OFFSHORE UKCS

LICENCE P2326; Blocks 29/22b, 23b, 27 and 28
UNIQUE OPPORTUNITY TO ACCESS AN UNEXPLORED SHALLOW GAS PLAY IN THE UK

Simco is pleased to offer this exciting opportunity to explore in the UK Continental Shelf for a potentially commercial accumulation of shallow gas, analogous to fields which are currently producing offshore Netherlands. Traditionally shallow gas has been considered to be a drilling hazard and thus to be avoided. However, exploration offshore Netherlands has demonstrated the potential of these resources with three shallow gas fields currently producing.

Simwell Resources believes this untested UK gas play has a very high geological chance of success and the identified leads are analogous to the producing shallow gas fields of northern Netherlands. There is also potential in the deeper strata for a number of plays.

Simwell (100% owner and Licence Administrator) has been awarded a number of blocks as a single Innovate Licence in the UK 29th Offshore Licensing Round. These blocks enable exploration of the relatively low technical risk gas in shallow Plio-Pleistocene sands; this is supported by gas shows in nearby wells, amplitude anomalies on seismic and proven producing play in Netherlands.

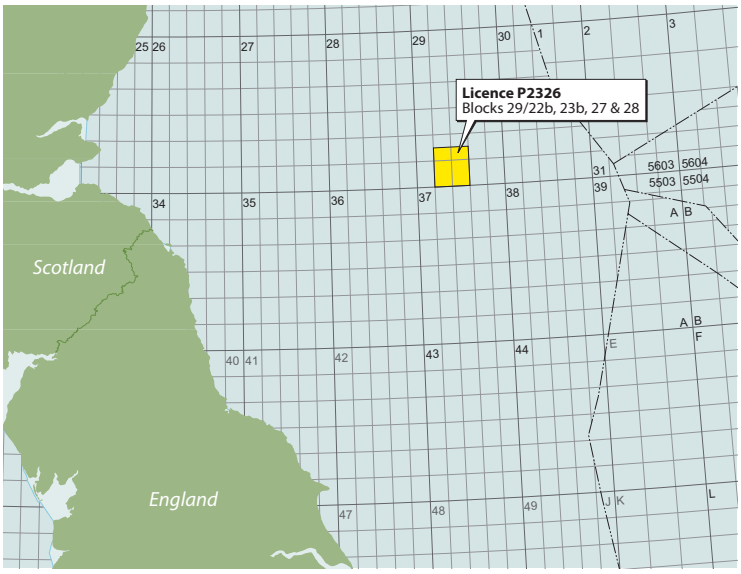

Figure 1 Location Map

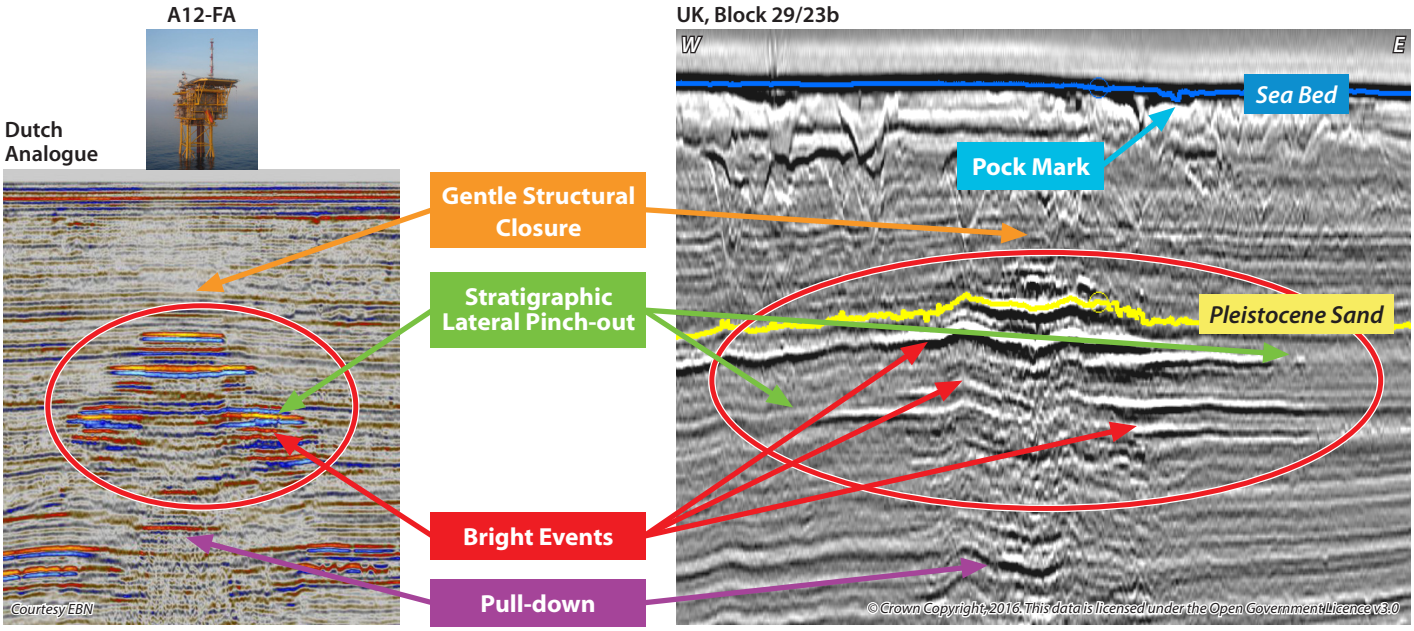

Figure 2 Similarities With Dutch Producing Field

Introduction

The licence area is considered frontier in terms of exploration wells drilled, but the wells have encountered significant shallow gas indications with five wells in the vicinity of the blocks and two being within the actual blocks.

The majority of the wells were drilled in the late 1960s and early 1970s and the most recent well was drilled in 1987. All wells were considered unsuccessful and did not result in a discovery. However a number of oil and gas shows were reported which suggests the potential of a working hydrocarbon system (especially for shallow gas). None of the wells were drilled to target the shallow gas lead.

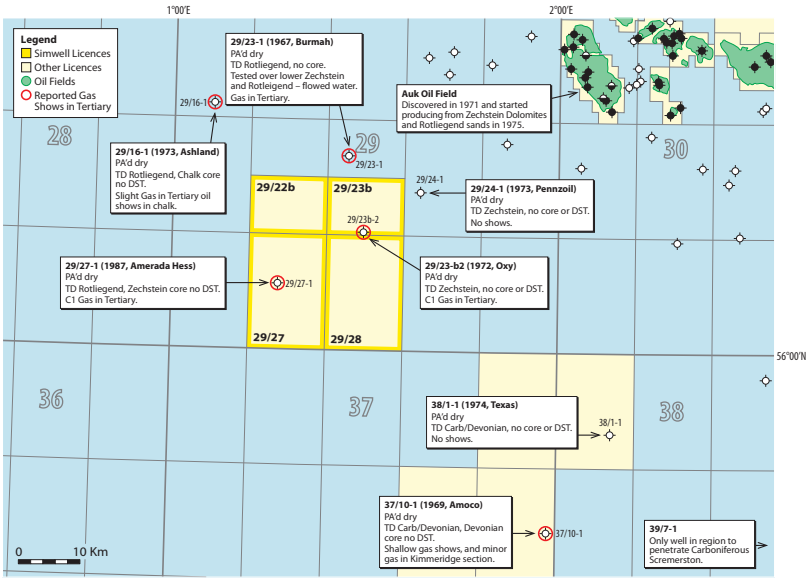

Figure 3 Well Results

Petroleum system and Plays

The primary play is a shallow biogenic gas in shallow sediments trapped by shallow sandstones with intra-formation seal against mudstone and/or anticlinal structural geometries. Anticlines are often associated with salt domes. Exploration for shallow gas includes the detection of bright spots, pockmarks, gas chimneys and acoustic blanking/turbidity. Bright spots indicate most certain efficiently trapped and sealed hydrocarbon accumulations.

Secondary deeper exploration objectives include plays in the Rotliegendes and Upper Jurassic sequences. Although outside the traditional chalk play fairway in the Central Graben, further prospectivity may be present in fractured Chalk above the diapiric salt. All these secondary exploration objectives would require a deeper mature Carboniferous source rock that is currently unproven in the area.

Leads

Two leads have been identified, both relating to the shallow gas play. The leads both straddle block boundaries within the licence area. Low, middle and high case resources have been calculated deterministically for the leads, with the mean of the resulting values quoted below:

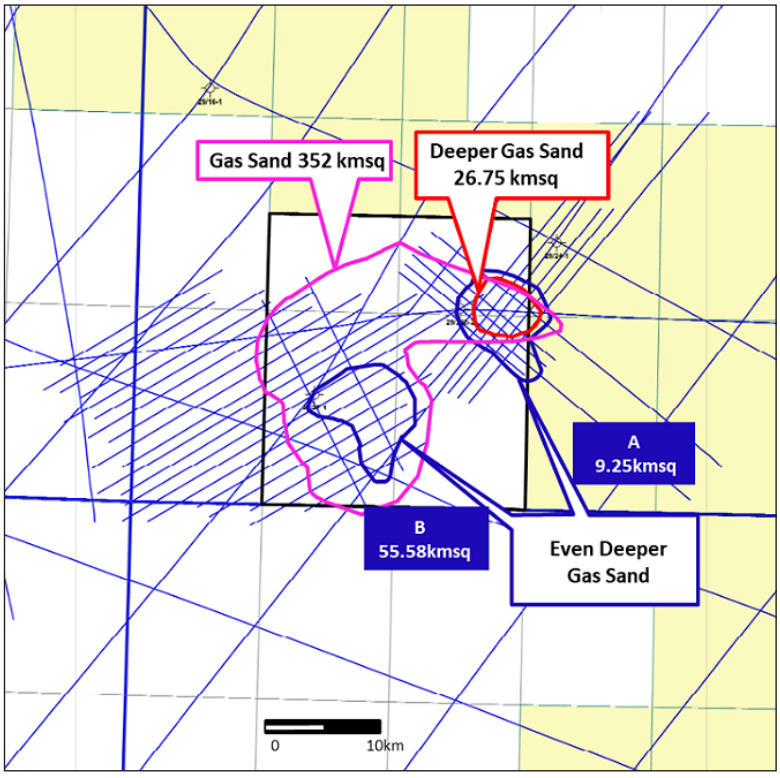

Figure 4 Lead Location Map

Gas Sand (352 km^2) = 500 to 1,000 bcf GIIP (only 1 or 2 sands with variable quality over such a large area)

Deeper Gas Sand (26.75 km^2) = 200 bcf GIIP (Assumes 4 stacked sands)

Even Deeper Gas Sand A (49.25 km^2) = 350bcf GIIP (Assumes 4 stacked sands)

Even Deeper Gas Sand B (55.58 km^2) = 150bcf GIIP (only 1 or 2 sands with variable quality as amplitudes less bright)

Lead Q29-A (eastern Lead) was initially identified based on Direct Hydrocarbon Indicators (DHI's), specifically anomalously bright seismic amplitudes. Further structural interpretation and analysis of the seismic data showed that the lead has a number of other encouraging characteristics, including Simple AVO analysis, stacked reservoirs, velocity pull down, attenuation, associate salt diaper, sea bed depression and gas chimney.

Lead Q29-B is a shallow gas accumulation, trapped in a 4-way dip closed structure within Pleistocene aged sediments, potentially similar to Lead A described above, but the seismic characteristics in support are subtler.

Work Commitments

The work commitments for the blocks are being fullfilled for the three years of Phase A by obtaining and purchasing more 2D seismic data and carrying out an AVO study. Commercial feasibility study based on the offshore Netherlands shallow gas model is ongoing and by completing it the Phase A work program will be completed. Phase B is a period of three years following on from the expiry of Phase A with a contingent commitment of shooting 250 km^2 of 3D seismic data, unless the OGA agrees that new-shoot seismic data is not necessary to make the decision to drill a well in phase C. Phase C is a further three years following the expiry of phase B. However, blocks 29/22b, 29/23b and 29/28 are partially covered by existing multi-client 3D data, so new-shoot 3D seismic may not be required.

Commercial Terms

Simwell is flexible on the terms of any commercial solution and offering a significant equity position to a single company, or to a consortium of companies, and it is expected that the successful farminee will take over operatorship.

Procedure

Following signature of a standard Confidentiality Agreement, a farmout presentation will be given (in person in London or by Skype™) prior to the interested party being granted access to an online Virtual Data Room which contains all supporting material and presentations. A physical data room is available in London to access the seismic data on a Kingdom workstation by appointment at Simco's London office.

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