

SIMBA ENERGY INC

C\$0.135

Passive seismic reveals seven leads on Block 2A

6 November 2012



Recommendation

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

ANALYST:

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BUY

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194.9m
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C\$26.3m

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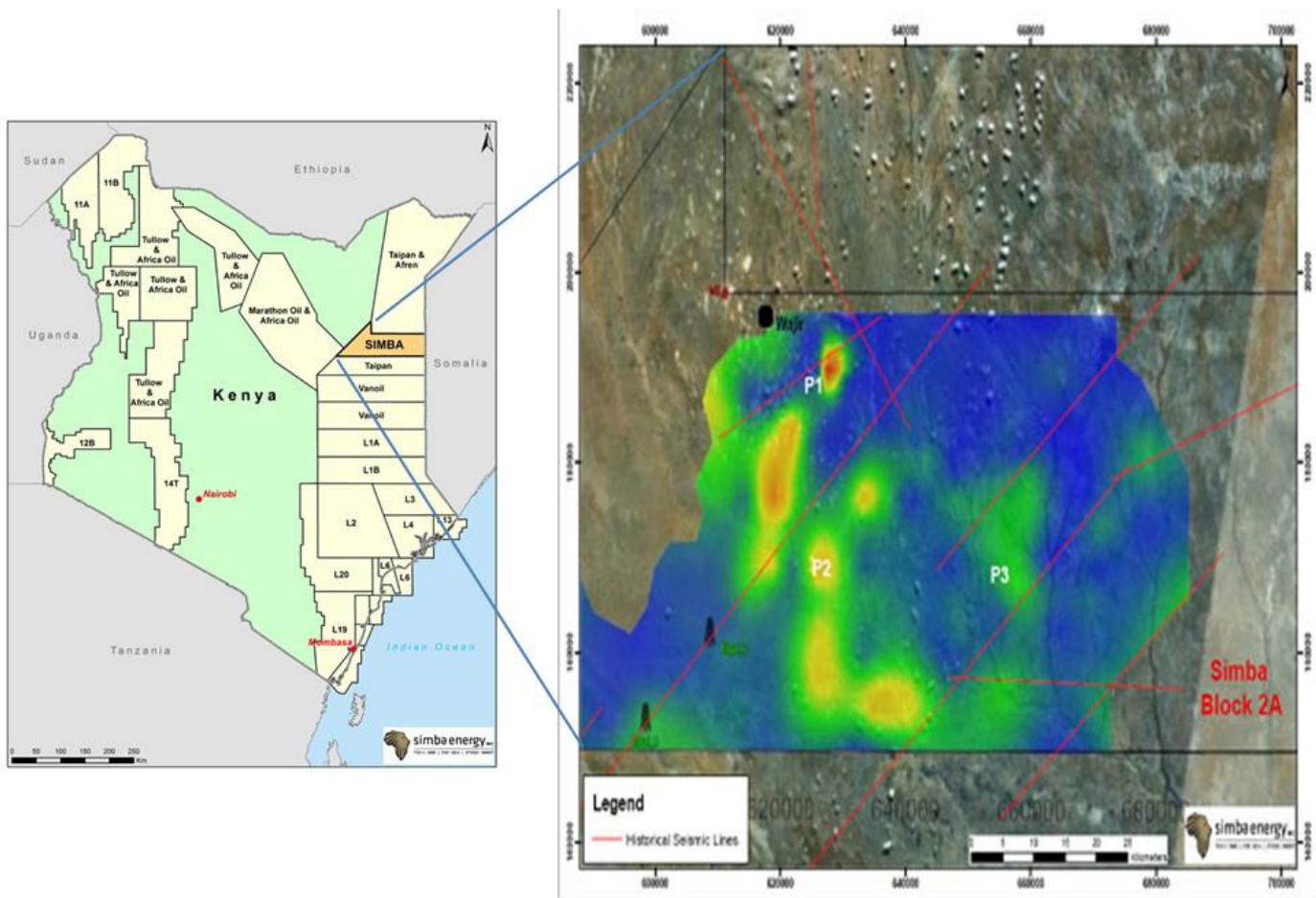
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Simba has announced the results of the Infrasonic Passive Differential Spectroscopy survey, otherwise known as passive seismic, recently completed over Block 2A in Kenya (Simba: 100%). The company has identified seven potential leads and now intends to carry out a minimum 200km 2D seismic survey in order to finalise the location of the group's first exploration well.

- The undertaking of the passive seismic survey was to assess the hydrocarbon potential of three targets: P1, P2 and P3 which are located on Block 2A.
- The first phase of passive seismic confirmed P1 to be comprised of two distinct and sizable leads with excellent hydrocarbon response (see picture overleaf). These leads are located east and south-southeast of the city of Wajir in northeast Kenya.
- The first P1 lead has an area of 29km² and demonstrates the highest level of hydrocarbon seismic energy among all seven potential leads identified within the survey. The second P1 lead is over 100km² with a good response for hydrocarbon potential and is located 8-20km to the southwest of the first lead.
- At the P2 location, Simba has identified several interconnected leads with good hydrocarbon response that is not seen on the existing 2D seismic. The P3 target has also been confirmed as a prospective lead where the hydrocarbon response fits very well with the existing 2D seismic coverage.
- Simba is confident that the company now has sufficient information to support a modest 2D seismic survey which has the potential to further upgrade the P1 and P2 target areas. As such, the company intends to carry out a 200km 2D survey in order to finalise the location and depth of a maiden exploration well at P1. Planning is underway and work is anticipated to begin in early 2013.

Excitement over the exploration potential of onshore Kenya continues to accelerate particularly since Tullow Oil announced a successful result with the Twiga South-1 well on Block 13T at the end of October. With the completion of this latest phase of work on Block 2A, Simba has moved into a new and exciting phase of the company's development and we believe that the commencement of a maiden exploration well will enable the shares to be re-rated.

Passive seismic survey results – location of leads



Source: Simba Energy

Passive seismic in brief

Passive seismic is the detection of natural low frequency earth movements with the primary purpose of discerning geological structure and locating potential hydrocarbon deposits. The data is gathered using portable seismometers over multiple measurement points that are separated by several hundred metres. The gathering of data may be conducted over periods of several days.

Conclusions about the geological structures targeted by the survey are based on spectral analysis (the study of the interaction between matter and radiated energy) or on the mathematical reconstruction of the propagation and possible sources of the observed seismic waves.

Passive seismic usually focuses on a low frequency signals (0 to 10 Hz) and is sometimes called "low frequency" seismology. The seismometers record movements in all three possible directions independently.

Passive seismic is different from conventional seismic which is based on reflection seismology. Conventional seismic consists of numerous measurements that are very close together spatially and relatively short (minutes only). Passive seismic has far fewer measurements but they are recorded for considerably longer periods.

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