

## SIMBA ENERGY INC

C\$0.14

Simba signs PSCs for three blocks in Chad

19 October 2012

### SIMBA ENERGY INC.

■ SMB.V

Oct 18, 2012



#### Recommendation

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

#### BUY

Oil & Gas  
TSX.V: SMB  
194.9m  
283.1m  
C\$27.3m

#### ANALYST:

**Barney Gray**  
+44(0)20 7518 2607  
[bg@oldplc.com](mailto:bg@oldplc.com)

#### CORPORATE BROKING:

**Luca Tenuta**  
+44(0)20 7518 2603  
[lt@oldplc.com](mailto:lt@oldplc.com)

**Simba has signed a Production Sharing Contract (PSC) with the government of the Republic of Chad for 100% interests in three prospective oil and gas blocks in Chad. Simba will now focus initially on the southern concessions, Chari Sud Block I and Chari Sud Block, which are situated adjacent to producing oil fields and areas of proven reserves in the advanced stages of development.**

- The PSC for all three blocks has two exploration phases. The first phase of five years requires geological and geophysical studies to include processing and reinterpretation of existing 2D seismic, acquisition of at least 750 km of new 2D seismic and 400 km<sup>2</sup> of 3D seismic (or 2D equivalent) to determine the range of possible drilling opportunities. The second phase of three years requires Simba to drill two exploration wells.
- The first two concessions, Chari Sud Block I and Chari Sud Block II, are adjacent and treated as a single licence comprising 10,111 km<sup>2</sup>. These blocks are located due south of the Mangara and Badila oil fields. Assessment of earlier gravity and magnetic surveys across both the Chari blocks, along with existing 2D seismic, has confirmed that these licences comprise the same basin morphology as these producing fields.
- The NE-SW trending Borogrop fault zone crosses both blocks and divides Chari Sud Block I into a north and a south section. Chari Sud Block II is located predominantly south of this fault zone. This fault represents the basin axis which is the deepest part and has lateral movement that can enhance the formation of traps while also representing a conduit for migration of hydrocarbons.
- Simba's third concession is the Erdis Block III which covers 15,700km<sup>2</sup> in the southern portion of the Erdis Basin, also known as the Kufra Basin in Libya where there have been several discoveries. Seismic acquisition is being conducted and two wells are planned on Sudan's Block 14 to the east of Erdis. Recent gravity across Erdis Block III indicates the presence of a major deposition centre and ties it to a sediment source to the west.

**This news represents excellent progress for Simba as the company continues the expansion of its African exploration portfolio. It remains only for the National Assembly (of the Republic of Chad) to ratify the PSC and Simba will be able to initiate the first phase of exploration field work. The company has already begun a thorough assessment of the data and intends to focus on the Chari Sud blocks during the early phase of its work programme.**

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

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