

SIMBA ENERGY INC

C\$0.11

Africa Oil reports potentially commercial flow rates in Kenya

14 February 2013



Recommendation

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

BUY

Oil & Gas
TSX.V: SMB
228.1m
300.0m
C\$25.1m

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We note with great interest that Africa Oil has achieved the first potentially commercial flow rates from the Twiga South-1 oil discovery on Block 9 in Kenya. Africa Oil's acreage is located adjacent and to the west of Simba's Block 2A although in a separate hydrocarbon basin. Nevertheless, we believe that the likelihood of another onshore success story in Kenya represents very positive sentiment for Simba.

- Africa Oil has conducted four flow tests on the Twiga South-1 discovery well since the start of the year with a fifth ongoing. A cumulative rate of 2,351 bopd was recorded from two separate horizons in the Auwerwer formation. Given the good reservoir quality, Africa Oil believes that these flow tests indicate a commercial discovery.
- One test flowed at a maximum of 1,860 bopd of 37° API oil and a second horizon tested at a rate of 491 bopd. A final test in the Auwerwer formation is ongoing and Africa Oil anticipates that this zone will flow at over 500 bopd. This takes the combined flow rate from three sections to over 2,850 bopd.
- Two deeper tests were also completed on tight reservoir rock near the bottom of the well. However, as anticipated by the company, these both produced sub-commercial flow rates but still confirmed the presence of movable oil.
- Also in Block 9, the Paipai-1 exploration well has reached a total depth of 4,255 metres encountering igneous rocks which appear to be the basement. The well has exhibited light hydrocarbon shows in the Lower Cretaceous interval and the well is currently being cased for additional fluid sampling. Further testing of Paipai, if warranted, is likely to follow with a dedicated testing unit.
- Africa Oil will spud the Etuko-1 exploration well on Block 10BB in Q2. However, of even greater interest to Simba is the likelihood of increased activity on Block 1 directly to the north of Simba's acreage where the operator, Afren, plans an exploration well in 2014. In addition, Taipan Resources is currently conducting farm out negotiations for Block 2B, immediately to the south of Simba's acreage. The result of this will indicate the strength of industry appetite for Kenyan exploration acreage.

Excitement over the exploration potential of onshore Kenya continues to accelerate with every success. We are particularly encouraged by recent drilling success in Kenya and although Simba's acreage is predominantly located in the Mendera Basin, the western extremity of Simba's block extends into the Anza Basin where Africa Oil's success is located, potentially elevating the farm-out potential of Simba's acreage.

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

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