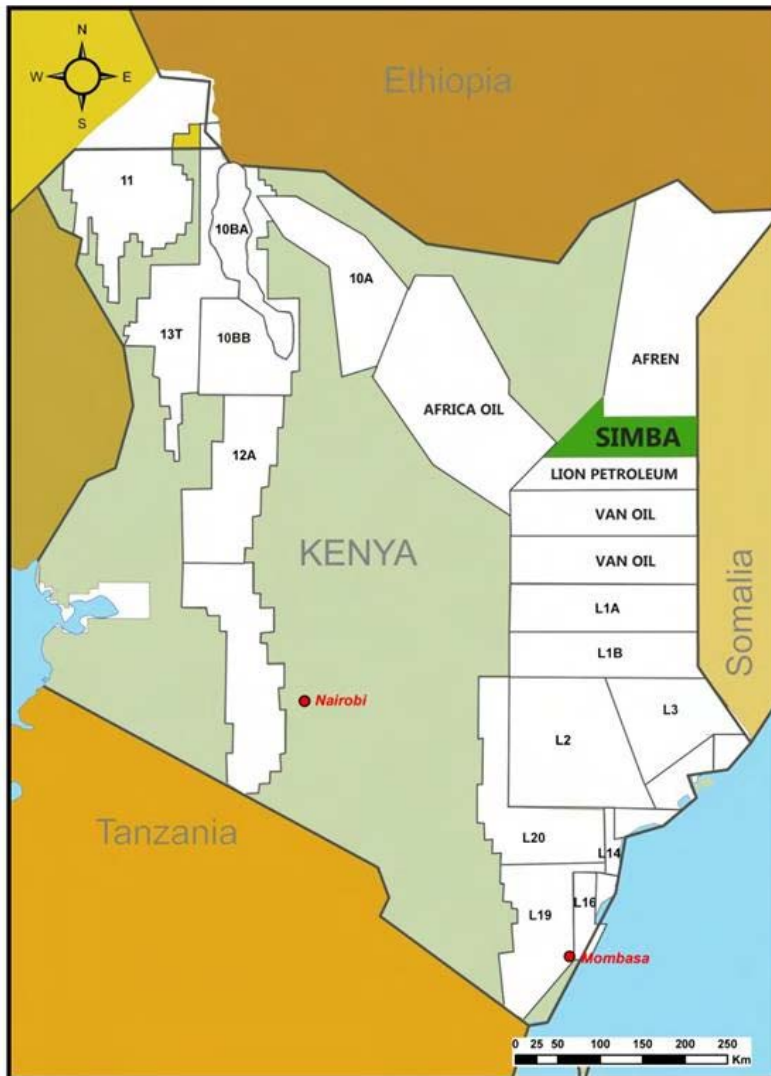
In 2008, the Bubiata area in Blocks 1 and 2 yielded seven discoveries including five wells in the Victoria Nile Delta play. In 2009, the 300mmbbls Buffalo-Giraffe field was discovered and the successful Ngassa-2 exploration well, announced in August 2009, has the potential to be the largest discovery in the basin to date according to Tullow.

With the inclusion of other major discoveries including Warhhog-1 in 2008, we believe that Uganda has the potential to yield recoverable reserves in excess of one billion barrels from this relatively short flurry of exploration activity. As such, we expect that Uganda will represent one of Africa’s most important emerging hydrocarbon producing regions within the next ten years.

Kenya – the primary prospect

As outlined earlier, Simba was granted a PSC for a 100% interest in Block 2A by the Kenyan government’s Ministry of Energy in August 2011. Block 2A is located in northeast Kenya against the border with Somalia and covers an area of almost 7,802 km². The acreage is located in the Manderu Basin where independent explorers, Afren and Lion Petroleum also hold acreage in neighbouring Blocks 1 and 2b respectively. The relative locations of these licences are depicted below.

Location of Block 2A in Kenya

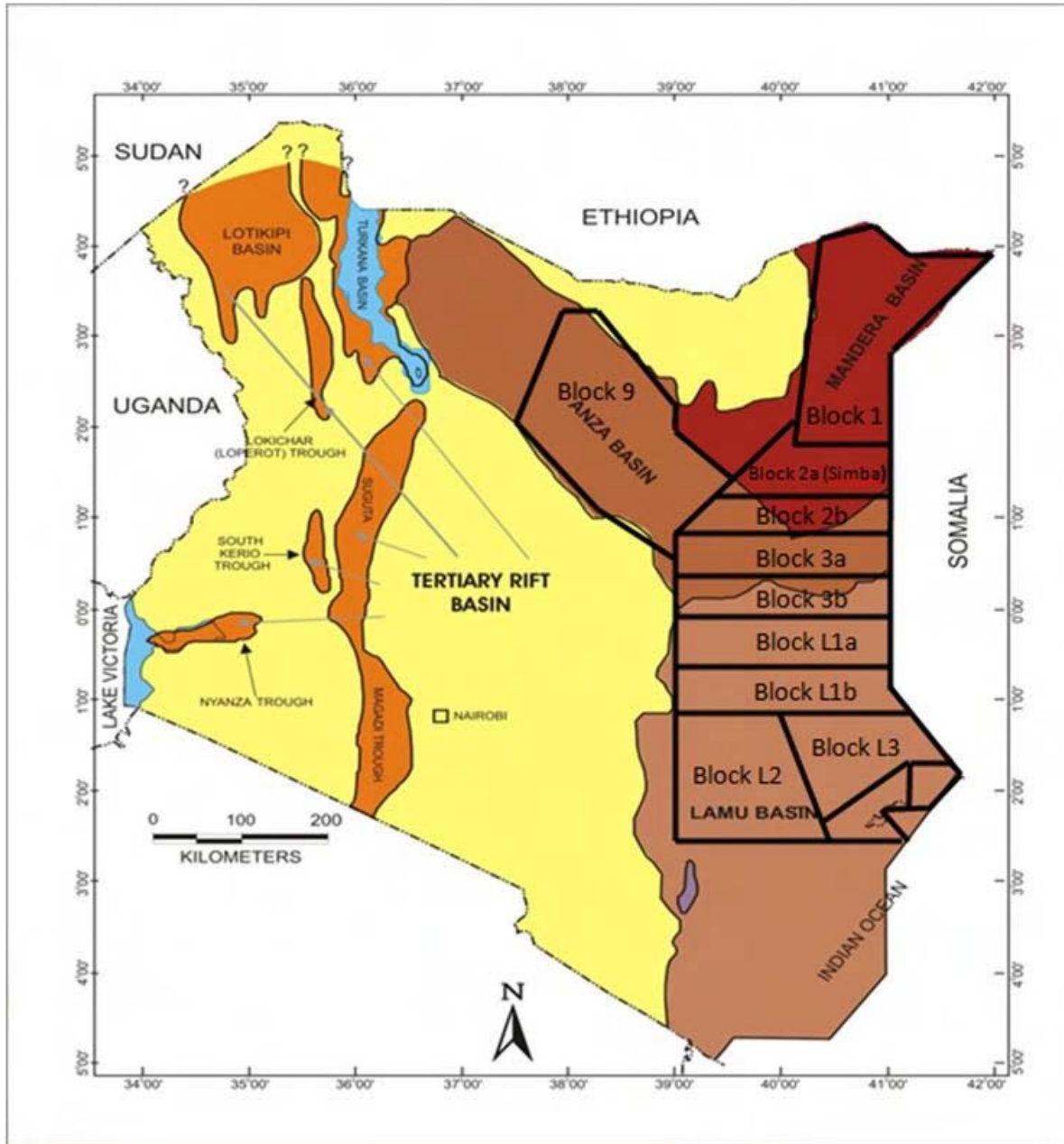


Source: Simba Energy

The Mander Basin

Simba's Block 2A overlies the southern tip of the Mander Basin although the southwest corner of the block extends into the neighbouring Anza Basin. The map below depicts the extent of the Mander Basin in northeast Kenya overlain with a number of key licensed areas of acreage.

Major hydrocarbon basins in Kenya



Source: Simba Energy

Mandera Basin characteristics

The geology of the Mandera Basin is up to 250 million years old, relating to the period between the Permo-Triassic and Tertiary periods. The Basin has a typical sediment thickness of 10,000 metres and the potential source rock interval is mid Jurassic-Lower Cretaceous, comparable with the larger Mandera-Lugh basin in Ethiopia and Somalia to the north.

The Mandera Basin is shared between Kenya, Ethiopia and Somalia with the Kenyan portion covering an area of 51,290 km². The basin has a carbonate cap and the petroleum system is yet to be determined although there has been an oil seep recorded within the basin at the Tarbaj-1 well site.

In the neighbouring Anza basin, located in the north of Kenya, lower Cretaceous reef structures have been mapped with a potential reservoir thickness of 300-500 metres. Source rock is believed to be from the Lower Cretaceous age.

Exploration history timeline in Kenya

Kenya has not been extensively drilled by international standards and development of the oil and gas sector has been comparatively slow. In the context of close relevance to Simba, eleven wells have encountered oil or gas shows in the Anza Basin, whereas only four wells have been drilled in the Mandera Basin to date with oil shows encountered between 40m and 44m in the Tarbaj stratigraphic horizon. The history of exploration activity in Kenya is outlined below.

1950s and 1960s

In 1954, BP and Shell commenced exploration activities in the Lamu Basin in southeast Kenya although the first well was not drilled until 1960. At this stage, none of the wells drilled were evaluated fully or completed for production despite evidence of oil and gas shows.

1970s

In 1975, a number of operators acquired acreage in the Lamu Basin and wells drilled at the time encountered oil and gas shows in the Cretaceous horizons. In 1976, Chevron and Esso drilled in the Anza Basin in northern Kenya resulting in evidence of hydrocarbons.

1980s

After 1986, interest from the international oil and gas community increased as a result of the improvement in hydrocarbon exploration and production legislation in Kenya. Between 1985 and 1990, Amoco and Total drilled ten wells and although none were commercially successful, they did show clear indications of the presence of hydrocarbons.

1990s

In 1995, National Oil completed a study of the large Lamu Basin and a more clearly defined area called the Lamu Embayment was sub-divided into ten exploration blocks. A further two were also created before 2001. The Kenyan government has licensed a number of onshore and offshore exploration licences in the Lamu Basin.

Early 2000s

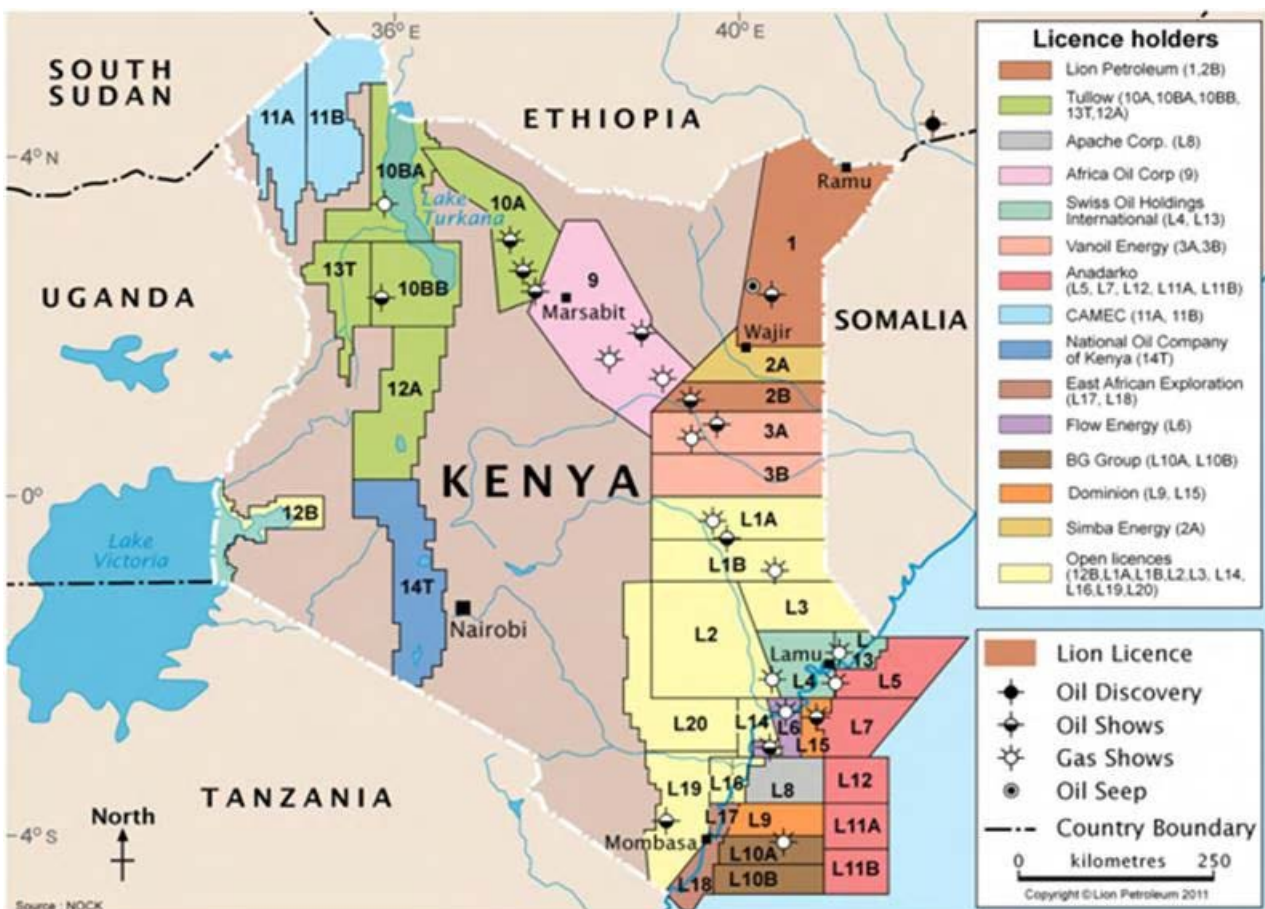
Between 2000 and 2002, seven PSCs were signed and Woodside Petroleum completed 7,884 km of 2D seismic in the off-shore region of the Lamu Basin.

Current situation

In 2011, there are at least 12 exploration companies holding acreage and operating in Kenya. These include Tullow, Anadarko, BG Group and Apache among the larger independent players with multiple blocks. Smaller companies including Afren, Lion Petroleum and Africa Oil hold a number of licences as does the National Oil Company of Kenya (NOCK). As of June 2011, Lion Petroleum estimates that a total of 24 blocks have been licensed to date out of 38 blocks available.

Outlined below is a detailed depiction of Kenya’s licences and licence holders in addition to the location of exploration wells drilled historically in the countries’ four major basins, the Tertiary Rift Basin in the west of Kenya in addition to the Mendera, Anza and Lamu Basins.

Kenya’s hydrocarbon licence areas



Source: National Oil Corporation of Kenya (NOCK) and Lion Petroleum

Kenya's exploration history

There have been in excess of 30 exploration wells drilled in Kenya to date with the majors, including Shell, BP, Amoco and Chevron, doing much of the early exploratory work. At least a third of the wells drilled to date have been dry holes. However, as outlined in the table below, there have been numerous wells exhibiting hydrocarbon shows and several onshore wells in the southern Lamu Basin have flowed gas, although in sub commercial volumes.

Of particular interest is the Ngamia exploration well on Block 10BB which is currently being drilled by Africa Oil in the Tertiary Rift Basin. Although this is not in the same basin as Simba's acreage, we await the results of the well with great interest.

Exploration activity in Kenya since 1960 (non-sequential order)

| Well | Depth (m) | Operator | Block | Basin | Completed | Status |
|-----------------|-----------|---------------|-------|---------------|-----------|-----------------|
| Anza-1 | 3,662 | Chevron | 3A | Anza | 1976 | Dry |
| Bellarix-1 | 3,479 | Amoco | 10A | Anza | 1988 | Oil & gas shows |
| Boghal-1 | 5,556 | CNOOC | 9 | Anza | 2009 | Gas shows |
| Chalbi-3 | 3,643 | Amoco | 10A | Anza | 1989 | Oil & gas shows |
| Duma-1 | 3,337 | Total | 9 | Anza | 1989 | Gas shows |
| Endela-1 | 2,780 | Walter | 3A | Anza | 1989 | Gas shows |
| Hothori-1 | 4,394 | Amoco | 2B | Anza | 1989 | Oil & gas shows |
| Kaisut-1 | 1,450 | Total | 9 | Anza | 1989 | Dry |
| Ndovu-1 | 4,269 | Total | 9 | Anza | 1988 | Oil & gas shows |
| Sirius-1 | 2,637 | Amoco | 10A | Anza | 1988 | Oil & gas shows |
| Bahati-1 | 3,420 | Chevron | 3B | Lamu | 1976 | Dry |
| Dodori-1 | 4,311 | BP/Shell | L4 | Lamu | 1964 | Gas shows |
| Garissa-1 | 1,240 | BP/Shell | L1A | Lamu | 1968 | Oil shows |
| Hagarso-1 | 3,092 | Texas Pacific | L1B | Lamu | 1975 | Gas shows |
| Kencan-1 | 3,863 | Petro-Canada | L1A | Lamu | 1986 | Gas shows |
| Kipini-1 | 3,663 | BP/Shell | L14 | Lamu | 1971 | Gas shows |
| Kofia-1 | 3,658 | Union | L15 | Lamu | 1985 | Oil & gas shows |
| Mararani-1 | 1,991 | BP/Shell | L3 | Lamu | 1962 | Dry |
| Maridadi-1b | 4,196 | Cities | L8 | Lamu | 1982 | Oil & gas shows |
| Meri-1 | 1,941 | BP/Shell | 3B | Lamu | 1961 | Dry |
| Pandangua-1 | 1,982 | BP/Shell | L4 | Lamu | 1960 | Gas shows |
| Pate | 4,188 | BP/Shell | L5 | Lamu | 1971 | Gas shows |
| Ria Kalui-1 | 1,537 | Mehta & Co | L19 | Lamu | 1962 | Oil shows |
| Simba-1 | 3,604 | Total | L10 | Lamu | 1978 | Gas shows |
| Wal Merer-1 | 3,794 | BP/Shell | L1A | Lamu | 1967 | Dry |
| Walu-1 | 1,768 | BP/Shell | L2 | Lamu | 1960 | Dry |
| Walu-2 | 3,729 | BP/Shell | L2 | Lamu | 1963 | Dry |
| Elgal-1 | 1,280 | Amoco | 2A | Mandera | 1987 | Dry |
| Elgal-2 | 1,908 | Amoco | 2A | Mandera | 1987 | Dry |
| Eliye-Springs-1 | 1,110 | Shell | 11b | Tertiary Rift | 1992 | Oil shows |
| Loperot-1 | 2,950 | Shell | 10BB | Tertiary Rift | 1992 | Dry |
| Ngamia | Drilling | Africa Oil | 10BB | Tertiary Rift | 2011 | - |

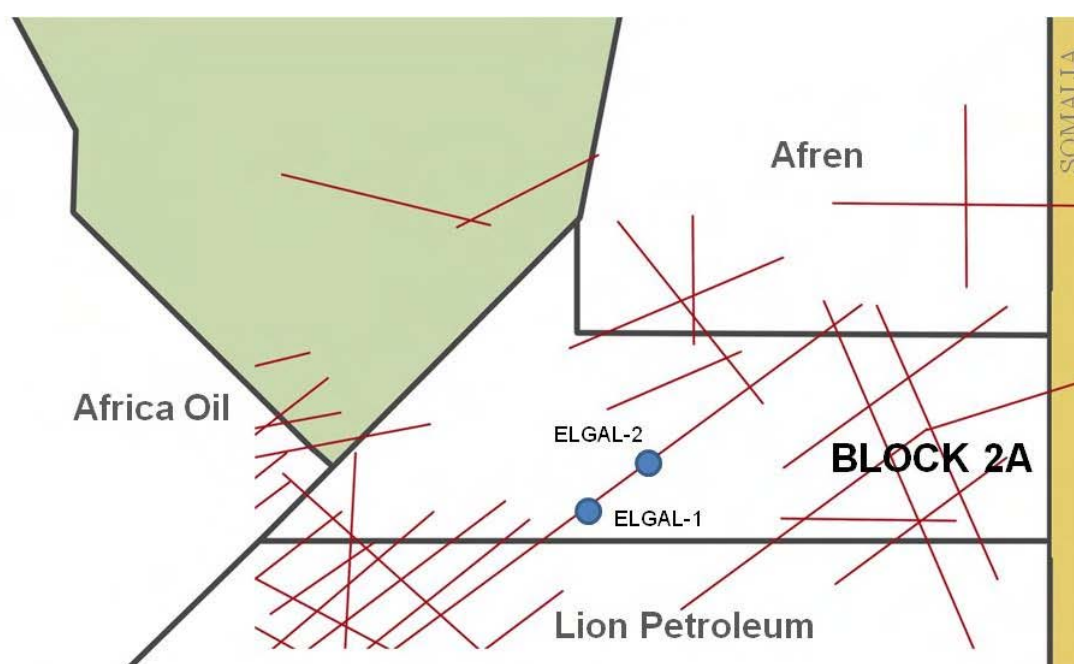
Source: NOCK

Block 2A: Simba's interest

There is approximately 650km of 2D seismic coverage on Block 2A which has identified several structures and a major stratigraphic pinch-out. What seismic coverage there is available also indicates a stable stratigraphic sequence with a number of good exploration leads.

The exploration history of Block 2A is short although Amoco drilled two wells in 1987. The Elgal-1 was drilled to 1,280 metres and Elgal-2 was completed at 1,908 metres although both wells were plugged and abandoned as no reservoir rocks were encountered. Historical exploration wells directly east of Block 2A in Somalia, including Das Eun-1, Gheferso-1 and Lach Bissigh-1, were also dry.

Location of seismic lines and existing wells on Block 2A



Source: Simba Energy

Activity and areas of future interest

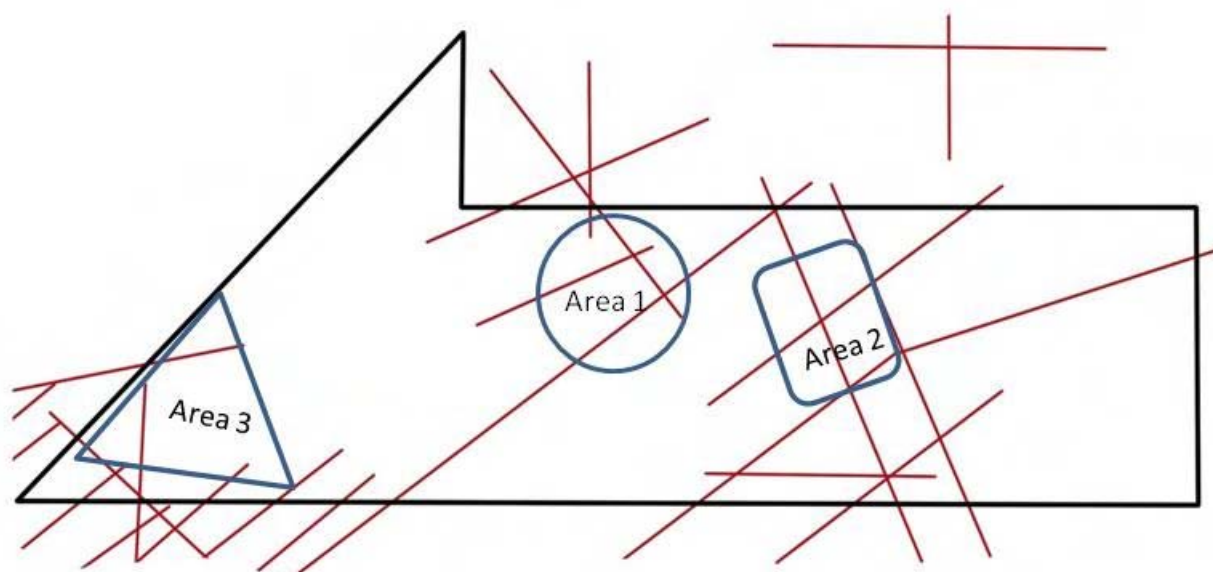
We believe that the prospectivity of Block 2A will improve substantially over the next twelve months given that there has been and there is scheduled to be, extensive seismic surveys in each of the Kenyan blocks bordering Simba's acreage. The result of these work programmes is likely to enable Simba to draw several direct inferences regarding its own block.

At present, Canadian operator Africa Oil is very active in Kenya. Aside from the well currently drilling on Block 10BB, the company also recently completed a 750km seismic survey on Block 9, immediately west of Simba's acreage. As such, the western extremity of Block 2A (Area 3 highlighted on the map overleaf) will be of interest to Simba.

Based on existing data on Block 2A, Simba has identified three areas of particular interest. Area 1 is believed to be geologically associated with the Tarbaj oil seep on Block 1, some 50km north of Simba's acreage. Operator of Block 1, Afren, is scheduled to shoot 1,200km of seismic on its block, the results of which will have direct significance to Simba.

In addition, Lion Petroleum, now a wholly owned subsidiary of Africa Oil, is expecting to shoot 600km of seismic on Block 2B immediately to the south of Simba's licence.

Block 2A with existing seismic lines and areas of interest



Source: Simba Energy

Next steps for Simba

Since signing the PSC for Block 2A August, Simba has established an office in Nairobi and commenced the process of procuring the project's next phases of work. This involves primarily, the reprocessing of existing historical seismic data and the acquisition of further seismic data in conjunction with initiating base line environmental studies.

The tender and selection process to procure these services is expected to take six to eight weeks with work due to commence in the first quarter of 2012. The technical team continues to compile and review all currently available data.

Simba also intends to contact the tribal and clan leaders in the region given that local community support and cooperation, particularly in East Africa, is likely to make future operations a great deal easier. In tandem with this, Simba will also outline a plan to drill water wells in this comparatively arid part of Kenya and begin a baseline environmental study.

The management expects that initial spending will not exceed US\$0.5m. However, in the longer term, Simba is keen to bring in a considerably larger oil major and farm down its current 100% interest for a carried interest in order to fund a wider exploration programme.

Resource potential

At present there are no reserves or prospective resources associated with Simba's Block 2A. However, there are some indicative estimates of resource potential in adjacent blocks that have direct relevance to Simba.

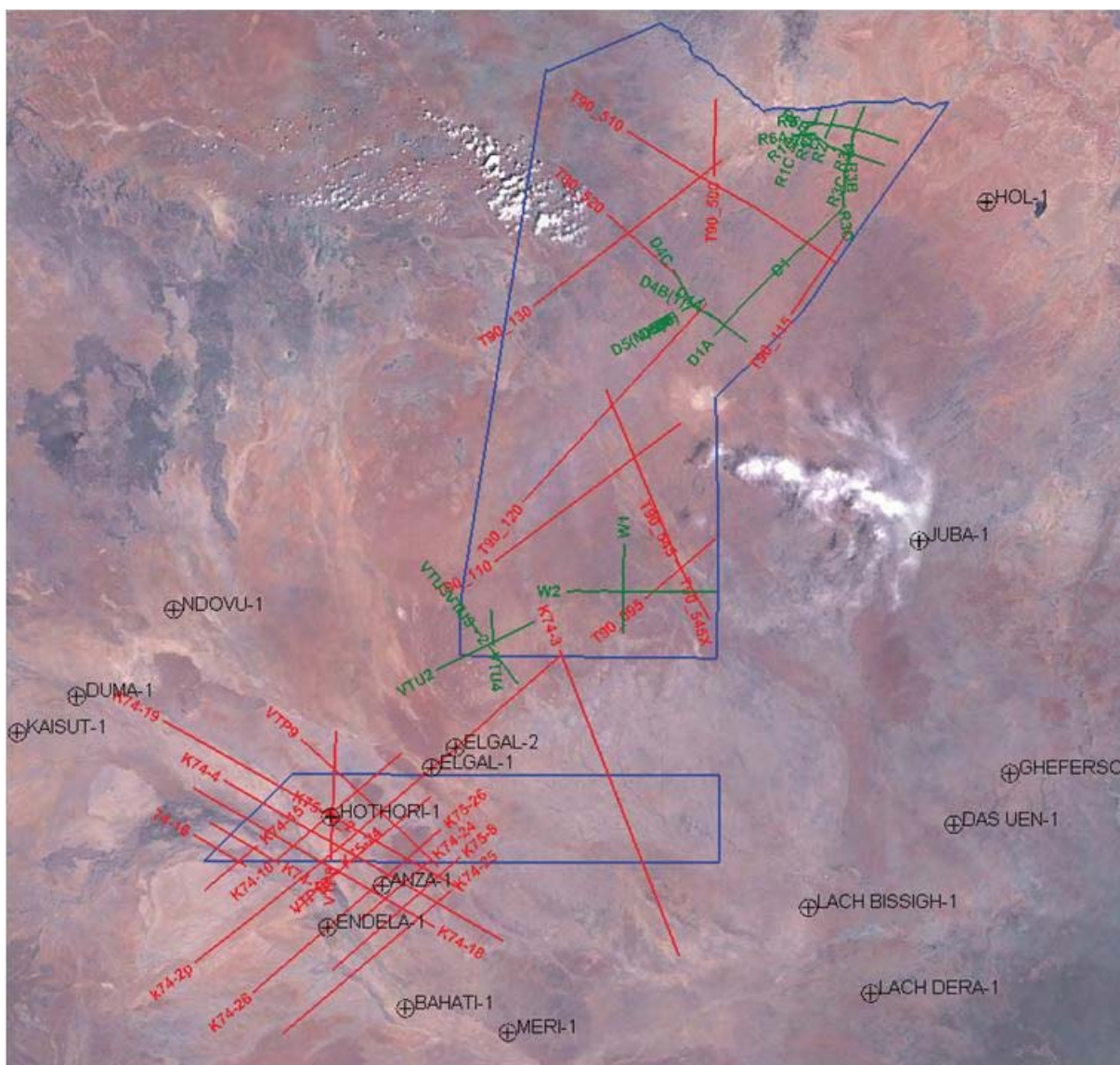
Afren's management estimates that there is up to 751mmboe of unrisked gross prospective resources on the 31,781km² Block 1, immediately to the north of Simba's licence in the Mendera Basin.

Additionally, independent petroleum consultants, Sproule, has estimated that the Lion Petroleum operated Block 2B to the south of Block 2A has an unrisks gross prospective resource of nearly 387mmboe from 17 individual leads. Block 2B is a similar size to 2A. However, this resource is attributed predominantly to the Anza Basin making direct correlation with the potential of Block 2A slightly less indicative.

Nevertheless, the map below depicts the level of historic seismic activity on Block 1 and Block 2B that has generated such prospective resource estimates and it is abundantly clear that Block 2A is conspicuously underexplored barring one major seismic line which was deemed indicative enough for Amoco to drill two exploration wells in 1987.

Consequently, we believe that additional seismic work on Block 2A has the potential to generate several leads that could amount to an unrisks gross resource estimate amounting to hundreds of millions of barrels.

Seismic activity adjacent to Block 2A



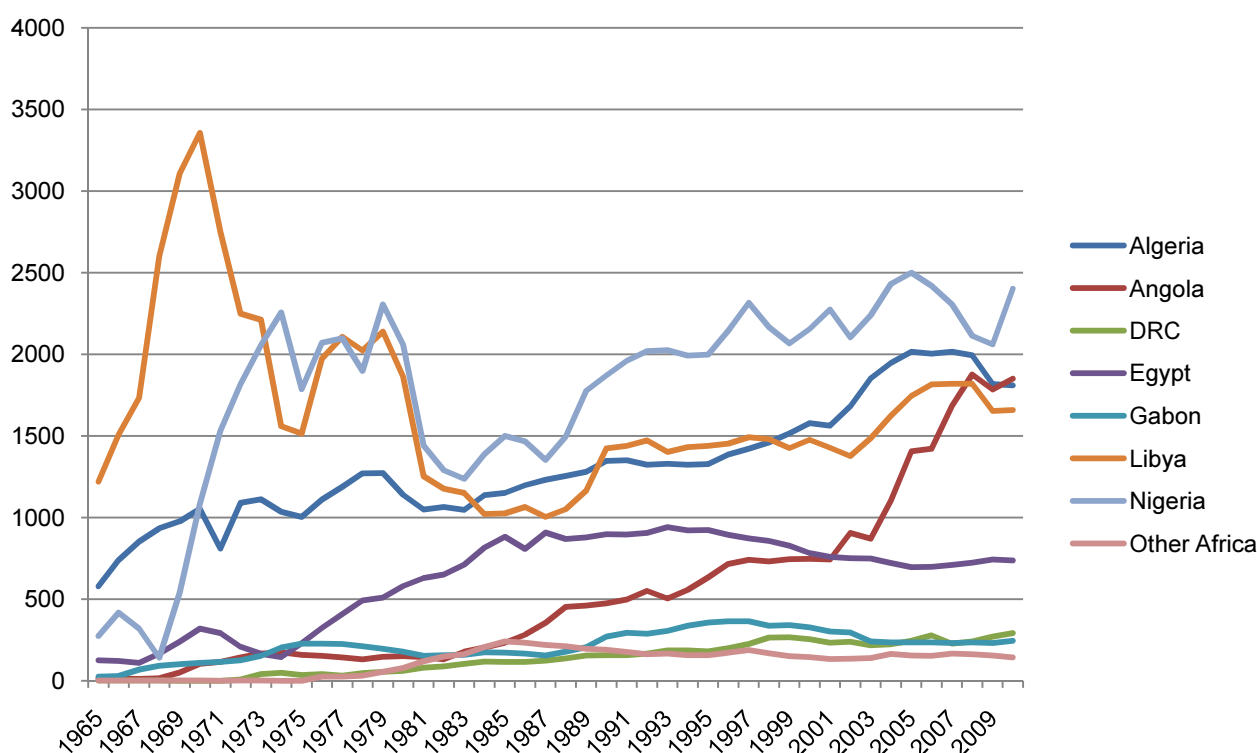
Source: Sproule

Simba's West African focus

West Africa has been host to a significant number of successful oil explorers for over 50 years. The first commercial discovery was made by Shell in 1956 with the Oloibiri-1 well in the Niger Delta offshore Nigeria. Oloibiri went on to be the first producing field in 1958 and established Nigeria as a major oil producer dominating production on the African continent from the 1970s onwards.

Until the end of the 1990s, Nigeria, Libya and Algeria were Africa's largest oil producers. However, at the turn of the millennium, Angolan production stepped up a gear following a decade of major discoveries. Production increased from approximately 750,000bopd in 2000 to over 1.85mmbopd in 2010 demonstrating that there is significant potential in the more recent West African oil plays.

Major African oil producers ('000 bopd)



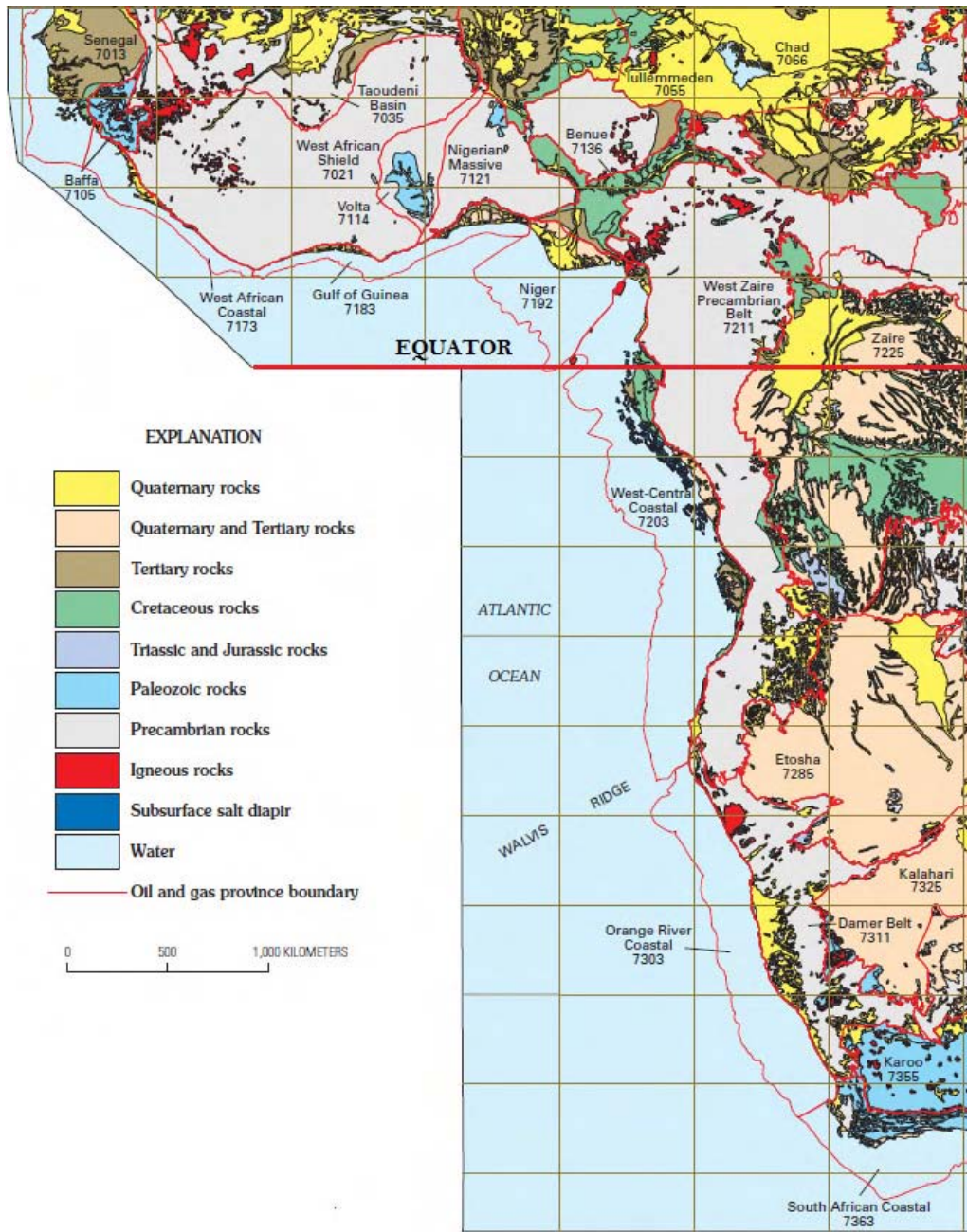
Source: BP Statistical Review

The whole region is in play

Although the oil industry has explored most offshore regions of West Africa in recent years, the vast areas in play means that exploration well density per square kilometre is comparatively sparse save for the Niger delta and many of the major hydrocarbon basins represent frontier territory.

Nevertheless, discoveries have been made from the coastal provinces of the Aaiun Tarfaya Basin offshore Morocco in northern Africa and continue south through the hydrocarbon provinces of the Transition Margin (including the Senegal Basin, Baffa and West African Coastal regions) moving on to the Gulf of Guinea, Niger Delta, West Central Coastal, Orange River Coastal and finishing at the South African Coastal region. These areas and their geology are depicted in some detail on the map below.

West African Basins and geology



Source: US Geological Survey

Recent exploration activity

Today there is significant exploration activity in West Africa focused on a host of countries including Sierra Leone, Liberia, Ivory Coast and Ghana. In particular, Anadarko, Chevron, Lukoil, Vanco, Petroci, Sabre, Kosmos and Tullow are all planning exploration wells over the remainder of 2011 and 2012. To illustrate this momentum, the below table shows a sample of numerous discovery wells drilled in 2010 and 2011 in key West Africa countries.

In addition to this select list, there were also at least seven discoveries offshore Angola including Nzanza, Cinguvu and Mpungi, all made by ENI within the last two years.

Recent exploration successes in West Africa (excludes Angola)

| Country | Discovery | Operator | Completed | Depth (m) |
|----------------|------------------|-----------------|------------------|------------------|
| Sierra Leone | Mercury | Anadarko | 2010 | 4,861 |
| Ghana | Dzata | Vanco Energy | 2010 | 4,433 |
| Ghana | Enyenra-3A | Tullow Oil | 2011 | 4,031 |
| Ghana | Teak | Kosmos | 2011 | 3,170 |
| Nigeria | Agge-3b.T1 | Conoil | 2010 | 2,710 |
| Nigeria | Udele-3 | Sinopec | 2010 | n/a |
| Nigeria | Pegi | Exxon Mobil | 2010 | 3,477 |
| Cameroon | Sapele | Bowleven | 2011 | 4,733 |
| Gabon | Maroc-Nord | Maurel and Prom | 2010 | 2,448 |
| Gabon | Se Etame-1 | Valco Energy | 2010 | 2,757 |

Sources: Various

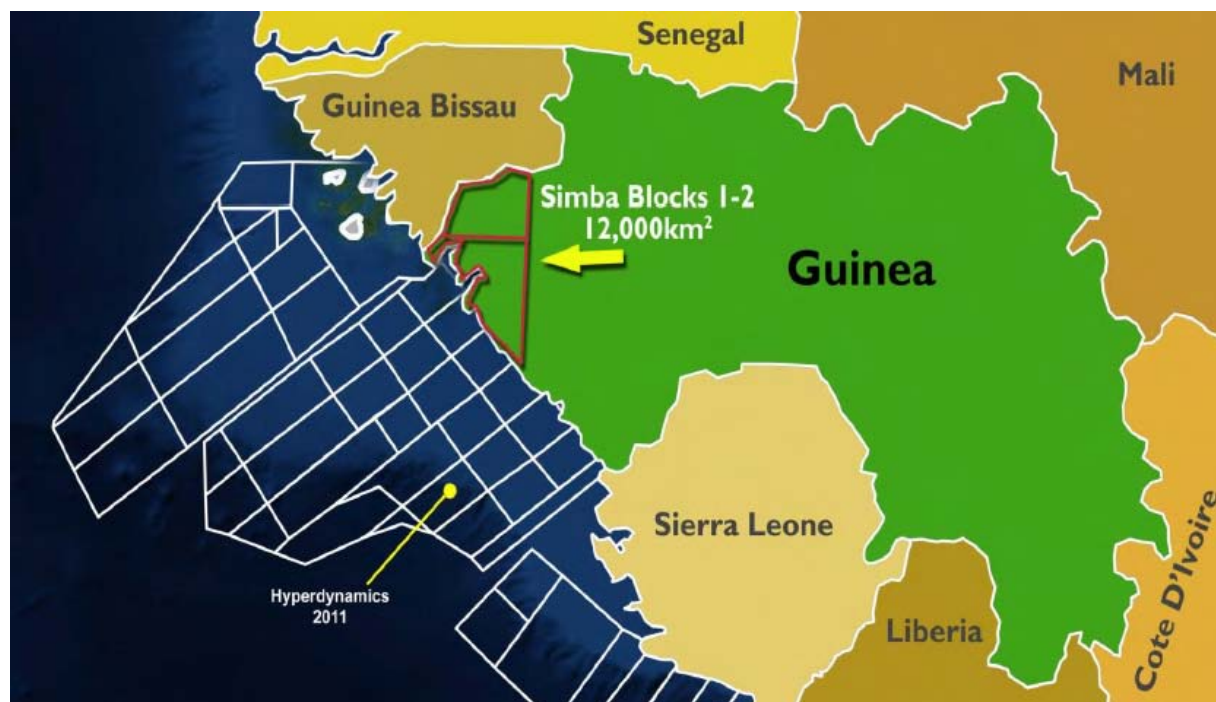
The Republic of Guinea

The Republic of Guinea or Guinea Conakry (after the capital city Conakry) is located on the western reach of Africa bordering Sierra Leone, Senegal, Cote D'Ivoire, Mali, Liberia and Guinea Bissau. Guinea has a population of 10.3 million (UN 2010) and covers an area of nearly 95,000 square miles. World Bank estimates from 2009 suggest that the gross income per capita is only US\$370, making Guinea one of the poorest countries in West Africa.

Simba's licence area

Simba acquired a 60% interest in the PSC for two onshore exploration licence areas, namely Blocks 1 and 2 in the Republic of Guinea in July 2011. These blocks cover 12,000 km² and are located in the highly prospective Bové Basin which comprises a substantial area covering western Guinea, Guinea Bissau and the offshore region.

Location of Simba's onshore acreage



Source: Simba Energy

Acquisition history

Prior to the award of the interest in the PSC, Simba conducted site investigation and a detailed review of available technical data and the company's geological staff concluded that Blocks 1 and 2 represent significant potential for oil and gas in a relatively underexplored basin.

Simba has stated that a work programme, including planning for commencement of a seismic programme, will proceed immediately after receipt of final approval from the Ministry of Mines.

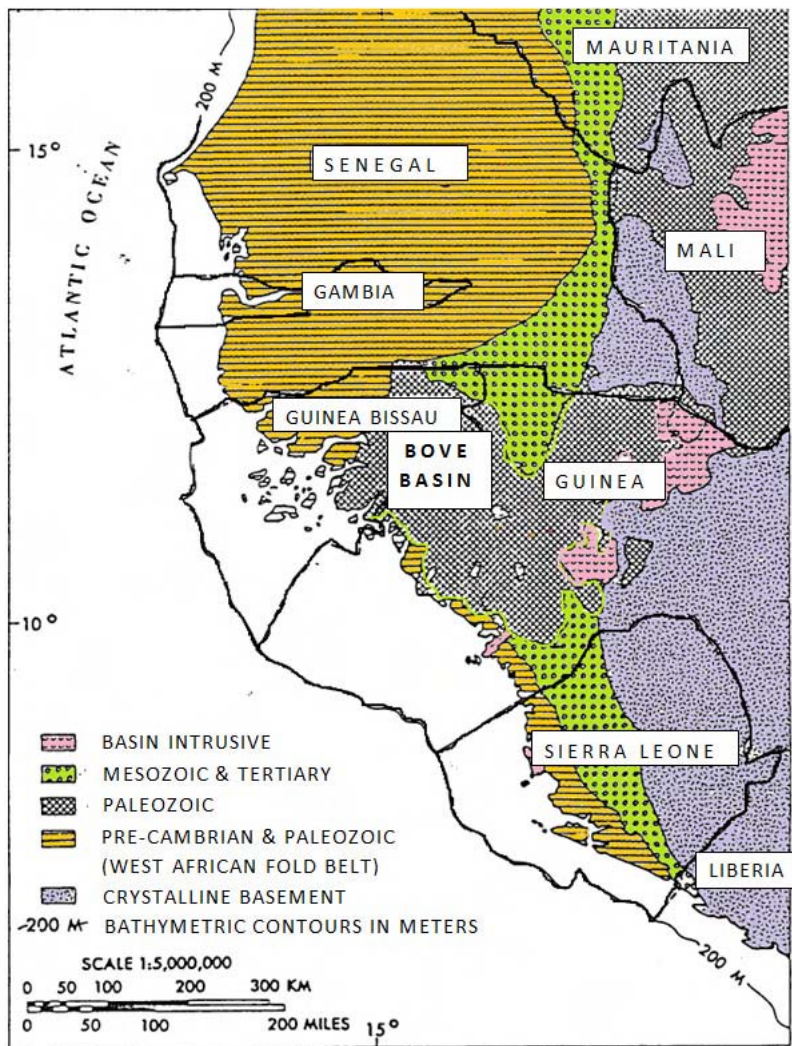
The Bové Basin

The Bové Basin lies at the end of the North West Central Atlantic margin and is seen as a south westerly extension of the Taoudeni Basin which is located predominantly in Mali and Mauritania.

The Bové Basin consists of Palaeozoic cover reaching thicknesses of up to 2,000m and the potential source rocks in the Bové Basin are Silurian and Devonian shales. The relatively mature shales have organic content of between 1% and 3%, according to Petrosen. It has also been seen that the Ordovician section of the Bové Basin contains large sections of white sandstone which is calcareous and has evidence of cementing by salt which could form traps (Dillon and Sougy 1974).

The map below defines the prevailing geology of the Bové Basin in the context of Guinea and the surrounding area.

Regional location of the Bové Basin



Source: US Geological Survey

Other explorers in the region see the Bové Basin as an extension to the Transform Marginal play that has hosted discoveries across the west coast of Africa. For example, Anadarko's Mercury-1 discovery in Sierra Leone in November 2010 had approximately 41m net oil pay in two cretaceous fan systems. Mercury-1 was the second well on Anadarko's block SL-07B-10. The first well, Venus-B, also encountered hydrocarbons.

Current exploration activity

Guinea represents a virtually unexplored hydrocarbon region given that most of the Bové Basin's wells were drilled prior to the 1960s and were too shallow to fully evaluate the area's prospectivity. In the country of Guinea itself, there has only been one offshore well drilled in 1977.

Nevertheless, the government has signed a PSC with Houston based Hyperdynamics Corporation (HDY) to explore an offshore licence area due south of Simba's acreage. This area is highlighted on the previous map on page 21. Sabu-1 is HDY's first well in approximately 700m of water and the company is currently drilling to a target depth of 3,600m.

HDY also plans to drill a second well, Baraka-1, in 2012. The water depths on the licence range from 100m to very deep water of c.4,000m. The wells will target the Upper and Lower Cretaceous aged prospects.

Forthcoming exploration in Guinea

| Well | Depth (m) | Operator | Block | Basin | Completed | Status |
|----------|-----------|---------------|-----------------|------------|-----------|----------------|
| Sabu-1 | 3,600 | Hyperdynamics | Guinea Offshore | Bové Basin | TBC | Spudded |
| Baraka-1 | TBC | Hyperdynamics | Guinea Offshore | Bové Basin | 2012e | Scheduled 2012 |

Source: Hyperdynamics Corp.

Despite being located in the offshore region of Guinea some 200km away from Simba's acreage, drilling success for Hyperdynamics would be very good news for Simba given that both companies' acreage is located in the Bové Basin and Simba has the advantage of considerably lower prospective drilling costs given that its acreage is located onshore.

Characteristics of Blocks 1 and 2

To date, there has been negligible exploration activity on Simba's acreage and Blocks 1 and 2 represent frontier exploration acreage. Nevertheless, a number of early indicators suggest that the licences could be highly prospective.

Oil seeps

In particular, Simba has noted heavy oil seeps at surface locations on the licences. Migration and communication are demonstrated by the presence of seeps, large accumulations of bio-degraded heavy oil at surface, along with light oil staining in earlier (historical) core and samples.

A detailed laboratory analysis of samples from two wells drilled in 1989 by French company, Beicip, also indicated a level of maturity as mature to over mature and a source that is likely oil prone. Other positive indicators include the presence of Silurian shales, which are the major source rock in all North African basins.

Reservoir systems

The basin has three known reservoir systems with fair to good reservoir parameters in both clastic sediments and carbonates. In addition, a gravity and magnetometer survey carried out over the entire basin in 1972 by Texas Geophysical Company indicates sediments were present up to a depth of 4,000 metres and identified numerous anomalies, the magnitude of which remain of great interest to Simba.

The company also notes that the tectonic style of the Bové Basin is such that structures are formed that produce traps capable of pooling large reserves

Next steps for Simba

Since winning the PSC for Block 1 and 2 in July, Simba recently hosted a delegation of officials from Guinea as part of their review and approval of the company's technical and financial capabilities. The management is confident that it has met or exceeded all the requirements set forth and anticipates formal approval before the end of this year.

Simba has put in place a number of objectives for a future work programme. The company intends to begin an aggressive assessment of basin characteristics where during its due diligence site visit the technical team observed very similar seep characteristics with those encountered at the company's concession in Liberia.

One of the group's primary objectives will be to gather and reprocess all existing seismic data which the management is confident it can complete in the first half of 2012. Simba also plans to submit a new work programme to the Ministry of Mines early next year.

In a similar vein to the group's activities in Kenya, Simba also intends to begin evaluation of local needs for a corporate social responsibility programme and begin a baseline environmental study by Q1 2012. The company also plans to put out tenders for seismic in late 2012 in order to commence its exploration programme. In all, the group estimates that its initial spending commitments will not exceed US\$0.5m.

The Republic of Mali

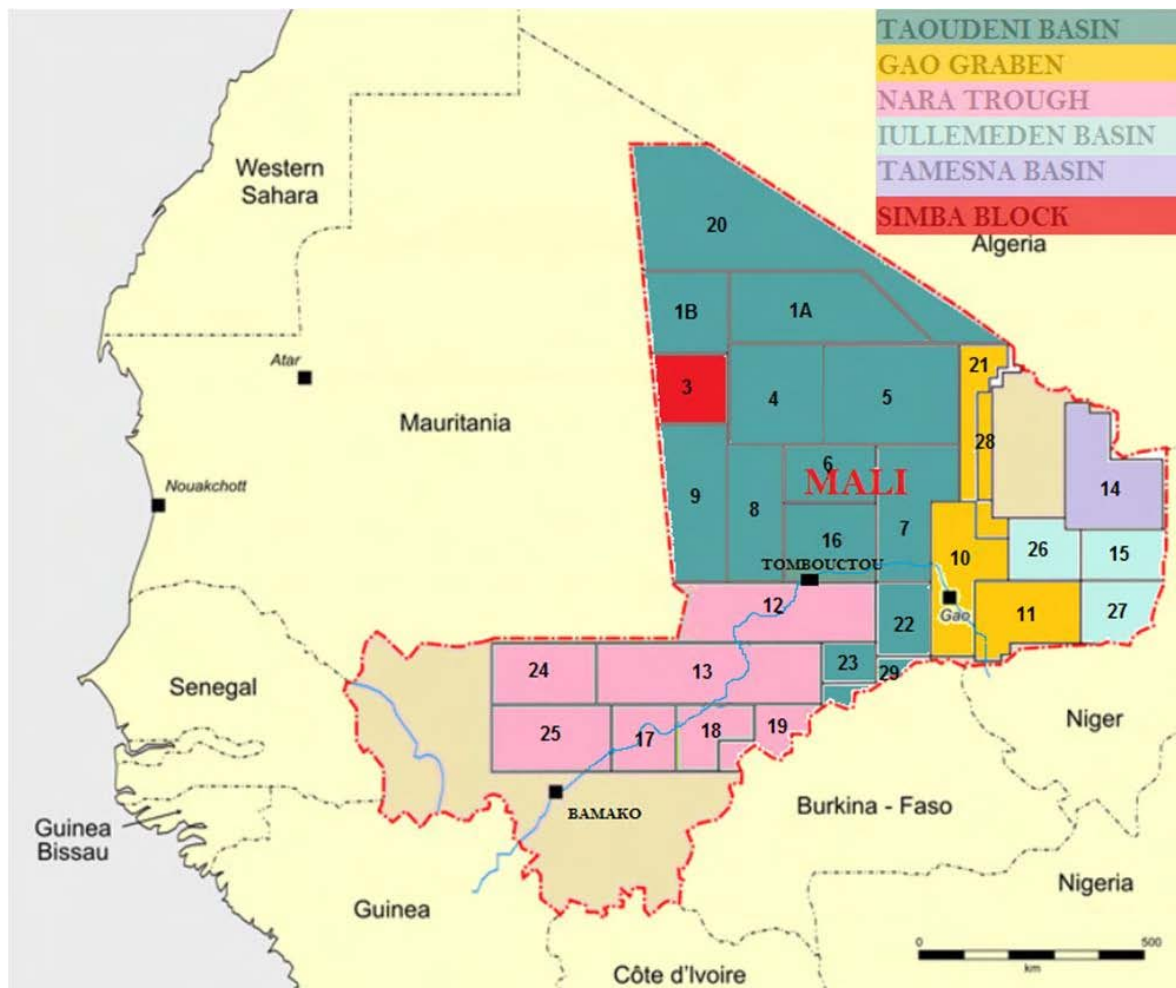
Simba received a formal notification that the Mali's Council of Ministers has adopted a decree granting Simba a PSC for Block 3. This notification has been approved by Mali's Ministry of Mines, Energy and Water with the support of the government agency AUREP (L'Autorité pour la Promotion de la Recherche Pétrolière au Mali or The Authority for the Promotion of Oil Research in Mali).

Simba will travel to the capital, Bamako, for the formal signing ceremony and intends to provide an update regarding Block 3 and its development plans later this year. Block 3 consists of a 22,500km² area of acreage entirely within the central part of the 1.4m km² Taoudeni Basin that straddles the north/south boundary with Mauritania. Block 3's western boundary lies on the border with Mauritania where oil major, Total, has made significant discoveries.

The Taoudeni Basin

The Taoudeni Basin is the largest sedimentary basin in Africa, spanning Mali, Mauritania and part of Algeria. It is considered to have considerable hydrocarbon potential but activity has been restricted due to its remote location, a lack of infrastructure, harsh desert conditions and more recently, the threat from terrorist groups such as al-Qaeda that have all contributed to a lack of exploration in the Taoudeni Basin, particularly in recent years.

Block 3 in Mali (highlighted in red)



Source: AU.RE.P/OPL

Major players in Mali

As the previous map suggests, there are five major hydrocarbon basins in Mali, Taoudeni being the largest by area. The others are Tamesna, lullemeden, Gao Graben and Nara Trough. The five basins have been split into 29 licence areas, also depicted on the previous map. However, there have been a raft of licence relinquishments since 2007 and approximately half of the blocks in Mali are currently unallocated.

Mali licence blocks by operator

| Block | Basin | Area (km2) | Operator |
|----------|-----------------|---------------|-------------------------------------|
| 1A | Taoudeni | 55,009 | Free |
| 1B | Taoudeni | 29,843 | Free |
| 3 | Taoudeni | 22,500 | Simba Energy |
| 4 | Taoudeni | 43,260 | ENI-SIPEX |
| 5 | Taoudeni | 59,909 | Moh Oil |
| 6 | Taoudeni | 23,620 | Free |
| 7 | Taoudeni | 39,804 | Mali Oil/Heritage Oil |
| 8 | Taoudeni | 35,112 | Mali Petroleum/Sphere Petroleum/QSC |
| 9 | Taoudeni | 38,500 | Free |
| 10 | Gao Graben | 37,544 | Mali Petroleum/Sphere Petroleum/QSC |
| 11 | Gao Graben | 32,810 | Mali Oil/Heritage Oil |
| 12 | Nara Trough | 49,467 | Oranto Int. Petroleum/Glencore |
| 13 | Nara Trough | 63,977 | AFEX/Glencore |
| 14 | Tamesna | 40,996 | Free |
| 15 | lullemeden | 19,997 | Free |
| 16 | Taoudeni | 32,792 | PDVSA (Venezuela) |
| 17 | Nara Trough | 19,972 | Falcon Martagon |
| 18 | Nara Trough | 19,529 | Selier |
| 19 | Nara Trough | 15,009 | Free |
| 20 | Taoudeni | 117,808 | SIPEX |
| 21 | Gao Graben | 25,074 | Free |
| 22 | Taoudeni | 19,856 | Free |
| 23 | Taoudeni | 10,301 | Free |
| 24 | Nara Trough | 29,368 | Free |
| 25 | Nara Trough | 37,594 | Petroma |
| 26 | lullemeden | 19,602 | Free |
| 27 | lullemeden | 20,550 | Free |
| 28 | Gao Graben | 9,334 | Free |
| 29 | Taoudeni | 7,490 | Free |

Source: AU.RE.P/OPL

Exploration activity in Mali

Historical exploration drilling in Mali dates back to 1968 when Algerian state owned company, Sonarem, drilled the Tahabanat-1 well in eastern Mali. This well had bitumen shows as did more recent drilling in the early 1980s by Elf as outlined in more detail below.

It is also pertinent to note that a water well, Tin Bergoui, located on Block 10 also encountered oil and gas shows in a number of horizons when it was drilled to a depth of approximately 360m.

Exploration wells drilled in Mali

| Well | Depth (m) | Operator | Block | Basin | Completed | Status |
|-------------|-----------|----------|-------|------------|-----------|----------------|
| Yarba-1 | 2,294 | Elf | 6 | Taoudeni | 1982 | Bitumen shows |
| Atouila-1 | 2,496 | ESSO | 2 | Taoudeni | 1983 | Background gas |
| In Tamat-1 | 1,196 | SONAREM | 14 | Tamesna | 1970 | No shows |
| Tahabanat-1 | 2,011 | SONAREM | 15 | Iullemeden | 1968 | Bitumen shows |
| Ansongo-1 | 1,697 | SNEA | 11 | Gao Graben | 1979 | No shows |

Source: AU.RE.P

Implications from Mauritania

Exploration success in Mauritania's offshore region has been well documented. However, onshore exploration in the Taoudeni Basin, which extends into Mauritania, has positive implications for prospectivity in Mali.

The majority of activity in the Taoudeni basin has focused on Mauritania and previous wells in the Taoudeni Basin include Ouasa-1 and Abolag-1, both spudded in the 1970s. Ouasa-1 was drilled in 1974 by Agip to a depth of 3,487m targeting the Ordovician sandstones although the well stopped short of the Neoproterozoic limestones.

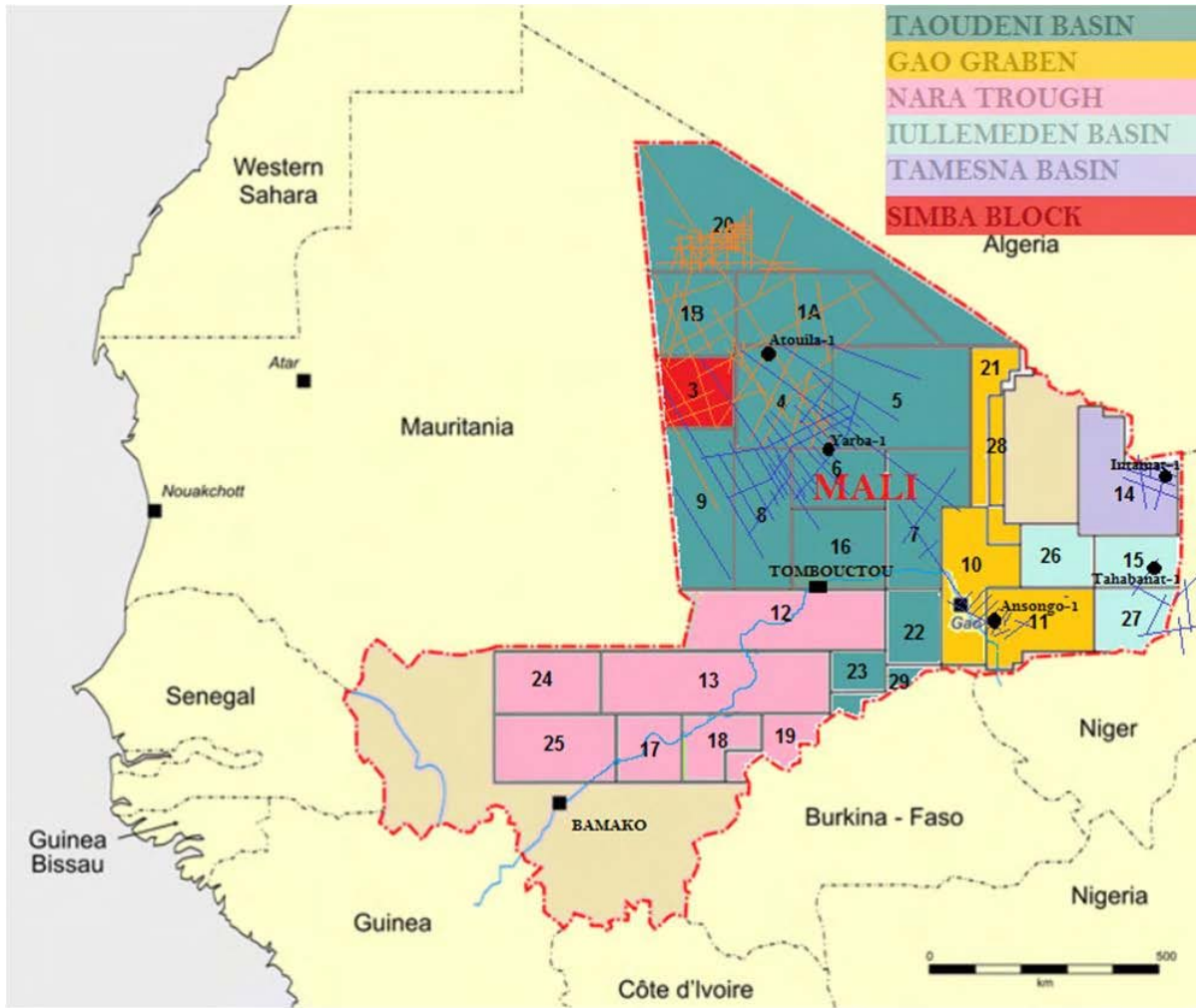
In 1973, Texaco drilled the Abolag-1 well to a depth of 2,941m. This well tested wet gas at 480mcfpd (source: rigzone.com) from a Neoproterozoic stromatolithic reservoir. More recently, Total has spudded a well in Mauritania's block Ta-08.

Seismic activity

Block 3 is advantageously situated in an area of the Taoudeni Basin which has had a relatively high concentration of 2D seismic lines shot over it. As the map below depicts, historic seismic; some of which dates back to the 1960s and 1970s, is concentrated on Blocks 20, 4, 5 and importantly, Block 3 in the western section of the Taoudeni Basin.

However, drilling activity is very sparse with a single well drilled in five areas of concentrated seismic lines. Of particular note is that there has not been exploration drilling in the far western reaches of Mali and on Block 3 in particular.

Historic seismic lines and exploration well locations in Mali



Source: AU.RE.P/OPL

Liberia

Simba is currently in advanced negotiations to finalise a PSC in Liberia. Much of the offshore region of the country is licensed to a number of international oil companies including Chevron, Anadarko and Repsol. However, Simba received the first ever Onshore Reconnaissance Permit in Liberia in January 2009.

In October 2010, Simba announced that the National Oil Company of Liberia (NOCAL) issued its formal acknowledgement confirming the receipt of Simba's application to convert its current Hydrocarbon Reconnaissance License NR-001 into a PSC.

In July 2011, Simba met NOCAL in Monrovia to commence the final negotiation process for Simba's formal PSC application. A draft PSC has been received from NOCAL and Simba and final discussions are currently ongoing. However, progress has been slowed by a number of factors including changes to the management and the board of directors of NOCAL, a moratorium imposed by the government on new (offshore) PSC applications and a lack of a "model PSC for onshore oil".

Liberian permit area map



Source: Simba Energy

Simba's licence area

Simba's acreage interest covers 1,366km² of the Roberts – Bassa Sedimentary Basin. Work on the licence area is at an early stage. However, Simba has carried out a 125km² seep survey over the part of the basin.

The company identified a very large number of oil seeps in the area which suggests that the entire area represents a single seep. Additionally, analysis of the residual hydrocarbons identified at the seeps indicates a mature source.

The onshore areas of Liberia are composed mainly of igneous and metamorphic rocks and minor extensions of the offshore sedimentary basins extend onshore in some places including Simba's area of interest.

The offshore areas of Liberia that are currently licensed are due to the trend of the six identified onshore sedimentary basins thickening in a seawards direction. These basins range in thickness from 1,300m to 6,500m. In the Liberia Basin, the Roberts sub-basin and the Bassa sub-basin, sediment piles are up to 3,000m thick and contain Palaeozoic to Recent sediments. In addition, hydrocarbon prone source rocks of Late Albian age have been encountered in these sub-basins at depths between 1,800 and 2,100 metres.

Oil and gas activity in Liberia

Liberia's oil and gas industry is largely undeveloped having been severely limited by the domestic security situation and the war in Sierra Leone in recent years. What limited exploration activity that has occurred took place between 1970 and 1985 with only seven wells being drilled in that time. No commercial discoveries have been made and Liberia possesses no field developments or production.

Historic activity

Oil and gas exploration started in the late 1960s with Frontier, Chevron and Union Carbide commencing early activity in Liberia. Before a hiatus in 1972, four wells were drilled and abandoned as dry. Liberia promoted offshore acreage opportunities in the late 1970s which attracted Amoco to the sector. Although Amoco conducted seismic surveys and drilled three more wells, these were also all reported as dry.

Later entrants to the Liberian oil and gas sector included Fusion Oil & Gas, an Australian independent which completed an initial review of Block A, an offshore oil block in Liberia. However, Fusion withdrew from the country in 1989, having ceased exploration activity in 1986.

Although Liberia did not yield any discoveries, the offshore wells that were drilled indicated that there were viable reservoirs, seals and hydrocarbon prone source rocks. Nevertheless, we consider the Liberian offshore to be highly underexplored given that there is limited data from seismic, gravity and magnetic surveys and seven wells over a large area of more than 50,000km².

Recent exploration activity in the region

Simba believes that the potential for significant discoveries in Liberia is huge. There have been notable exploration successes adjacent waters offshore Sierra Leone, particularly Anadarko's Mercury and Venus discoveries immediately to the north west of Liberia's territorial waters. Although Liberia has not yet yielded a commercial discovery, we believe that this may change given that there has been a resurgence of interest in 2011.

Of particular interest is Anadarko's exploration well on Block LB-15 in close proximity to Simba's onshore acreage. Anadarko began drilling activity in late July 2011 on the Montserrado (Cobalt) prospect with unrisks prospective resources believed to be between 600mmbbls and 1.5bn barrels of oil. We await a conclusive result of the well with great interest.

Further away from Simba's property, African Petroleum Corporation Ltd also completed a recent offshore exploration well on Block LB-09 in September 2011. No commercial hydrocarbons were recovered and the well was not tested. However, the well did confirm the presence of organic oil prone source rocks confirming the potential presence of a working petroleum system in the region.

Looking ahead, Chevron has stated that it expects to start drilling its first deepwater well off the coast of Liberia in the fourth quarter of this year in one of its three deepwater licences. The Liberian government last year approved its investment in three offshore blocks, giving the US major a 70% interest in deepwater blocks LB-11, LB-12 and LB-14. These are depicted clearly on the map on page 29 located adjacent to Simba's onshore property.

Ghana

Simba submitted its application for a PSC in Ghana in late 2010. This application covers a significant onshore area covering a total of 8,700km² in the Voltaian/Volta Basin. Simba's application is currently being processed through the country's technical committees and the company currently awaits their report regarding any further information that may be required for the final decision stage.

The area is synonymous with the exploration activities carried out by Shell in the 1970s and recent analysis of the data has identified the potential for large gas plays on the acreage.

Location of Simba's Block under application



Source: Simba Energy

Basins and activity in Ghana

There are five sedimentary hydrocarbon basins identified in Ghana, four of which are predominantly offshore. The Voltaian Basin is the only inland basin although the Accra-Keta and Tano basins both have onshore extensions. The Saltpond and Cape Three basins are located in entirely offshore areas.

Over the last two years there have been a number of significant discoveries in the offshore region of Ghana by Vanco, Tullow and Kosmos as outlined in the table below.

Recent exploration successes in Ghana

| Country | Discovery | Operator | Completed | Depth (m) |
|---------|------------|---------------|-----------|-----------|
| Ghana | Dzata | Vanco Energy | 2010 | 4,433 |
| Ghana | Enyenra-3A | Tullow Oil | 2011 | 4,031 |
| Ghana | Teak | Kosmos Energy | 2011 | 3,170 |

Sources: Various

Going further back, the discovery of the Jubilee oil field by Tullow in 2007 situated between the Deepwater Tano and West Cape Three Points blocks led to Ghana’s first commercial oil production in 2010. Jubilee initially produced 70,000 bpd and ramping up to full capacity of 120,000 bpd in 2011. Ghana is believed to hold some 5 billion barrels of oil in reserves with between 800 million and 1.5 billion barrels being attributed to the Jubilee field alone.

Other notable discoveries in Ghana include the Odum, Tweneboa and Enyenra fields. Given that Tullow instigated a \$3.1bn budget for the first oil production in Ghana, we believe that it is likely the investment into the countries hydrocarbons will continue apace.

Onshore exploration focus

There has been limited exploration activity in the Voltaian basin where Simba’s licence application is located and the only notable well was Premuase-1, drilled by Shell in 1977.

The Voltaian basin is vast, covering over 100,000 km² and representing almost 40% of the entire land mass of Ghana. The basin has a watershed advancing into neighbouring countries Burkina Faso, Togo, Benin and Cote D’Ivoire.

The Voltain/Volta basin in a regional context

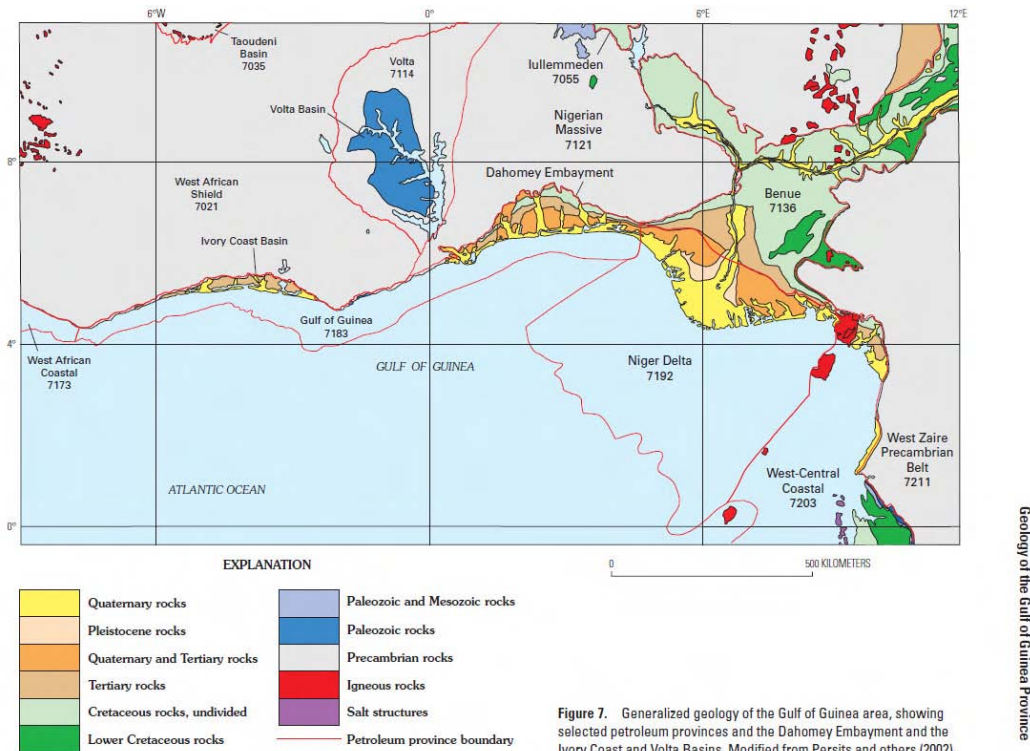


Figure 7. Generalized geology of the Gulf of Guinea area, showing selected petroleum provinces and the Dahomey Embayment and the Ivory Coast and Volta Basins. Modified from Persits and others (2002).

Source: US Geological Survey

Management biographies

Robert Dinning - President, CEO and Director

Robert is a Chartered Accountant who has operated his own consulting business for the past 30 years. His proven record of success in the financial community includes being a Director and/or Officer of several public companies, including Industrial Mineral Inc., ATAC Resources Ltd., Rockhaven Resources Ltd., Apollo Gold & Energy and Sonora Gold & Silver Ltd., Chairman of Paramount Gold and Silver. Mr Dinning lives in Vancouver, Canada. Robert is also Chairman and CEO of Meadow Bay Gold Corporation.

Hassan Hassan – Managing Director

Mr. Hassan spends a large portion of his time in Africa and has established a proven track record in both sourcing world class projects and successfully completing complicated acquisitions. He is a key member of the management team and his responsibilities include development of business opportunities throughout the African Continent.

Jim Dick (P. Eng) - Senior Geologist – Chief Technical Officer and Director

James W. Dick P Geol., P. Eng., (APEGGA) and Honours Geology University of Saskatchewan 1962 is a Petroleum Specialist with in excess of 48 years of petroleum industry experience. At present, he is president and prime consultant of J W Dick & Associates Ltd which has for 30 years served a variety of clients including major oil companies, government agencies and start-up companies. He spent 18 years with Exxon group reaching Senior Exploration Specialist level. Also, he was Vice President Geology for the D&S International Consulting (10yrs), a large international consulting group, president of Quad Energy Development Corp. (10yrs) a public oil company and Chief Geologist for Mercantile International Petroleum Inc.

Keith Margetson - CFO

Simba's Chief Financial Officer, Mr. Margetson qualified as a chartered accountant in 1975 and has operated his own accounting firm since 1992. He has 15 years experience with public companies, both as an auditor and in providing other professional services.

John King Burns – Chairman and Director

Mr Burns is a former Managing Director and Global Head of Structured Derivative Finance for Barclays Metals Group, Barclays Bank PLC in London. He is an experienced international executive in the global resource sector and is currently a director of Hunter Energy LLC, in Centennial Colorado, a director of NuCoal Energy Corp in Saskatoon, Saskatchewan, Senior Project Advisor to Potomac Asset Management Co, in Frederick Maryland, and a director of NovaDx Ventures Corp, a publicly-traded investment firm that provides capital investment, investment banking, financial and business advisory services to early-stage natural resource exploration companies.

Charles de Chezelles – Non-Executive Director

Charles is a highly experienced financial industry expert. Past positions include General Manager, Banco Real SA, London; Executive Director, Credit Suisse-First Boston (CSFB), London; Director, First Boston Europe, London; Vice President, The First Boston Corporation, New York; Corporate Account Executive, Smith Barney, New York; Investment Analyst, Stralem & Company, New York. He is currently Managing Director of Omega Trust Company Limited (London); Mr de Chezelles sits on the Boards of several financial companies and Trusts.

Karim Akrawi – VP of Exploration and Director

Dr. Akrawi, who holds a PhD degree in Geo-Statistics and Exploration from London-UK and a BSc degree in Petroleum Geology from Baghdad-Iraq, is currently the managing director of Geodynamics. He has conducted Passive Seismic surveys in Africa including Mali, Cameroon, Nigeria and Sudan. Dr. Akrawi has presented and published several related Passive Seismic IPDS application papers and reports and his work has contributed to the development of the Passive Seismic IPDS technology being used today. He was Senior Reservoir Geologist with Abu Dhabi Company (ADCO) for Onshore Oil Operations from 1980 to 2008 which is currently producing 1.8 million barrels of oil per day. Dr. Akrawi has been involved in most of the exploration areas, discoveries and developed fields in UAE and other parts of the Gulf exploration area.

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The recommendation system used for this research is as follows. We expect the indicated target price relative to the FT All Share Index to be achieved with 12 months on the date of this publication. A 'Hold' indicates expected performance relative to this index of +/-10%, a 'Buy' indicates expected outperformance of >10% and a 'Sell' indicates underperformance of >10%.

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