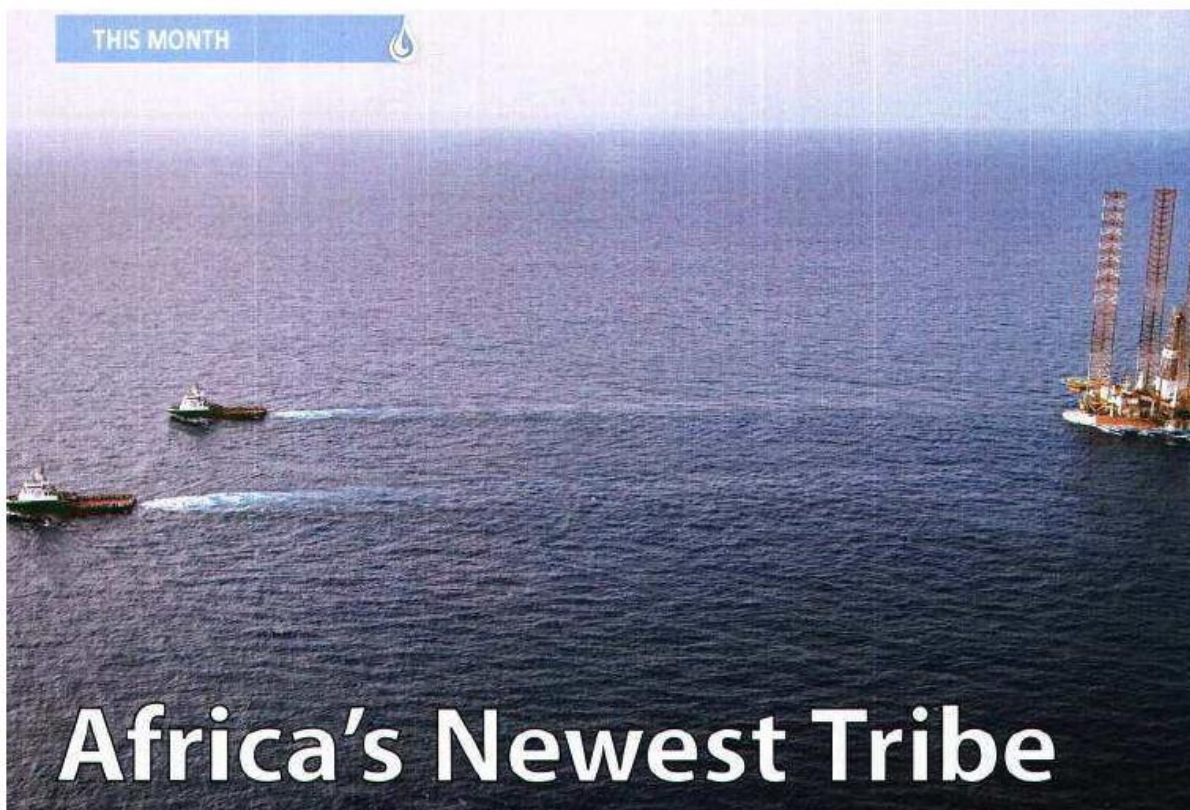


THIS MONTH



Africa's Newest Tribe

The Aussie juniors matching it with the big boys

THE rapid development of North, West and East Africa as amongst the hottest oil and gas destinations to be in at the moment has not only been beneficial to the people and governments in those regions, it has also allowed a number of Australian juniors to really punch above their weight on the global oil and gas stage.

Australian oil and gas explorers like African Petroleum, Beach Energy, Cooper Energy, Jacka Resources, Pancontinental, Range Resources, Rialto Energy and WHL Energy have been able to position themselves in some of the most sought after hydrocarbon plays in the world through some smart and quick thinking, local knowledge and contacts and a willingness to be first movers in areas where some of the bigger players had been unwilling to tread.

Now, thanks to a spate of discoveries in those regions, the Aussie juniors are finding themselves sitting in the middle of a bidding battlefield between the biggest oil and gas players in the world.

China, through its international oil and gas representatives such as CNOOC, has been leading the way in trying to snap up proven projects and discoveries, but the large multinationals from the US and Europe – along with government supported companies from across Asia – are not far behind.

Just how hot the region has become is highlighted by the recent bidding war for UK-based Cove Energy plc between Shell, which launched a A\$1.7 billion bid for Cove in April, and PTT of Thailand, which made a A\$1.9 billion offer in late May.

Set to be acquired by PTT, the company

was also reportedly eyed off by other major Chinese and Indian companies. So who is Cove and why is it so attractive?

London-headquartered Cove only turned its focus to oil and gas in mid-2009. It quickly identified East Africa as its target area, building up a strong portfolio of onshore and offshore assets in Mozambique, Tanzania and Kenya.

Thanks to almost instant drilling success in Mozambique and a string of offshore drilling finds since, Cove – and the whole East African region – was quickly placed dead centre on the radar of the international oil and gas industry.

That attention has also rubbed off onto Australian junior explorers in East Africa such as Jacka Resources and WHL Energy.

Jacka, which already has an exciting position in the north African nation of Tunisia with fellow Australian Cooper Energy, announced earlier this year that it had agreed all of the terms of a Production Sharing Agreement with the Tanzania Petroleum and Development Corporation (PDC) over the Ruhuhu Basin, which covers a massive 8,400 square kilometres in the south of Tanzania. When finalised, this will provide the company with a significant position in the region.

Tanzania, Mozambique's northern

neighbour, is considered significantly underexplored but is fast becoming an international oil and gas exploration hot spot in its own right following announcements of a number of large offshore gas discoveries by an Ophir Energy-led joint venture.

That success has attracted the attention of industry leaders, with companies such as Shell, Statoil, Total, Petrobras, ExxonMobil and Tullow entering the country.

WHL puts the Seychelles in the picture

Almost directly across the Indian Ocean from Tanzania and Jacka, WHL Energy is building up a portfolio of large drilling targets in the shallow waters off the coast of the Seychelles.

WHL Energy caught the oil and gas sector by surprise in October 2010 when it acquired wholly acquired about 20,700 square km of offshore exploration interests off the coast of the Seychelles.

However, the Australian junior, which was then best known as a European wind farm proponent, showed that was no flash in the pan as it moved quickly to acquire a significant database of seismic and other material and built a highly qualified and respected management and exploration team.

That combination, along with the identification of billion barrel plus potential within its Seychelles asset area, led to the company being approached by a host of oil and gas players about potential farm in agreements. Those negotiations continue to play out as WHL builds on its knowledge of the Seychelles acreage and other African oil

and gas options

Puntland excitement

Further to the north of Tanzania, Range Resources is creating its own headlines related to its exploration programme in Puntland, Somalia, where the company has already tasted significant drilling success. The oil and gas sector is now closely following the Range program after the Shabeel-1 well, the first well drilled in the country for nearly 20 years, discovered a 12 to 20 metre net hydrocarbon pay zone in the Jesomma sands.

While the zone needs to be commercially flow tested, an initial review of the net pay zone undertaken by Range's internal technical team has suggested that a successful flow test could result in the commercialisation of between 70 million and 130 million barrels of recoverable oil from that well.

Range and its JV partners are currently drilling the similarly sized Shabeel North-1 well and plan to undertake a test program at Shabeel-1 when the current well is completed. This has the potential to be a company and country-changing development.

West African breakthroughs

On the other side of Africa, two other Australian juniors are building strong reputations. The NSX-listed African Petroleum Corporation created its own history earlier this year, as well as its own potential bidding war, when its Narina-1 wildcat well found a total of 32 metres of net oil pay in two zones. Hydrocarbon shows were also encountered over a 170 metre interval in the Turonian reservoir, with no

oil-water contact in the same well.

The discovery, the first commercial oil and gas discovery made in Liberian waters, confirmed the prospectivity of African Petroleum's key position as a major acreage holder off the coast of Liberia and its neighbouring nations.

With a cashed-up African Petroleum set to undertake a two to three well follow up program using the "Eirik Raude" deepwater drilling rig in either the third or fourth quarter of 2012, it is no wonder that the company has attracted the attention of two major Chinese oil and gas firms, with the company recently confirming it was in early stage discussions.

Rialto on target

In neighbouring Côte D'Ivoire, ASX and AIM listed Rialto Energy is on target to develop the offshore Gazelle oil and gas field.

The company is currently in the early stages of a three well development and exploration drilling programme and is expected to reach a final investment decision on Gazelle by year end, targeting first production by the end of 2013 or the first quarter of 2014.

With the World Bank becoming a major supporter of the company earlier this year, Gazelle is seen as a critical regional development in an area craving new energy supplies. With so much action occurring around them, it is no wonder that these Australian companies are attracting so much investor attention. ●

