

29 November 2011

Ticker	SAC	
Price	4.1p	
Target Price	n/a	
Downside	n/a	
Market Cap	£37.8m	
Index	FTSE Aim Oil & Gas	
Sector	Oil & Gas	
Net Cash	R17.9m	
Shares in Issue	795.9m	
Next Results	May-12	
What's changed	From	To
Adj. EPS (FD)		-7.7c
Recommendation		n/a
Target Price		n/a

Share Price Performance

Source: Thomson Reuters

%	1M	3M	12M
Actual	+27.3	-32.0	+18.6
Relative	+39.1	-21.8	+20.2

Company Description
An African-focused E&P with licences in DRC and Nigeria

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CORP

A portfolio of lower risk appraisal opportunities in Nigeria, and high impact exploration acreage in the Democratic Republic of the Congo (DRC) on trend with discoveries surrounding Lake Albert, provide an exciting platform for a new Africa-focused upstream company. An aggressive acquisition-led growth strategy should see the portfolio continue to grow rapidly as the company seeks to exploit its African identity and key relationships. Trading at 0.35x total NAV, this upside potential appears overlooked by the market despite its early track record in securing highly prospective acreage.

- ▶ **Acquisition-led strategy targets African upstream assets.** Since becoming an upstream oil and gas company, SacOil has made significant progress securing three high impact exploration and appraisal assets in DRC and Nigeria. Importantly, it has credible partners in Total and EER to operate these opportunities and is targeting an aggressive work programme to unlock the significant upside potential.
- ▶ **Near term production in Nigeria.** SacOil's strategy in Nigeria is lower risk with a focus on acreage containing existing under or unexploited discoveries and near term production potential. Two deals have been announced (OPL 281 and OPL 233) providing exposure to 118mmbbl of contingent resources and material follow-on opportunities.
- ▶ **DRC exploration carried.** A recent high profile farm-out agreement with Total provides a full carry to FDP and substantial bonus potential, which in effect de-risks the play for SacOil and brings forward the cash flow profile in a success case. The gross resource potential for the block is estimated at 512mmbbl and the first exploration well could be drilled as early as 2013.
- ▶ **Valuation.** Our total NAV for SacOil is 11.7p/sh offering 183% upside to the current share price. Risked assets make up the majority of this valuation, with Nigeria contributing 8.1p/sh and DRC 2.6p/sh. Core NAV includes financial items (0.7p/sh) and an assumed disposal valuation for the Greenhills manganese plant (0.4p/sh). On the current share price, SacOil trades a 0.35x total NAV.

Investment Summary

By seeking to exploit its African identity and key relationships, SacOil is well placed to implement an aggressive acquisition-led strategy. Three attractive licences have already been secured, demonstrating this growth potential, and by forming partnerships with EER and Total the company benefits from technical skills and operational experience not yet established in house. As the company continues to grow, we expect management to be strengthened and this should help reduce the current discount to total NAV. Fully unrisks, our valuation rises to 98.1p/sh, offering >20x upside to the current share price from the existing licence portfolio. With new licences expected to be acquired in the near term, this upside potential is likely to grow, making an early investment in SacOil an attractive opportunity to consider.

Activities

With one exploration asset and two highly promising licences in the process of being acquired, SacOil will soon be in a position to embark on an active exploration and appraisal programme. On Block III, which has already received presidential decree, an aero-magnetic and gravity survey will commence in Q4 2011. Data acquired will determine the most prospective regions of the block to acquire 2D seismic, following which drilling is possible in early 2013. A farm-out deal with Total means SacOil has a full carry to FDP and substantial bonus potential of \$54m on this highly prospective block.

In Nigeria, SacOil is awaiting consent from the federal government to the farm-in to OPL 233. The minimum work programme requires 100km² of 3D seismic to be acquired, which will help define a location for an appraisal well due to be drilled in Q3 2012 and mature future exploration prospects. Contingent resources are estimated at 19mmbbl, with more than 200mmbbl of prospective resources still to target. This is perhaps the most exciting licence in the existing portfolio and if appraisal results are positive, an extended well test will be undertaken providing SacOil with its first production and helping de-risk and optimise full development.

On OPL 281, the timing of the work programme is more uncertain as the PSC has yet to be settled and executed between Transcorp and NNPC and the farm-in approved. While SacOil hopes to achieve this by the end of Q1 2012, the actual timing is uncertain. The operational plan following award will be to reprocess existing 3D seismic and drill an appraisal well.

Valuation summary

Our total NAV for SacOil is 11.7p/sh, offering 183% upside to the current share price. Risks assets make up the majority of this valuation with Nigeria contributing 8.1p/sh and DRC 2.6p/sh. Core NAV includes financial items (0.7p/sh) and an assumed disposal valuation for the Greenhills manganese plant (0.4p/sh). On the current share price, SacOil trades a 0.35x total NAV.

Risks

Exploration and production companies by their very nature are relatively high risk, facing many areas of common risk including commodity prices, geological, financial, regulatory, legal, political and security. Specific risks include:

- Financing. SacOil is pursuing an aggressive acquisition-led growth strategy and currently lacks sufficient internal cash flow generating ability (i.e. production assets) to fund new ventures. As such, it is reliant on a combination of capital markets and industry deals to fund acquisitions and work programmes. This model has successfully realised significant value from its Block III licence and has enabled the company to establish a presence in Nigeria. To fund bonus payments and minimum work programmes on OPL233 and OPL281, we estimate SacOil requires \$30-50m of additional capital. SacOil is also reliant on its partners being able to fund their share of capex.
- Geological. SacOil's upstream licences are in the exploration and appraisal phase and as such there is considerable remaining geological risk and uncertainty surrounding the resource potential concerning these assets. Further technical work including seismic acquisition, appraisal drilling and an EWT will help lower these risks following which a decision on commerciality can be made.
- Security. All three of SacOil's licences are located in regions that have in the past been affected by security issues. While there is no indication that problems should be anticipated, there is a risk that disruptions could arise preventing the exploitation of any discoveries. To reduce this risk, SacOil and its partners believe strong relationships with local communities to be essential and have a number of programmes in place to achieve this.
- Legal. In South Africa, Identiguard International has successfully sought to attach the payment of a \$2m signature bonus made by Semliki (SacOil 50%) to monies owed by DRC to Identiguard. SacOil is seeking to appeal this judgement.
- M&A. SacOil's growth strategy is primarily driven by the acquisition of interests in under or unexploited discoveries with near term production potential, and to a lesser extent, exploration licences in proven hydrocarbon basins with above average upside potential. Demand for these types of assets is high, increasing the risk that it could overpay for assets or miss out on attractive opportunities. SacOil believes its African identity will give it a competitive edge.

Company Overview

History

SacOil is an independent upstream oil and gas company with licences in DRC and Nigeria. Its strategy is to target exploration assets in proven hydrocarbon basins with above average upside potential and undeveloped or under-exploited discoveries that can be developed and brought onstream within short time horizons. By pursuing these types of opportunities SacOil aims to establish the company as a leading African-focused upstream player with a balanced portfolio of assets and crucially an African identity.

The company has not always been focused on the oil and gas industry. It was originally founded in 1993 as a manganese sulphate manufacturing and marketing business and listed on the JSE under the name SA Mineral Resources. It eventually ran into difficulties before a restructuring and recapitalisation in December 2007 saw Encha Capital acquire a controlling interest and later rename it SacOil Holdings. Despite the subsequent change in strategy, SacOil still owns the manganese business having returned it to profitability, although it is considered non-core and is likely to be sold.

As an upstream oil and gas company it has aggressively pursued assets and has announced several deals to date including prime exploration acreage in the Albertine Basin on the DRC and Uganda border. It subsequently farmed out a 60% interest in this block to Total, realising an immediate gain and securing a full carry to FDP and material contingent bonus payments worth up to \$108m (\$54m net to SacOil). In Nigeria, SacOil has formed a JV with Energy Equity Resources (EER) and has concluded farm-in agreements to acreage containing two undeveloped discoveries with 118 mmboc of contingent resources. Further acquisitions should be anticipated as the company expands its portfolio of licences and technical capability.

Management

Richard Linnell, Non-executive Chairman

Richard Linnell is an experienced geologist, who has worked with various companies which now form part of the BHP Billiton (SA) Group, culminating in running the Samancor manganese operations and Billiton's exploration and development activities in South Africa. He is a former non-executive director of BHP Billiton (SA) Limited and is chairman of Coal of Africa Limited. Mr Linnell is also chairman of Independent Power South Africa.

Robin Vela, CEO

Robin Vela is the founding CEO of SacOil. He is a professionally qualified and experienced Investment Executive as well as a UK-qualified Chartered Accountant and Fellow of the UK Chartered Securities Institute. Mr Vela is also a consultant to the World Bank and International Finance Corporation, and has a track record of leading and closing corporate and investment-related transactions in SADC and London. He graduated with an honours degree in economics and accounting from Bristol University.

Carina de Beer, FD

Carina de Beer heads the financial division of SacOil and is a chartered accountant (SA). She completed her articles with Price Waterhouse Coopers. She has 12 years' experience in corporate financial management and reporting, company secretarial practice, compliance and corporate governance. Ms de Beer has served as an executive member of a number of JSE-listed entities and is a member of the Institute of Directors and the South African Institute for Chartered Accountants.

John Bentley, Non-executive Director

John Bentley has over 40 years' experience in the natural resources sector including roles as MD of Gencor's Brazilian mining company, Sao Bento Mineracao and CEO of Engen's Exploration & Production division. In 1996 he was instrumental in floating Energy Africa on the JSE and became CEO for the following five years, building it into one of the leading African independent oil and gas companies. More recently he was executive chairman of FirstAfrica Oil and a non-executive director of Adastra Minerals. He currently serves on the board of a number of resource companies including as chairman of Faroe Petroleum and Scotgold Resources, deputy chairman of Wentworth Resources and non-executive director of Resaca Exploitation and Kea Petroleum.

Bill Guest, Non-executive Director

Bill Guest has over 35 years of international exploration and production experience within the oil industry, in technical business development and senior management functions. He has 14 years of experience as a main board director of London-listed oil and gas companies with front line involvement in corporate and strategic development, PR/IR and fundraising. Recent roles include being the MD of Endeavour Norway and President of Gulf Keystone Petroleum. Currently he is a non-executive director of Hurricane Exploration, Matra Petroleum.

Colin Bird, Non-executive Director

Colin has a Diploma in Mining Engineering, is a Fellow of the Institute of Materials, Minerals and Mining and is a certified mine manager both in the UK and South Africa. In the past he was technical and operations director of Costain Mining, which involved responsibility for operations in Argentina. Mr Bird has also been involved in the management of nickel, copper, gold and other diverse mineral operations and has founded and floated several public companies in the resource sector and served on resource company boards.

Gontse Moseneke, Non-executive Director

Gontse Moseneke has a background in financial management and investment banking. He is part of the executive team at Encha Group Limited, a diversified investment holding company. He has also been involved in a project by the South African Oil and Gas Alliance to develop and market South Africa's engineering and related services capability. He holds a Bachelor of Science degree in Statistics and Actuarial Sciences from the University of Cape Town, and a Diploma in Actuarial Techniques from the Institute of Actuaries, London.

Bradley Cerff, Vice President Commercial

Bradley Cerff has 15 years' experience in the oil and gas industry. He joined SacOil from Petro SA where he was regional manager for East and West Africa and responsible for upstream assets and business development in East and West Africa. Bradley has experience in executing work programmes and budgets associated with upstream exploration. He also has experience in identifying, evaluating and closing upstream exploration business development opportunities. Mr Cerff has a masters degree in Science and Business Administration focused on Foreign Direct Investment in the African oil and gas industries. He is also a member of the Society of Petroleum Engineers.

Asset Overview

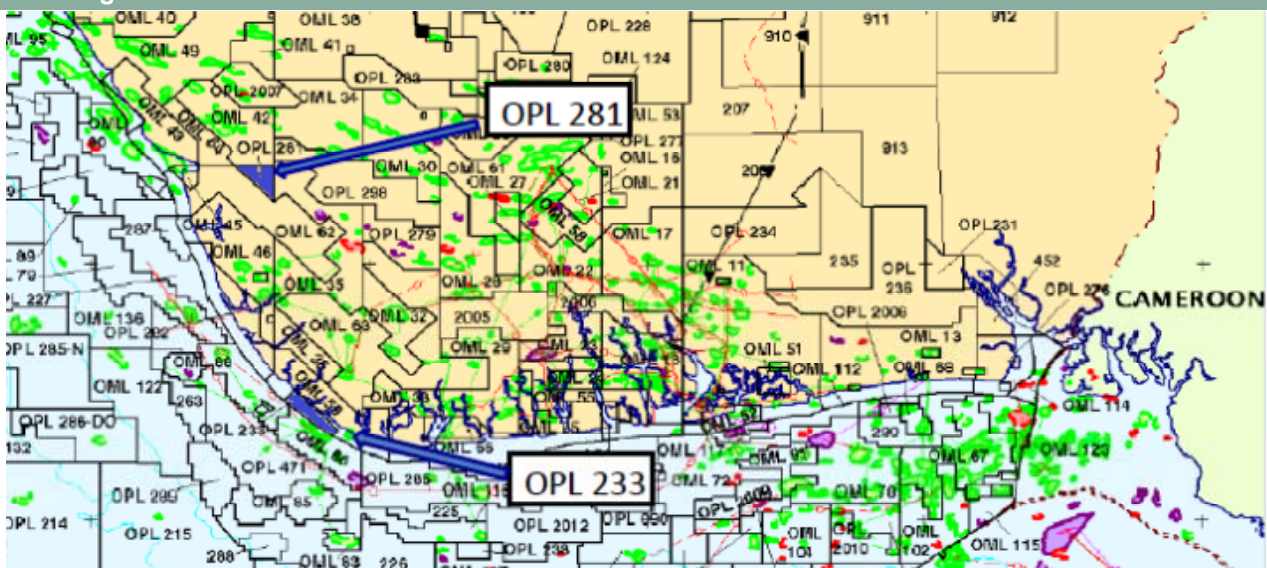
SacOil has made significant progress since becoming an upstream-focused oil and gas company signing up licences in the DRC and Nigeria. A proposed acquisition to add a licence in Tunisia (Chaal Gas permit) was also agreed but was not ratified when the government revoked the licence following non-performance (by Candax Energy of the minimum work programme). What is important is that these deals demonstrate the significant scope of SacOil's strategy extending from East, West and North Africa and to most phases of the upstream cycle – exploration to near production assets. Deal making is likely to remain central to this strategy with an emphasis of teaming up with credible partners that can operate projects. So far this includes partnerships with Total in the DRC and EER in Nigeria and provides exposure to 118mmbbl of contingent resources and more than 700mmbbl of prospective resources. We outline the key assets and deals below.

Nigeria

JV with EER

As part of its aggressive acquisition strategy, SacOil has formed a joint venture with Energy Equity Resources (EER) to bid for undeveloped or under exploited oil and gas resources in Nigeria. Such assets are typically lower risk and provide a faster route to first production and have become available as part of the divestment programme of certain international oil companies due to government policies to promote indigenous participation in the sector. By partnering with EER, SacOil gains a skilled technical operator with strong relationships with host communities, federal and local authorities and established oil and gas companies. In exchange, SacOil provides access to international capital markets and in the two deals announced to date will fund EER's share of the initial signature bonus (repayable following first production) and a \$2.5m promote on each licence. SacOil may also loan EER its share of the performance bond.

Figure 1: Nigerian licences

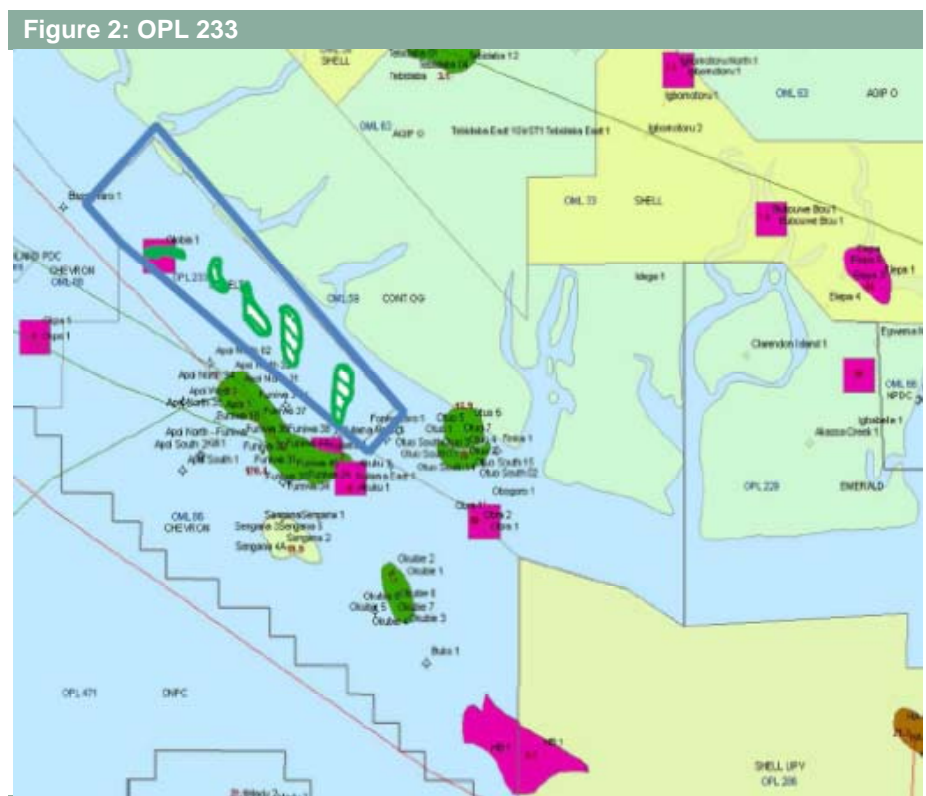


Source: SacOil

OPL 233

The acquisition of a 20% legal interest in OPL 233 was the first of the two deals announced in relation to the JV with EER. The block is located in relatively shallow water (<30ft) immediately offshore from the central region of the Niger Delta some 120km south of the Forcados terminal and adjacent to the giant 600mmbbl Apoi field. The acreage has limited seismic coverage and just one well has been drilled. The Olobia-1 well was drilled in 1986 and discovered hydrocarbons in five separate intervals but was not appraised and no further exploration or appraisal activity has taken place since. Analysis of petrophysical data acquired in well logs indicates 103ft of net oil pay and 54ft of gas and condensate in sands that are fairly typical for the region.

Volumetric estimates for the entire structure range from 39.4mmbbl to 191.4mmbbl (107.3mmbbl P50), although given the limited seismic and well data available there is considerable uncertainty surrounding these numbers. Unfortunately, much of the structure is believed to extend outside the boundary of the licence, reducing the volumes within OPL 233 to 47.4mmbbl. TRACS estimate most likely recoverable volumes at 19mmbbl based on a 40% recovery factor, which seems high at this stage. Net to SacOil contingent resources are 3.8mmbbl.



Source: SacOil

Under the farm-in agreement with Nigdel United Oil Company, SacOil will earn a 25% economic interest in Block 233 (reducing to 20% once production exceeds 100mmbbl) in exchange for \$8m in signature bonuses and a carry during the initial exploration and appraisal phase. The minimum work programme for the first phase comprises of one well and 100km of seismic acquisition and is

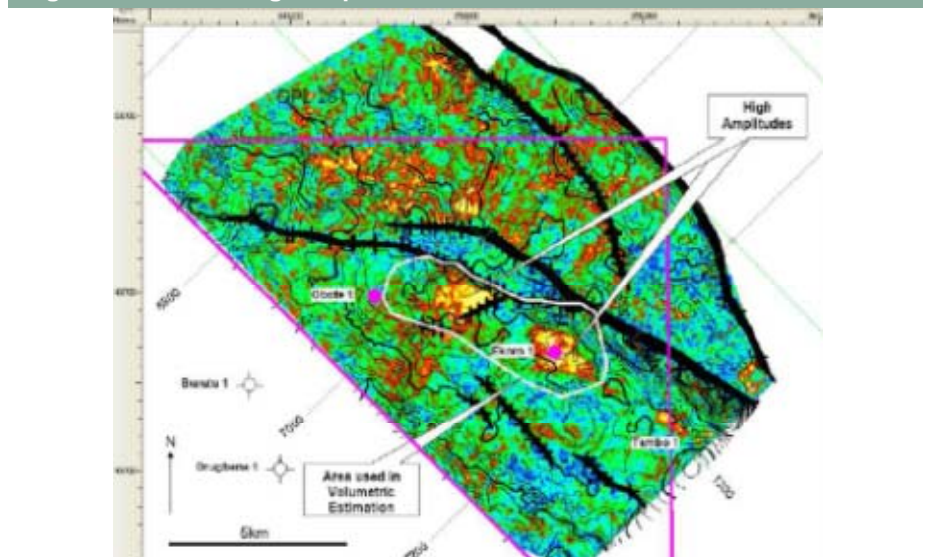
expected to cost \$25m. A performance bond will be lodged for this amount. During the second phase, SacOil's paying interest will revert to 25%.

The seismic programme is expected to get under way early next year and will help define a location of an appraisal well and mature future exploration prospects. The appraisal well is likely to be drilled in Q3 2012 and if results meet expectations, an extended well test will be undertaken generating SacOil's first oil and helping de-risk and optimise full development.

OPL 281

The second Nigerian deal was announced in March 2011 and saw SacOil acquire a 20% participating interest in OPL 281 from Transcorp (EER also acquired a 20% interest). The block is located onshore in the western Niger Delta and approximately 25km east of the Forcados terminal. Two successful wells have been drilled (Ekoro-1 and Obote-1) encountering five main reservoir intervals between 8,260ft and 12,350ft. TRACS estimate gross oil in place of 248mmbbl with 99.2mmbbl recoverable (13.8mmbbl net to SacOil). That said, no fluid samples have been recovered and there remains some uncertainty of the hydrocarbon type, although analysis of resistivity and porosity characteristics is supportive of the reservoir being oil bearing.

Figure 3: OPL 281 high amplitudes



Source: SacOil

The highly prospective licence was allocated to Transcorp in the 2006 FGN mini bid round, however, the PSC has yet to be settled and executed. As part of its farm-in fee SacOil has paid \$8.75m to the government and \$3.75m to Transcorp. In addition, SacOil will pay farm-in fees totalling \$20.0m to Transcorp of which \$7.5m is payable on government approval of the farm-in and \$12.5m on declaration of commerciality. 50% of these fees and bonuses will be repayable by EER in three equal instalments after production commences.

The minimum work programme requires one well to be drilled and existing 3D seismic, which covers the majority of the licence, to be reprocessed. In the second phase a further well must be drilled along with the acquisition of new 3D data to cover the remaining 10km² of the licence. The total cost of each phase is

estimated at \$30m and SacOil/EER will carry Transcorp's share of the costs through the initial exploration phase.

DRC

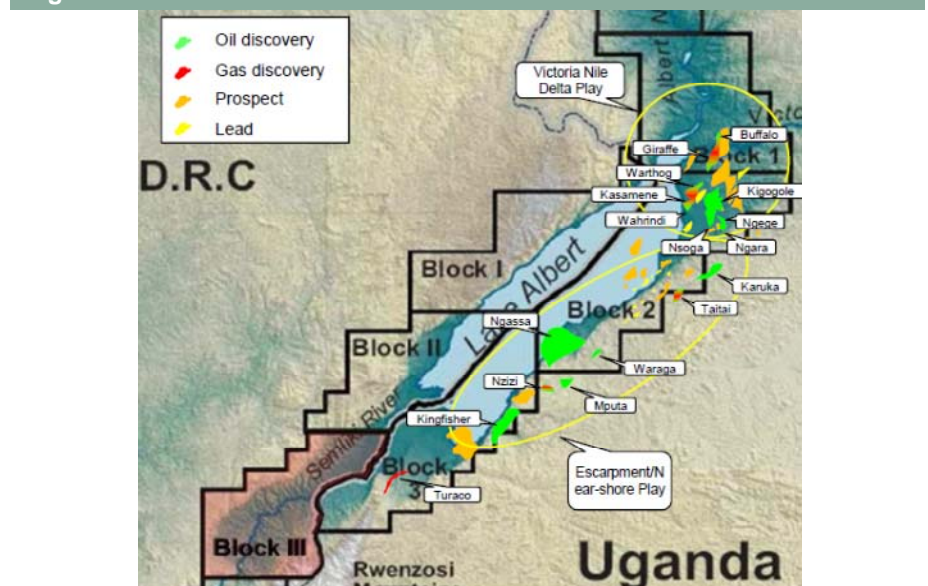
Block III

SacOil, through its 50%-owned subsidiary Semliki Energy (Devine Inspiration Group own the remaining 50%), holds a net 12.5% working interest in Block III located in the Albertine Graben of the East Africa Rift System. Semliki was originally awarded an 85% interest in the licence, with Cohydro, the DRC national oil company holding the remaining 15%, but farmed out a 60% interest to Total in March 2011. In consideration Total paid Semliki a \$15m bonus (including \$6m in back costs) and has committed to funding 100% of exploration and appraisal costs until FID to develop any discoveries on the block. In addition, at FID and first production further bonuses totalling \$108m will be payable.

The terms of the PSC were agreed in December 2007 and exploration activities commenced in June 2010 following receipt of presidential decree. The licence will run for five years (split into five sub periods) and has minimum work commitments of 400km of 2D seismic and two exploration wells. Assuming all exploration phases are entered into, the total cost of the programme is estimated at c\$70m.

Block III is located in the Albertine Basin on the border of DRC and Uganda. The acreage is southwest of existing discoveries made on the Ugandan side of Lake Albert by Heritage and Tullow, but is unexplored. No seismic data has been acquired and no wells have been drilled on the licence, however, due to the proximity to the discoveries on the Uganda side the block is considered highly prospective. The farm-in agreement with Total provides some confirmation of this. A CPR produced by Bayphase estimates gross prospective resources of 1,518mmbbl STOIP (and 455BCF GIIP), although these estimates are based on analogy to neighbouring blocks rather than any direct data.

Figure 4: Block III



Source: SacOil

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While the acreage is located close to Lake Albert it actually encompasses two basins (Lake Albert basin and the Semliki basin). The northern part of Block III is in the Lake Albert basin, while the southern part is in the Semliki basin. Both are believed to be prospective for oil, but the Semliki basin is less understood and should be considered higher risk. Gravity data suggests the sedimentary column in the Semliki basin is thinner than the Lake Albert basin indicating that potential reservoirs could be smaller and the source rock less prolific in this area.

In the northern part of the block plays are expected to be similar to those productive in the main Lake Albert area, where >1,000mmbbl of oil has been discovered (Tullow estimates the total resource potential of the basin is 2,000mmbbl, leaving 50% of the oil still to be found). As a consequence, reservoir presence and quality, trap effectiveness and migration pathway/timing are considered low risk. However, the CPR notes the lack of oil shows on the licence as a concern as numerous seeps are evident in other parts of Lake Albert. This is partly due to the Semliki basin covering a greater proportion of the licence and the possible migration in oil towards the boundary faults of the rift rather than southwards towards the southern part of Block III. An alternative explanation is that seeps may not have been discovered or reported as the data covering DRC is significantly poorer than on the Ugandan side and the land lightly populated. Having highlighted this risk, the CPR states that source rocks are believed to be present in both parts of the licence and seeps have been located as close as 10km away on the Ugandan side (Kibuku oil seeps).

Adding further evidence of mature source rock is the Turaco wells, which were drilled on the Ugandan side of the border 10km away. These wells encountered 137m of source rock in several intervals within the peak oil window. In addition, oil and gas shows were encountered, but the gas accumulation turned out to be 80-90% carbon dioxide. This poses a risk and is not well understood at this stage.

Manganese

SacOil operates the Greenhills plant, manufacturing manganese sulphate solution and manganese oxide, and is the only producer of this type in the open market in South Africa. The plant typically produces 300 tonnes per month of manganese sulphate and 360 tonnes of manganese oxides (230 tonnes are used to produce manganese sulphate powder) and in 2011 generated R35.1m in revenues and an R4.2m operating profit. Having returned the plant to profitability, SacOil considers it non-core and is likely to dispose of it in the near term.

Valuation

Our total NAV for SacOil is 11.7p/sh and is largely supported by exploration and appraisal assets, with risked projects in Nigeria contributing 8.1p/sh and DRC 2.6p/sh. Core NAV includes financial items (0.7p/sh) and an assumed disposal valuation for the Greenhills manganese plant (0.4p/sh).

Looking at the Nigerian assets in detail suggests OPL 233 is the biggest opportunity for SacOil. While contingent resources are not large and contribute 1.7p/sh to our valuation, there is considerable low risk exploration upside with more than 200mmbbl of prospective resources. This adds a further 4.2p/sh and is risked at 8% due to the limited geological and geophysical data. Following the interpretation of seismic data, due to be acquired later this year, we would expect to de-risk this to nearer 20% as prospects are matured.

In contrast, OPL 281 has a lower risk discovery but no exploration upside. This contributes 2.2p/sh to our NAV and includes further risk adjustments (in addition to geological risks) to account for uncertainties surrounding the award of a PSC. This is essential for exploration and appraisal to commence, but would add 0.7p/sh to our NAV. The low valuation per barrel reflects the harsher fiscal terms for onshore licences and the longer time to first production.

Finally, in the DRC, the valuation model is more speculative reflecting the lack of direct geological data on the licence. As a result, while the resource potential is high, the valuation is relatively low due to the high risk factor and the long lead time to first oil. In particular, commercialisation could be difficult if access to Tullow JV infrastructure on the Uganda side of Lake Albert is limited (by capacity constraints or politics).

SacOil Net Asset Value									
Field/prospect	Country	Licence	Gross unrisked reserves (mmboe)	Working interest (%)	Risk factor (%)	NPV (US\$/boe)	Riskd NPV (US\$m)	Riskd NPV (p/sh)	Unriskd NPV (p/sh)
Financial adjustments							13.9	1.0	1.0
Core NAV							13.9	1.0	1.0
Appraisal activities									
- Ekor/Obote	Nigeria	OPL 281	99.2	25.6%	23%	5.1	30.1	2.2	9.8
- Olobia	Nigeria	OPL 233	19.0	25.6%	30%	14.9	22.8	1.7	5.6
Riskd appraisal NAV			118.2	25.6%	24%	7.4	52.9	3.9	15.3
Exploration activities									
- Prospects	Congo DRC	Block III	500.0	12.5%	10%	5.7	35.4	2.6	25.9
- Prospects	Nigeria	OPL 233	200.0	25.6%	8%	14.9	57.3	4.2	55.9
Riskd exploration NAV			700.0	16.2%	9%	9.2	92.7	6.8	81.8
Riskd NAV			818.2	17.6%	12%	8.4	145.5	10.6	97.1
Total NAV			818.2	17.6%	12%	9.2	159.4	11.7	98.1

Source: finnCap

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Total NAV sensitivity to commodity prices and discount rate							
	Oil prices (\$/bbl)						
GBP/sh	60	70	80	90	100	110	120
8%	8.0	9.6	11.1	12.4	13.7	15.0	16.2
9%	7.6	9.1	10.5	11.7	13.0	14.2	15.3
10%	7.2	8.6	10.0	11.2	12.3	13.5	14.6
11%	6.8	8.2	9.5	10.6	11.7	12.8	13.9
12%	6.5	7.8	9.1	10.1	11.2	12.2	13.2
13%	6.1	7.4	8.6	9.6	10.7	11.7	12.6
14%	5.9	7.1	8.2	9.2	10.2	11.2	12.1
15%	5.6	6.8	7.9	8.8	9.8	10.7	11.6

Source: finnCap

Financials

Income Statement			
Rm	2011A	2012E	2013E
Revenue	35.1	38.5	39.0
Cost of sales	-23.6	-27.0	-27.3
Other operating costs	-7.3	-8.5	-8.5
Administration	-8.2	-68.9	-18.0
Operating profit	-28.7	-65.8	-14.8
Net interest	1.3	5.0	2.0
Exceptional items	-2.6	101.6	0.0
Pre-tax profit	-30.1	40.8	-12.8
Taxation	-0.1	0.0	0.0
Net income	-30.2	40.8	-12.8
Exceptionals	2.6	-101.6	0.0
Clean net income	-27.7	-60.8	-12.8
Shares average	449.6	735.0	795.9
Shares diluted	482.9	786.8	847.7
EPS (Normal) - GBp	-4.3	3.4	-1.0
EPS (Diluted) - GBp	-4.0	3.2	-0.9
Clean EPS (Normal) - GBp	-4.0	-5.1	-1.0
Clean EPS (Diluted) - GBp	-3.7	-4.8	-0.9

Source: Company reports, finnCap estimates

Cash Flow			
Rm	2011A	2012E	2013E
Operating profit	-28.7	-65.8	-14.8
DD&A /Exploration WO	0.7	0.4	0.4
Other	4.2	4.0	0.0
Operating Cash flow before interest/tax	-23.8	-61.4	-14.4
Interest	1.3	5.0	2.0
Tax	0.0	0.0	0.0
Operating Cash flow after interest/tax	-22.6	-56.4	-12.4
Chg. Working Cap	0.8	-52.7	0.0
Capex development	0.0	-0.1	-86.0
Capex exploration	-54.5	-25.8	-41.3
Capex other	0.0	-17.2	-17.2
Other	-45.5	-14.4	-41.3
Asset purchases (sales)	0.0	102.0	0.0
Free Cash flow before financing	-121.8	-116.3	-198.1
Equity issue:	132.8	73.5	0.0
Change in Debt	0.0	0.0	0.0
Free Cash flow after financing	10.9	-84.9	-198.1
Currency translation	0.0	0.0	0.0
Change in cash	10.9	-84.9	-198.1

Source: Company reports, finnCap estimates

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Balance Sheet			
Rm	2011A	2012E	2013E
Total current assets	38.0	-3.6	-201.8
Cash	17.9	-67.0	-265.1
Accounts receivable	6.3	8.0	8.0
Other	13.8	55.3	55.3
Total fixed assets	447.2	592.4	777.7
Tangible fixed assets	6.6	5.8	91.4
Intangible fixed assets	394.6	196.1	254.5
Other	45.9	390.5	431.8
Total assets	485.2	588.7	575.9
Total current liabilities	14.7	5.2	5.2
Trade creditors	13.9	4.4	4.4
Other	0.8	0.8	0.8
Long term liabilities	0.9	1.0	1.0
Other L-T debt	0.0	0.0	0.0
Other	0.9	1.0	1.0
Total liabilities	15.6	6.2	6.2
Net assets	469.6	582.5	569.7
Share holders equity	469.6	582.5	569.7

Source: Company reports, finnCap estimates

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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 within 12 months of the date of this publication. A 'Hold' indicates expected performance relative to this index of +/-10%, a 'Buy' indicates expected outperformance >10% and a 'Sell' indicates expected underperformance of >10%.

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