NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

27 May 2010
ASX Announcement

PROSPECTUS TO RAISE UP TO A$230 MILLION LODGED WITH ASIC

Global Iron Limited (**ASX: GFE**) ("**Global**" or the "**Company**") wishes to advise that the attached Prospectus was lodged with ASIC today and is for the issue of up to 418 million shares at A$0.55 each to raise up to A$230 million ("**Placement**"). In addition, the Prospectus will assist the Company to meet the listing requirements of the National Stock Exchange ("**NSX**").

The Offer under the Prospectus opens today and is expected to close on 11 June 2010.

The Company expects that demand for this Placement will be strong, with senior executives of the Company having received a positive response at meetings with institutional investors and funds in London last month.

Global intends to apply the funds raised under the Placement to exploring the two (2) highly prospective oil and gas exploration blocks off the coast of Liberia, West Africa that it will obtain a 100% interest in following its acquisition of African Petroleum Corporation Limited ("**African Petroleum**").

As previously advised, ASX informed the Company on 26 March 2010 ("**26 March Decision**") that ASX will not readmit it to admission and quotation if it proceeds with the acquisition of African Petroleum (refer to ASX announcement dated 6 April 2010). Subsequent to this decision, the Company provided additional material to ASX in an attempt to address the concerns raised by ASX ("**Additional Submissions**"). The Company appealed the 26 March Decision and the Appeal was heard by the ASX Appeal Tribunal on 30 April 2010. On 10 May 2010, ASX advised that it had affirmed the 26 March Decision, but directed that the ASX had erred in failing to take into account the Additional Submissions in exercising its discretion in respect of re-admitting the Company to quotation post completion of the acquisition ("**Tribunal Decision**").

In accordance with the Tribunal Decision, the Company made a submission to ASX (which included the Additional Submissions) in respect of requoting the Company post completion of the acquisition of African Petroleum. On 19 May 2010, ASX advised the Company that it had affirmed its 26 March Decision ("**19 May Decision**"). The Company has appealed the 19 May Decision ("**Second Appeal**"). A date for the appeal hearing has not yet been set.

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Shareholders will be meeting next month to vote (inter alia) on the acquisition of African Petroleum, the Placement and the listing of the Company on NSX and the possible delisting of the Company from ASX if the Second Appeal is unsuccessful.

The Board of Global would like to thank shareholders and those looking to participate in the Placement for their support, and believes the opening of the Offer is a significant milestone in the transformation into a successful oil and gas company.

Yours faithfully

Tony Sage
Executive Chairman
Global Iron Limited

For further information, please contact:

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Global Iron Limited
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GLOBAL IRON LIMITED

(proposed to be renamed African Petroleum Corporation Limited)

ABN 87 125 419 730

PROSPECTUS

For the offer of up to 418,181,818 Shares at a price of 55 cents per Share to raise up to $230,000,000 (before costs of the Offer).

This Offer is conditional upon:

- **Shareholders of Global Iron Limited passing the resolutions at the General Meeting; and**
- **satisfaction or waiver of all of the conditions precedent to the Share Sale Agreement entered into between the Company, African Petroleum Corporation Limited, European Hydrocarbons Limited and the shareholders of African Petroleum Corporation Limited. Please refer to Section 4.2 for further details.**

Important Notice

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

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IMPORTANT NOTICES

This Prospectus is dated 27 May 2010 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC, ASX and NSX and their respective officers take no responsibility for the content of this Prospectus.

The expiry date of the Prospectus is 13 months after the date this Prospectus was lodged with the ASIC (**Expiry Date**). No Shares will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Application will be made for the listing of the Company's Shares offered by this Prospectus on NSX. The fact that NSX may list the Shares of the Company is not to be taken in any way as an indication of the merits of the Company or the listed Securities. NSX takes no responsibility for the contents of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Prospectus.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Application Form, which accompanies this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.globaliron.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the Application Form it was not provided together with the electronic Prospectus and any relevant supplementary or replacement Prospectus.

Foreign Jurisdictions

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Shares or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia.

The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

In particular, the Shares have not been registered under the US Securities Act of 1933, as amended (**US Securities Act**), and may not be offered or sold in the United States except in transactions exempt from the registration requirements of the US Securities Act and applicable US state securities laws. Accordingly, the Shares will be offered and sold only (i) in the United States to a limited number of "qualified institutional buyers" (as defined in Rule 144A under the US Securities Act, **QIBs**) and "accredited investors" (as defined in Regulation D under the US Securities Act) in transactions exempt from the registration requirements of the US Securities Act and applicable US state securities laws and (ii) outside the United States in "offshore transactions" in compliance with Regulation S under the US Securities Act and applicable local law. This prospectus may not be distributed in the United States unless it is attached to an international Offering Circular and may only be distributed in the United States to QIBs.

Change in the nature and scale of activities and suspension from trading

The Company is currently listed, and its securities are not suspended from trading on ASX. At the General Meeting, the Company will be seeking Shareholder approval for a change in the nature and scale of its activities by virtue of the Acquisition. In accordance with the ASX Listing Rules, the Company's Securities will be suspended from quotation on ASX from the day of the General Meeting and may not be reinstated to ASX (refer to the Key Risk Factor section for further details).

1. CORPORATE DIRECTORY

Current Directors

Tony Sage (Executive Chairman)
Mark Gwynne (Non-Executive Director)
Timothy Turner (Non-Executive Director)

Registered Office

18 Oxford Close
LEEDERVILLE WA 6007

Telephone: + 61 8 9388 0744
Facsimile: +61 8 9382 1411

Proposed Directors post Acquisition

Tony Sage (Non-Executive Chairman)
Frank Timis (Non-Executive Director)
Mark Ashurst (Executive Director)
Timothy Turner (Non-Executive Director)
Karl Thompson (Executive Director)
Gibril Bangura (Non-Executive Director)
Alan Watling (Non-Executive Director)
Anthony Wilson (Non-Executive Director)

Australian Solicitors to the Company

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Liberian Solicitors to the Company

The International Group of Legal Advocates & Consultants
Mary J Brisbane Corporate Building
3rd Floor, 4 Clay Street
MUNROVIA, LIBERIA

Company Secretary

Eloise Von Puttkammer

Competent Person

IHS Global Ltd
133 Houndsdicth
LONDON ECBA 7BX

Share Registry

Computershare Investor Services Pty Ltd*
Level 2
45 St Georges Terrace
PERTH WA 6000

Telephone: +61 8 9323 2000
Facsimile: +61 8 9323 2033

Independent Expert on Cost Estimates

RISC Pty Ltd
Resources Investment Strategy Consultants
Level 3, 1138 Hay Street
PERTH WA 6000

Investigating Accountant

Stantons International Securities
1st Floor
1 Havelock Street
WEST PERTH WA 6005

Telephone: +61 8 9481 3188
Facsimile: +61 8 9321 1204

* This entity has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus. Their name is included for information purposes only.

2. CHAIRMAN'S LETTER

Dear Investor,

On behalf of the Directors, I invite you to become a Shareholder in Global Iron Limited (proposed to be renamed African Petroleum Corporation Limited) (**Company**).

By this Prospectus, the Company is offering for subscription up to 418,181,818 Shares at 55 cents each to raise up to $230,000,000.

As detailed later in this Prospectus, the Company is proposing to acquire African Petroleum Corporation Limited (**African Petroleum**) pursuant to the Share Sale Agreement. Following the Acquisition, the Company will own 100% of the issued capital in, and will control the business of, African Petroleum. Through its wholly owned subsidiaries, African Petroleum has a 100% interest in two oil and gas exploration blocks covering an area of approximately 7,200 square kilometres on the coast at Liberia in West Africa and has exclusive exploration authorisation over the blocks until 2016 (**Liberian Project**).

As detailed further in Section 3.5, the funds raised pursuant to the Offer will be applied towards satisfying the minimum work program to be undertaken on the Liberian Project, including interpretation of 3D seismic data to enable drill targeting, the drilling of one to three exploratory wells (depending on whether the maximum subscription is raised) and to provide capital to secure additional blocks within the Sierra Leone-Liberian basin.

In addition, the issue of this Prospectus is to assist the Company to meet the admission requirements of the National Stock Exchange of Australia (**NSX**). The Company will apply for Shares issued under this Prospectus, the Shares issued to the African Petroleum Shareholders and all Shares currently on issue to be quoted on NSX.

The Offer is conditional upon Shareholders approving at the General Meeting inter alia, the issue of Shares under this Prospectus and the acquisition of African Petroleum and the satisfaction or waiver of the conditions precedent to the Share Sale Agreement. Please refer to Section 4.2 for further information.

On 9 February 2010, the Company announced that it had entered into the Share Sale Agreement for the acquisition of African Petroleum. Following that announcement, ASX advised the Company, in an unprecedented decision, that in the event Shareholders approved the Acquisition and the Acquisition was completed, the Company would not be re-instated to quotation on ASX (**ASX Decision**).

The basis for the ASX Decision, as advised to the Company, stemmed from ASX's concern over the influence that Mr Frank Timis, as a substantial shareholder (refer to Sections 3.6 and 13.4 for details of his shareholding post completion of the Share Sale Agreement) and Director (refer to Section 8.2 for a summary of Mr Timis), will have on the Company's ability to comply with its continuous disclosure obligations following completion of the Acquisition. Please refer to Section 8.3 for details of the Company's proposed corporate governance policy relating to continuous disclosure.

The Company appealed the ASX Decision, which was heard on 30 April 2010. The ASX Appeal Tribunal upheld the ASX Decision but directed that the ASX had erred in failing to take into account additional submissions made by the Company after the ASX Decision to address ASX's concerns in respect of readmitting the Company to quotation post completion of the Acquisition (**Appeal Decision**). As a result of the Appeal Decision, the Company made a further submission to ASX, which included restrictions on the voting rights of the Shares held by Mr Timis and his associates. On 19 May 2010, ASX advised the Company that it had considered the additional submissions but affirmed the earlier ASX Decision (**19 May Decision**). The Company is appealing the 19 May Decision.

The Company listed on ASX in October 2007 and since that time has not been successful in securing a significant project. The Directors believe that the Acquisition represents a significant opportunity for the Company. In the Competent Person's Report, the Competent Person has noted that in respect of the Liberian Project "these two blocks represent attractive under explored acreage offshore Liberia in an area that is receiving significant industry interest following very large discoveries to the east in Ghana". Assuming the successful completion of the Acquisition, exploration success at the Liberian Project may result in substantial upside to Shareholders. Investors should be aware that the Company's activities and an investment in the Company are speculative and there is no guarantee that exploration at the Liberian Project will be successful.

Shareholders will consider the acquisition of African Petroleum and the change in the Company's focus to oil and gas exploration at the General Meeting.

This Prospectus provides detailed information regarding the Offer, the Company's proposed activities, strategic relationships, proposed Board of Directors and risk factors relevant to the Offer.

I recommend that you read this Prospectus in its entirety prior to making a decision to invest in this Offer.

On behalf of the Board, I look forward to welcoming you as a Shareholder.

Yours sincerely

Tony Sage
EXECUTIVE CHAIRMAN

KEY RISK FACTORS

Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus. For further information in relation to the risk factors of the Company please refer to Section 6 of this Prospectus. The Directors have identified the following as the key risks associated with the Company and its operations:

Delisting from ASX and Application to NSX

On 9 February 2010, the Company announced that it had entered into the Share Sale Agreement for the Acquisition. Following that announcement, ASX advised the Company, in an unprecedented decision, that in the event Shareholders approved the Acquisition and it completed, the Company would not be reinstated to quotation on ASX (**ASX Decision**). The basis for the ASX Decision, as advised to the Company, stems from its concerns over the influence that Mr Frank Timis, as a substantial shareholder (refer to Sections 3.6 and 13.4 for details of his shareholding post completion of the Share Sale Agreement) and Director (refer to Section 8.2 for a summary of Mr Timis), will have on the Company's ability to comply with its continuous disclosure obligations post the Acquisition.

The Company appealed the ASX Decision. The ASX Appeals Tribunal upheld the ASX Decision but directed that the ASX had erred in failing to take into account additional submissions made by the Company after the ASX Decision to address ASX's concerns (**Appeal Decision**). As a result of the Appeal Decision, the Company made a further submission to ASX. On 19 May 2010, ASX advised the Company that it had considered the additional submissions but affirmed the earlier ASX Decision (**19 May Decision**). The Company is appealing the 19 May Decision.

If the Company is not successful in its appeal of the 19 May Decision and Shareholders pass the resolutions at the General Meeting and NSX conditionally approves the Company to admission, the Board may seek to delist the Company from ASX.

In any event, the Shares offered pursuant to this Prospectus and the Shares issued pursuant to the Share Sale Agreement will not be quoted on ASX.

There is a risk that the appeal of the 19 May Decision will be unsuccessful and the Company may not be able to meet the requirements of the NSX for quotation of its Shares on the NSX. Should this occur, the Shares will not be able to be traded on the NSX until such time as those requirements can be met, if at all. If NSX does not grant conditional approval for the Company to be listed on NSX, no Shares will be issued pursuant to this Prospectus.

Further details on NSX are set out in Section 3.8 of this Prospectus.

The NSX is not as large as ASX and the liquidity of the Shares is considered to be less than that offered on ASX. Accordingly, this may affect an investor's ability to sell their Shares.

The outcome of the appeal of the 19 May Decision is not expected to affect the Company's ability to receive conditional approval to list on NSX.

Major Controlling Shareholder

Following completion of the acquisition of African Petroleum, the African Petroleum Shareholders will collectively hold between 75.87% (if the minimum subscription is raised) and 67.50% (if the maximum subscription is raised) of the Company.

Additionally, Sarella Investments Limited (**Sarella**), an entity controlled by Mr Frank Timis will hold between 52.70% (if the minimum subscription is raised) and 46.99% (if the maximum subscription is raised). Therefore, in respect of all resolutions that only require a majority vote (ie 50%) to be carried and which Sarella is permitted to vote and elects to vote in favour, the resolutions would be passed.

However, as part of the submissions to ASX (and application to NSX), Mr Timis agreed that all of his and his associates' Shares in the Company (which includes Sarella) would enter into deeds at completion of the Acquisition which restrict the voting rights on all Shares held by these entities such that voting rights will only be exercised in the circumstances defined by the Corporations Act for non-voting shares with an additional voting right being a right to vote on any matter during the currency of a takeover offer or announced takeover bid for the Company and a right to vote on any proposal for the disposal of the Company's main undertaking, business or property. Whilst the Company will not be a party to this deed(s), the Company will ensure that the content of the deed covers this intention and the form of the deed(s) will need to be approved by NSX before execution. Settlement of the Share Sale Agreement will not occur (and Shares issued under this Prospectus) until the Company and NSX are satisfied with the form of the deed and the deed is fully executed. The content of the deed will be announced to NSX as a pre-quotation disclosure.

The issue of the Consideration Shares to the African Petroleum Shareholders under the Share Sale Agreement will have a significant dilutionary effect on the Company's existing Shareholders, including subscribers to this Prospectus.

Share Sale Agreement

There are various references in the Share Sale Agreement to the Company being listed on ASX and the Shares issued to the African Petroleum Shareholders being quoted on ASX. As the Company is now seeking a listing on NSX and the Company will be applying to list the Consideration Shares issued to the African Petroleum Shareholders on NSX, the Company is in the process of varying the Share Sale Agreement to reflect this. If the variation is not signed by all of the African Petroleum Shareholders, the Offer will not proceed and no Shares will be issued under this Prospectus.

Risks Associated with Operating in Liberia

The Liberian Project is located in the Republic of Liberia in West Africa and the Company will be subject to the risks associated with operating in that country. Such risks can include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local residents or contractors or require other benefits to be provided to local residents.

Changes to exploration mining or investment policies and legislation or a shift in political attitude in Liberia may adversely affect the Company's proposed operations and profitability. The Company might also be required by local authorities to invest in social projects for the benefit of the local community. Additional social expenditures in the future may have a negative impact on the Company's profitability.

Liberian Legal Environment

Liberia's legal system is less developed than more established countries and this could result in the following risks:

- political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation or in an ownership dispute;
- a higher degree of discretion held by various government officials or agencies;
- the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to taxation and property rights;
- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- relative inexperience of the judiciary and court in matters affecting the Company.

The commitment to local business people, government officials and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that the Share Sale Agreement between the Company and African Petroleum and other legal arrangements will not be adversely affected by the actions of the government authorities or others. As such, the effectiveness and enforcement of such arrangements cannot be assured.

Early Stage Project

As noted in the Competent Person's Report in Section 10 of this Prospectus, Blocks 8 and 9 offshore Liberia are located in an attractive but largely unexplored section of the West African continental margin, no wells have been drilled by African Petroleum within the blocks and work to date has been limited to interpreting (and some reprocessing) the wide spaced grid of speculative seismic data that has been acquired over the blocks and therefore the mapping and identification of potential prospects is still at a very early stage. Accordingly, as the Liberian Project is at a very early stage, there is a risk that planned exploration programs may be unsuccessful and may not discover commercial quantities of hydrocarbons. Please refer to the Competent Person's Report set out in Section 10 of this Prospectus for further details.

Potential investors should note that any valuation that may have been obtained in respect of Blocks 8 and 9 as at the date of this Prospectus would only be a technical valuation reflective of the value of Blocks 8 and 9 at that time and would not recognise the value of the Company following completion of the Acquisition, the Offer and the exploration program on Blocks 8 and 9.

Exploration and Development Risks

The business of oil and gas exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. The Liberian Project is still at a very early stage and there is no guarantee of development. Ultimate and continuous success of activities is dependent on many factors such as:

- the discovery and/or acquisition of economically recoverable reserves;
- access to adequate capital for project development;
- design and construction of efficient development and production infrastructure within capital expenditure budgets;
- securing and maintaining title to interests;

- obtaining consents and approvals necessary for the conduct of oil and gas exploration, development and production; and
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Drilling oil and gas wells is by its nature highly speculative, may be unprofitable and may result in a total loss of the investments by the Company. In particular, completed wells may never produce oil or gas or may not produce sufficient quantities or qualities of oil or gas to be profitable or commercially viable.

Whether or not income will result from projects undergoing exploration and development programs depends on successful exploration and establishment of production facilities. Factors including costs, actual hydrocarbons and formations, flow consistency and reliability and commodity prices affect successful project development and operations.

Drilling activities carry risk and as such, activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of drill rigs or other equipment. In addition, drilling and operations include reservoir risk such as the presence of shale laminations in the otherwise homogeneous sandstone porosity.

Industry operating risks include fire, explosions, unanticipated reservoir problems which may affect field production performance, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, mechanical failure or breakdown, blow outs, pipe failures and environmental hazards such as accidental spills or leakage of liquids, gas leaks, ruptures, discharges of toxic gases or geological uncertainty (such as lack of sufficient sub-surface data from correlative well logs and/or formation core analyses). The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

There is no assurance that any exploration on current or future interests will result in the discovery of an economic deposit of oil or gas. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed.

Environmental Risk

The Company's activities will be subject to the environmental risks inherent in the oil and gas industry. In the event the Company undertakes oil field developments within the Liberian Project a rigorous environmental assessment would have to be conducted, a lengthy approval process would need to be implemented and stringent conditions imposed on the Company's design and operating practices to protect the marine environment. This may adversely affect the Company's exploration and development schedule.

Specifically, the PSCs require EHL and Regal Liberian to observe certain environmental standards. Refer to Section 6.13 for further details.

The risk factors set out in Section 6 of this Prospectus, and other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative.

3. INVESTMENT OVERVIEW

3.1 Important Notice

This Section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

3.2 Indicative Timetable

Lodgement of Prospectus with the ASIC	27 May 2010
Opening Date	27 May 2010
Closing Date	11 June 2010
General Meeting (or adjournment thereof)	3 June 2010
Completion of acquisition of African Petroleum	17 June 2010
Issue Shares pursuant to this Prospectus and despatch of holding statements	17 June 2010
Anticipated date for listing of the Company on NSX	24 June 2010

The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice. If the date of the General Meeting is adjourned, the date of completion of the Acquisition, issue of Shares pursuant to this Prospectus (and despatch of holding statements) and the anticipated date for listing of the Company on NSX will change.

3.3 Objectives

Introduction

As announced to ASX on 9 February 2010, the Company entered into a Share Sale Agreement to acquire all of the fully paid ordinary shares in the capital of African Petroleum. African Petroleum's wholly owned subsidiary, EHL (together EHL with EHL's wholly owned subsidiary Regal Liberia) owns 100% of the Liberian Project. It is a condition of the Share Sale Agreement that the Company completes a placement of Shares to raise at least $130,000,000 and no more than $230,000,000. After receiving the Independent Expert's Report on Cost Estimates included in Section 12, the Board resolved to seek a minimum raising of $150,000,000 to ensure it has sufficient funds to cover costs associated with complying with the minimum work program under the PSCs. The Offer the subject of this Prospectus (assuming the minimum subscription is raised) will satisfy this condition in the Share Sale Agreement. If only $130,000,000 is raised under the Prospectus, although the condition precedent referred to in the Share Sale Agreement may be satisfied, the Company will not be able to waive or satisfy other conditions precedent in the Share Sale Agreement including due diligence and approval to list on NSX subject to conditions that the Company can satisfy, and the Share Sale will not complete.

The Board believes that the acquisition of African Petroleum has the potential to deliver significant value to Shareholders because the funds raised under the

Offer will be applied to exploration at the Liberian Project, which if successful, may result in the discovery of hydrocarbons.

Please refer to Section 7.1 for a summary of the material terms and conditions of the Share Sale Agreement including the breakdown of the Consideration Shares to be issued to the African Petroleum Shareholders pursuant to the Share Sale Agreement. The Consideration Shares will be escrowed in accordance with applicable Listing Rules.

Following completion of the Acquisition, the African Petroleum Shareholders will collectively hold between 75.87% (if the minimum subscription is raised) and 67.50% (if the maximum subscription is raised) of the Company.

Additionally, Sarella, an entity controlled by Mr Frank Timis will hold between 52.70% (if the minimum subscription is raised) and 46.99% (if the maximum subscription is raised). Therefore, in respect of all resolutions that only require a majority vote (ie 50%) to be carried and which Sarella is permitted to vote and elects to vote in favour, the resolutions would be passed.

However, as outlined elsewhere in this Prospectus, Sarella (and any other associates of Mr Timis) will enter into a deed at completion of the Acquisition which will restrict the voting rights on all Shares held by these entities such that the Shares will be non-voting shares as contemplated in the Corporations Act other than an additional voting right to vote on any matter during the currency of a takeover offer or announced takeover bid for the Company and a right to vote on any proposal for the disposal of the Company's main undertaking, business or property. Whilst the Company will not be a party to this deed(s), the Company will ensure that the content of the deed covers this intention and the form of the deed(s) will need to be approved by NSX before execution. Settlement of the Share Sale Agreement will not occur (and Shares issued under this Prospectus) until the Company and NSX are satisfied with the form of the deed and the deed is fully executed.

The issue of the Consideration Shares to the African Petroleum Shareholders under the Share Sale Agreement will have a significant dilutionary effect on the Company's remaining Shareholders, including subscribers to this Prospectus.

Change of Nature and Scale of Activities

The acquisition of African Petroleum by the Company in accordance with the terms and conditions of the Share Sale Agreement will result in the Company owning 100% of the issued capital in, and will control the business of, African Petroleum.

Following the acquisition of African Petroleum, the Directors intend to focus the Company's operations primarily on the exploration for hydrocarbons at the Liberian Project. As the Company has no prior involvement in this industry, the acquisition of African Petroleum constitutes a significant change in the nature and scale of the Company's activities.

The Company will seek approval for the change in the nature and scale of activities of the Company from an iron ore exploration company to an oil and gas exploration company at the General Meeting.

Consistent with the change in nature of the Company's activities, the Company will change its name from "Global Iron Limited" to "African Petroleum Corporation Limited" (subject to Shareholder approval at the General Meeting and completion of the Acquisition occurring).

Purpose of this Prospectus

The purpose of this Prospectus is to:

(a) enable the Company to meet the listing requirements of NSX; and

(b) raise up to $230,000,000 pursuant to the Offer and satisfy the condition precedent in the Share Sale Agreement that requires the Company to raise at least $130,000,000 and no more than $230,000,000. A summary of the material terms and conditions of the Share Sale Agreement is set out in Section 7.1 of this Prospectus.

The Company is aiming to apply the funds raised from the Offer towards:

(a) the conduct of exploration activities at the Liberian Project, which African Petroleum has an interest in (via its subsidiary companies), further details of which are included in Section 3.5 and commented on in the Independent Expert's Report on Cost Estimates included in Section 12;

(b) finance the acquisition of additional licences in West Africa;

(c) working capital and administration expenses; and

(d) expenses of the Offer.

The Board believes that funds raised from the Offer will provide the Company with sufficient working capital to achieve the Company's objectives set out above, and the Company will have sufficient working capital for the next two years.

3.4 Risk Factors

Prospective investors in the Company should be aware that subscribing for Shares the subject of this Prospectus involves a number of risks. These risks are set out in Section 6 of this Prospectus and investors are urged to consider those risks carefully (and, if necessary, consult their professional adviser) before deciding whether to invest in the Company.

The risk factors set out in Section 6 of this Prospectus, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Shares. Accordingly, an investment in the Company should be considered highly speculative.

3.5 Purpose of the Offer and Use of Proceeds

The purpose of the Offer is to position the Company to achieve the objectives set out in Section 3.3 above.

The Company intends to apply funds raised from the proceeds from the Offer as follows[1]:

Use	**Maximum Subscription Funds**	**Minimum Subscription Funds**
3D Seismic on Blocks 8 and 9[2, 3]	29,000,000	29,000,000
Drilling Exploratory Wells[2, 3]	140,000,000[4]	93,000,000[5]

Annual Licence Fees – Blocks 8 & 9 for two years	5,000,000	5,000,000
Additional Licences in the Sierra Leone-Liberian Basin	30,000,000	10,000,000
Offer expenses[6]	11,800,010	7,785,010
Working Capital, administration expenses and expenses of the Acquisition[7, 8]	14,199,990	5,214,990
Total	**$230,000,000**	**$150,000,000**

Notes:

1. Other than the Offer expenses and working capital, amounts shown in the table are rounded up or down to millions.

2. Further details of the Minimum Work Program to be undertaken on the Liberian Project are set out in the summary of the Production Sharing Contracts in Section 7.2 of this Prospectus, the Competent Person's Report in Section 10 and the costs for satisfying these requirements are commented on in the Independent Expert's Report on Cost Estimates in Section 12.

3. Costs relating to exploration work programs include the costs of drill target selection, engaging a drill contractor and drilling exploratory well(s) in Blocks 8 and 9. It should be noted that the allocation of funds will be subject to modification based on the outcome and success of the exploration programs.

4. This contemplates drilling up to three exploratory wells at an estimate cost of $46.5 million (US$42 million) each. Refer to the Independent Expert's Report on Cost Estimates in Section 12 for a breakdown of, and basis for, estimating, exploratory well costs.

5. This contemplates drilling two exploratory wells at an estimated cost of $46.5 million (US$42 million) each. Refer to the Independent Expert's Report on Cost Estimates in Section 12 for a breakdown of, and basis for, estimating, exploratory well costs.

6. Refer to Section 13.7 of this Prospectus for further details relating to the estimated expenses of the Offer. Also note that some of the expenses of the Offer have already been paid by the Company.

7. This includes the repayment of a loan to an entity associated with Mr Timis for its funding of the working capital requirements of European Hydrocarbons Limited, a wholly owned subsidiary of African Petroleum. This loan is expected to amount to approximately $2.2 million on completion of the Acquisition. Refer to the Investigating Accountant's Report in Section 9 for further details. If the Offer does not complete, the Company will not be required to repay this loan.

8. This includes the repayment of consultancy fees owing to Mr Sage of $247,197 pursuant to his Executive Services Agreement with the Company (refer to Sections 7.3 and 13.4 for further details).

In the event that the Company does not receive the maximum subscription of $230,000,000 but receives more than the minimum subscription of $150,000,000, the funds raised pursuant to the Offer will be first applied towards the expenses of the Offer and then towards drilling the third well and additional licences in the Sierra Leone-Liberian basin and finally working capital and administration expenses will be reduced accordingly.

The above table is a statement of current intentions as at the date of lodgement of this Prospectus with the ASIC. As with any work plan and budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the ultimate way funds will be applied. Accordingly, the actual expenditures may vary from the above estimates and the Board reserves the right to vary the expenditures dependent on circumstances and other opportunities.

3.6 Effect of the Offer

The effect of the Offer and the completion of the Share Sale on the Company's capital structure is set out below.[1] The table below assumes that the maximum subscription is raised pursuant to the Offer:

Shares	Number	Percentage
Shares on issue as at the date of this Prospectus[2]	18,125,002	1.35%
Shares to be issued to APCL Shareholders under Share Sale Agreement[3]	906,250,050	67.5%
Shares issued pursuant to this Prospectus	418,181,818	31.15%
Total Shares	**1,342,556,870**	**100%**
Options		
Options on issue[4]	12,500,000	
Placement Options[5]	12,545,455	
Total Options	**25,045,455**	

Notes:

1. Please refer to the Investigating Accountant's Report in Section 9 for further details of the effect of the Offer.
2. The rights attaching to the Shares are summarised in Section 13.1.
3. Please refer to Section 7.1 for a summary of the terms and conditions of the Share Sale Agreement including the breakdown of the recipients of the Consideration Shares to be issued to the African Petroleum Shareholders. Note the Consideration Shares will be escrowed in accordance with the requirements of the applicable Listing Rules. The issue of these Shares is subject to Shareholder approval at the General Meeting. Please also refer to Section 13.4 for further details of controller's interests in the Company.
4. Exercisable at $0.20 on or before 31 July 2010. Refer to Section 13.2 for the full terms of these Options.
5. Exercisable at $0.55 on or before the date which is three (3) years after the date of issue. These Options will be issued to brokers in connection with the raising under this Prospectus (refer to Section 4.7). The issue of these Options is subject to Shareholder approval at the General Meeting. Refer to Section 13.3 for the full terms of these Options.

Upon completion of the Offer and the Share Sale Agreement (and assuming the maximum subscription of $230,000,000 is raised):

(a) African Petroleum Shareholders will hold a 67.5% interest in the capital of the Company; and

(b) Sarella (an entity controlled by Mr Frank Timis, further details of whom are set out in detail in Section 8.2 of this Prospectus) will hold an interest in 46.99% of the Company. Such interest will essentially constitute a blocking position in the Company and potentially limit the control of the Company's remaining Shareholders. However, Sarella will enter into a deed as described in the Key Risk Section of this Prospectus which will restrict the ability to vote these Shares.

The issue of the Consideration Shares to the African Petroleum Shareholders under the Share Sale Agreement will have a significant dilutionary effect on the Company's remaining Shareholders, including subscribers under this Prospectus.

Please refer to Section 7.1 of this Prospectus for a breakdown of the recipients of the Consideration Shares to be issued to the African Petroleum Shareholders and Section 13.4 of this Prospectus for further details of the controllers' interests in the Company.

3.7 Restricted securities

The Consideration Shares to be issued to the African Petroleum Shareholders for the acquisition of African Petroleum will be held in escrow in accordance with the requirements of applicable Listing Rules.

Additionally, Securities currently held by Directors and their associates may be escrowed in accordance with the NSX Listing Rules.

3.8 NSX

The National Stock Exchange of Australia Limited (**NSX**) is Australia's second official stock exchange approved under the Corporations Act in Australia and is wholly regulated by the ASIC. It provides both a mechanism to mobilise growth capital for innovative and growing businesses and an efficient platform for the trade of securities.

All securities listed on NSX are registered with CHESS, with settlement occurring on a T+3 basis. Trading on NSX is conducted on the National Electronic Trading System (**NETS**). NSX operates NETS under licence from the OMX Group (**OMX**). NETS was developed by OMX for NSX and is based on the trading platform available in over 30 countries. Trading hours on NSX are between 9.00am and 4.45pm (AEST) on Monday to Friday.

The NSX originated in 1937 when it was established as the Newcastle Stock Exchange. NSX's holding company, NSX Limited, is a public listed company currently trading on the Australian Securities Exchange (ASX Code: NSX).

As an Australian market licensee, NSX is supervised by the ASIC and subject to an annual review pursuant to section 794C of the Corporations Act. NSX's primary obligation is to conduct a fair, orderly and transparent market.

An issuer listed on NSX is required to immediately notify NSX of any developments which could have an impact on share price. To ensure that an informed market is maintained, all companies admitted to the Official List of NSX must adhere to certain ongoing obligations as set out in the NSX Listing Rules, including compliance with periodic disclosure requirements and the continuous disclosure of all price sensitive information.

Market announcements and share price information relating to companies listed on NSX can be found on NSX's website at www.nsxa.com.au.

4. DETAILS OF THE OFFER

4.1 Shares made available for Subscription

Pursuant to the Offer, the Company invites investors to apply for up to 418,181,818 Shares at an issue price of 55 cents per Share payable in full on application to raise up to $230,000,000.

The minimum subscription to be raised pursuant to this Prospectus is $150,000,000.

If the minimum subscription has not been raised within four (4) months after the date of this Prospectus, all applications will be dealt with in accordance with the Corporations Act.

All of the Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus.

4.2 Conditional Offer

The Offer is conditional on Shareholders approving inter alia, at the General Meeting:

(a) the issue of Shares under this Prospectus; and

(b) the Acquisition.

The Offer is also conditional upon satisfaction or waiver of the conditions precedent to the Share Sale Agreement between the Company, African Petroleum and the African Petroleum Shareholders. A summary of the material terms and conditions of the Share Sale Agreement is contained in Section 7.1 of this Prospectus.

If any of the conditions set out above are not satisfied at the General Meeting (in respect of the conditions requiring Shareholder approval) or by 30 June 2010 or such later date as the parties to the Share Sale Agreement agree (in respect of completion of the Share Sale Agreement), none of the Shares offered by this Prospectus will be allotted or issued. In these circumstances, all applications will be refunded to investors as soon as practicable.

4.3 Application for Shares

Applications for Shares must be made by investors at the direction of the Company and must be made using the Application Form accompanying this Prospectus.

Payment for the Shares must be made in full at the issue price of 55 cents per Share.

Completed Application Forms and accompanying cheques must be mailed or delivered to:

Global Iron Limited
18 Oxford Close
LEEDERVILLE WA 6007

Cheques should be made payable to "**Global Iron Limited – Share Offer Account**" and crossed "**Not Negotiable**". Completed Application Forms must reach the address set out above by no later than the Closing Date.

The Company reserves the right to close the Offer early.

4.4 Minimum Subscription

The minimum subscription to be raised pursuant to this Prospectus is $150,000,000.

In the event the minimum subscription has not been raised within four (4) months of the date of this Prospectus, no Shares will be issued to any of the Applicants, all application monies will be returned and all applications will otherwise be dealt with in accordance with the Corporations Act.

4.5 Oversubscriptions

No oversubscriptions will be accepted by the Company.

4.6 Not Underwritten

The Offer is not underwritten.

4.7 Commissions Payable

The Company reserves the right to pay a commission of 5% (exclusive of goods and services tax) of amounts subscribed to any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

In addition, the Company will issue up to 12,545,455 Options on the terms set out in Section 13.3 to financial institutions in respect to the raising of funds pursuant to this Prospectus on the basis of 3% of the Shares issued under the Offer. No recipient of these Options will be a related party of the Company.

4.8 Allotment of Shares

The Directors will determine the allottees of all the Shares in their sole discretion. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for.

Shares issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date (subject to all conditions to the Offer being satisfied and NSX granting conditional approval to list the Company on the Official List of NSX). Where the number of Shares issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

4.9 NSX Listing

The Company is currently listed on the official list of ASX and its Shares are trading on ASX. Subject to the passing of the relevant resolutions at the General Meeting, the Shares will be suspended from the date of the General Meeting and may not be released from suspension (refer to the Key Risk Factor Section of this Prospectus for further details).

Application will be made to NSX within 7 days of the date of this Prospectus for admission of the Company to NSX and for Official Quotation of the Shares offered pursuant to this Prospectus. If approval is not obtained from NSX before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that NSX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

4.10 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained.

4.11 Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

4.12 Clearing House Electronic Sub-Register System ("CHESS") and Issuer Sponsorship

The Company will not be issuing share certificates. The Company will apply to NSX to participate in CHESS in accordance with the NSX Listing Rules and ASTC Settlement Rules, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number (**HIN**) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders in circumstances in which there have been any changes in their security holding in the Company during the preceding month or as otherwise required by the Corporations Act or NSX Listing Rules.

4.13 Taxation

The Company does not propose to give any taxation advice and neither the Company, its Directors nor its officers accept any responsibility or liability for any taxation consequence to applicants. Applicants should consult their own professional tax advisers in regard to taxation implications of the Offer.

4.14 Privacy Act

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that the Company or the Company's share registry holds about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

4.15 Queries

Any questions concerning the Offer should be directed to the Company Secretary on (+61 8) 9388 0744.

5. COMPANY OVERVIEW

5.1 Background

Global Iron Limited (**Global Iron**) was incorporated on 16 May 2007 as a wholly owned subsidiary of Cape Lambert Resources Limited (**Cape Lambert**). On 16 October 2007 Global Iron was admitted to the official list of ASX, with its official quotation commencing on 18 October 2007.

On 14 March 2006 Cape Lambert sold 158 tenements (**Tenements**) in the Yilgarn region of Western Australia to International Goldfields Limited (**International Goldfields**) whilst retaining all rights to and in respect of iron ore on the Tenements (**Iron Ore Rights**). The Iron Ore Rights comprise rights to explore for and mine iron ore on the Tenements, however there are no statutory reporting or expenditure obligations under the Iron Ore Rights.

On 1 July 2007 Global Iron entered into an agreement with Cape Lambert to purchase the Iron Ore Rights. Consideration for the purchase was the issuing of 3,125,000 shares by Global Iron to Cape Lambert. Global Iron intended to conduct exploration for iron ore on the more prospective tenements to identify priority targets for further evaluation.

Iron Ore Rights

The Iron Ore Rights comprise 2 principal geographically separate groups, the Mt. Ida Group and the Evanston group. The Mt. Ida Group is located approximately 200km north northwest of Kalgoorlie and the Evanston Group is located approximately 50km north of Koolyanobbing.

Six Iron Ore Rights in the Evanston Group are subject to the Evanston Project Iron Ore Rights Deed (**Evanston Project Deed**) between Cliffs Asia Pacific Iron Ore Pty Ltd (**Cliffs Asia**) and Global Iron. The Evanston Project Deed gives Cliffs Asia the exclusive right to explore for and mine iron ore on the six tenements. To earn this right, Cliffs Asia agreed to spend AUD$1 million on exploration activities within 3 years of the commencement date of 2 February 2007. If mining commences on those tenements, Cliffs Asia will pay Global Iron a royalty of 1.5% of the average per tonne value of iron ore product transported from the tenements. As at the date of this Prospectus Cliffs Asia had met the expenditure commitment under the Evanston Project Deed and earned the right to explore for and mine iron ore on the six tenements, with Global Iron retaining the 1.5% royalty. Refer to Section 7.4 for further details of the Evanston Project Deed.

The Tenements subject to the Iron Ore Rights originally covered a total area of approximately 1500km^2. The main iron ore exploration target is Banded Iron Formation (**BIF**), which have been subject to metamorphism and tectonic deformation, and later weathering. The primary mineralisation is magnetite, overlain by hematite and goethite predominating in the weathered zone.

Small-scale mining of iron ore in the Yilgarn region commenced in 1950 from Deposit A at Koolyanobbing. BHP acquired the Koolyanobbing leases in 1960 and commenced production from the Dowd's Hill deposit in 1967. Mining operations ceased in 1983 following the closure of the Kwinana steel mill. Portman Mining, subsequently delisted from the ASX following acquisition by Cliffs Asia in December 2008, recommenced mining of the Koolyanobbing deposits in 1994. Mining operations in recent years have concentrated on the Windarling and Mt Jackson deposits, which are located adjacent to the Evanston Group.

While there has been extensive iron ore mining activity in the Koolyanobbing area adjacent to the Evanston Group, no iron ore mining has taken place in the area of the Mt. Ida Group. This area north of Kalgoorlie has traditionally been explored and exploited for its gold potential.

If the Acquisition completes, the Company proposes to continue to package up the Iron Ore Rights and farm them out or sell them in exchange for a royalty.

If the Acquisition does not complete, the Company will continue to look for an alternative transaction or acquisition to add value to the Company and will continue to farm out or sell the Iron Ore Rights.

Given that the Company conducts no exploration on any Tenements that it has an interest in, the Company has not included any further information on these Tenements or interests other than what is included in this Section as the Directors do not consider it relevant to investors under this Prospectus.

The Company does not have any material interest in any other asset or agreement other than as noted above.

5.2 Overview of the Acquisition, African Petroleum and the Liberian Project

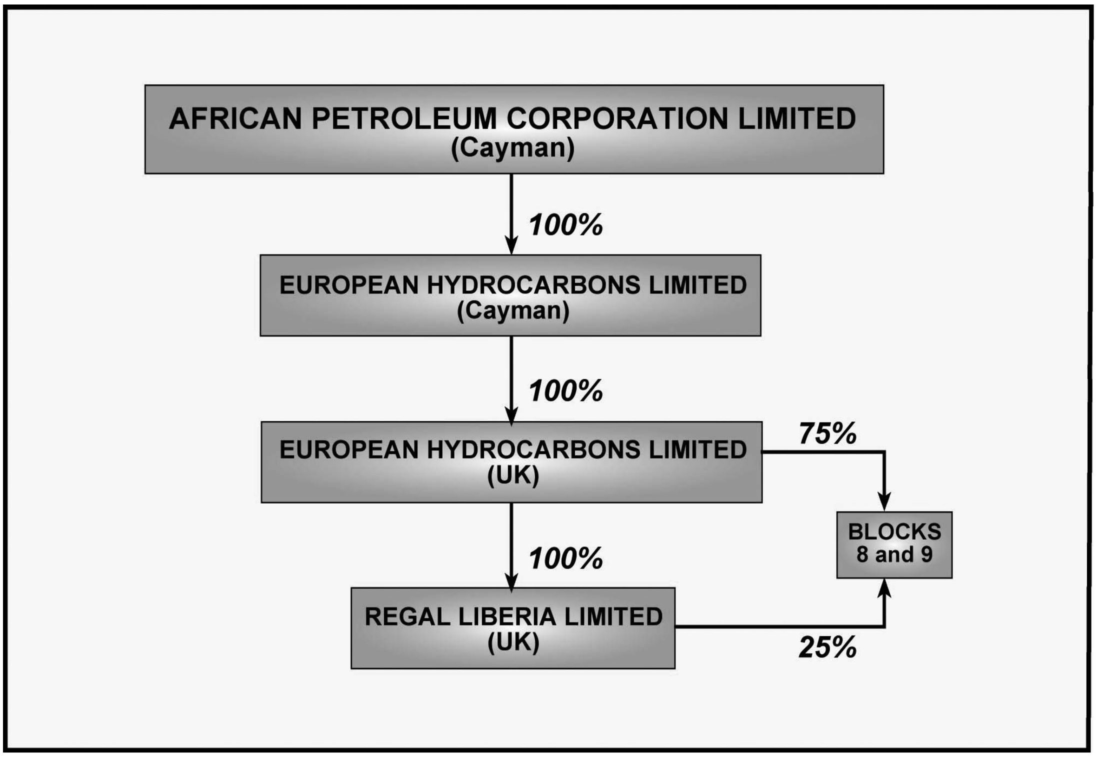
On or about 8 February 2010, the Company entered into a Share Sale Agreement to acquire all of the fully paid ordinary shares in the capital of African Petroleum. African Petroleum's wholly owned subsidiaries, EHL and Regal Liberia Limited (**Regal Liberia**) own 100% of Blocks 8 and 9 offshore Liberia (**Blocks 8 and 9 or Liberian Project**).

Following completion of the Acquisition, the Company's focus will be on exploring Blocks 8 and 9. Specifically, the Company will undertake a 5000km 3D seismic program on Blocks 8 and 9 off the coast of Liberia and will pursue the acquisition of additional offshore licence blocks in West Africa.

African Petroleum

African Petroleum is a privately owned company incorporated in the Cayman Islands.

Outlined below is the summarised form of the group structure of African Petroleum showing African Petroleum and its subsidiaries relevant to the Liberian Project as at completion of the Acquisition:



At completion of the Acquisition, African Petroleum will have in total six directly owned and seven indirectly owned subsidiaries (not all pictured in the above diagram). African Petroleum's only operating subsidiary at completion, EHL (together with EHL's wholly owned subsidiary Regal Liberia) has a 100% interest in Blocks 8 and 9, which are two prospective oil and gas exploration blocks covering an area of approximately 7,200 square kilometres on the coast of Liberia in West Africa. Blocks 8 and 9 were awarded from the NOCAL in 2004 as part of an international bidding round. EHL has exclusive exploration authorisation over Blocks 8 and 9 until 2016.

Set out below (and again in Section 7.2 together with a summary of the Production Sharing Contracts (PSCs)) is a summary of obligations in respect of Blocks 8 and 9 in each exploration period, work commitments, minimum expenditures and mandatory relinquishments for the PSCs.

Blocks 8 and 9 Summary Exploration Periods, Work Commitments, Minimum Expenditure and Mandatory Relinquishment						
Exploration Period	**Commencement Date**	**Expiration Date**	**Period Years**	**Minimum Work Commitment per Block**	**Minimum Expenditure (US$)**	**Mandatory Relinquishment**
1	23/06/2008	23/06/2012	4	1500km² 3D Seismic, drill 1 exploratory well	US$8 million	25%
2	23/06/2012	23/06/2014	2	Drill 1 exploratory well	US$10 million	25%
3	23/06/2014	23/06/2016	2	Drill 1 exploratory well	US$10 million	100%

Notes:

1. Drilling exploration wells is contingent on the success of the seismic program in defining drill targets.

2. Each exploration well must be drilled to a minimum 2,000 metres after deducting water depth.

3. At the end of the Third Exploration Period, the remaining area of the Blocks must be relinquished other than areas of petroleum discovery, the subject of Appraisal or Exploration authorisations.

4. The above requirements, commitments and relinquishments are required to be met on both Block 8 and 9. That is in The First Exploration Period, aggregate minimum expenditure is US$16 million and two (2) exploratory wells are required to be drilled.

5. Refer to the Independent Expert's Report on Cost Estimates in Section 12 for a breakdown of, and basis for, estimating exploratory well costs.

Republic of Liberia

Geographical

The Republic of Liberia is situated on the south Atlantic coast of West Africa with an estimated population of 3.5 million, of which more than one third reside in the capital, Monrovia. Liberia comprises mangrove swamps and beaches along the coast, wooded hills and semi-deciduous shrub lands along the immediate interior, and dense tropical forests and plateaus in the interior. The climate varies from tropical to dry winters with hot days and cold nights to wet cloudy summers with heavy rain. This climate lends itself well to agriculture, which makes up 70% of the country's employment.

The recent announcement of significant offshore oil discoveries along Sierra Leone, Cote d'Ivoire's and Ghana's coastlines has highlighted Liberia's oil potential along its own Atlantic Ocean coastline.

Political

The Republic of Liberia was created as a settlement for freed American slaves in the 1800's, hence the name and the connotation of liberty. The American influence can be seen throughout the country's culture and political system, modelled on the US federal system. Ellen Johnson-Sirleaf, a US educated economist and former finance minister, was elected in 2005 as the first elected woman head of state. She has been praised for making great progress in rebuilding the country and establishing reconciliation after the civil war that plagued the nation for over ten years, and ended in 2003.

Economic

The country's currency is the Liberian Dollar but the US dollar is widely used.

History of Blocks 8 & 9

The Republic of Liberia, represented by the NOCAL owns the mining rights in respect of oil and gas exploration and exploitation over the entirety of available areas in Liberia, including Blocks 8 and 9.

Following an international bidding round in 2004, eight offshore blocks were awarded by NOCAL, including Blocks 8 and 9. In October 2004, EHL was awarded a stake of 75% and Regal Liberia (which at the time was a wholly owned subsidiary of Regal Petroleum plc) was awarded a stake of 25% in Blocks 8 and 9. In November 2007, EHL acquired the remaining 25% stake in Blocks 8 and 9 indirectly through its acquisition of Regal Liberia.

The two production sharing contracts (PSCs) became law on 23 June 2008.

Summary of Work during 2008/2009

In 2008, FUGRO Seismic Imaging Limited, at the request of EHL, carried out the input digital reprocessing and display of approximately 417 kilometres of 2D seismic data from Blocks 8 and 9. The data had been acquired by EHL from TGS-NOPEC Geophysical Company ASA (**TGS**), a Norwegian company which provides geophysical and geological data and services to oil and gas exploration companies, who undertook 2D seismic surveying of an area of 5,050 kilometres of offshore Liberia (such area including the 417 kilometres of 2D seismic data for reprocessing) in 2000 and 2001.

EHL has engaged TGS to conduct a 3D seismic survey of the same area of 5,050 kilometres of Blocks 8 and 9, which commenced in January 2010. African Petroleum has also engaged a fully integrated geological team from Senergy GB Limited to support it in completing a geological model for Blocks 8 and 9, which will include the interpretation of 3D seismic data and the identification and ranking of potential drill targets.

One of the conditions precedent to completion of the Share Sale Agreement is the raising of a minimum of $130,000,000 and a maximum of $230,000,000. After receiving the Independent Expert's Report on Cost Estimates included in Section 12, the Board resolved to seek a minimum raising of $150,000,000 to ensure it has sufficient funds to cover costs associated with complying with the minimum work program under the PSCs. If the minimum subscription is raised under this Prospectus, this condition precedent will be satisfied. If only $130,000,000 is raised under the Prospectus, although the condition precedent referred to in the Share Sale Agreement may be satisfied, the Company will not be able to waive or satisfy other conditions precedent in the Share Sale Agreement including due diligence and receiving approval to list on NSX subject to conditions that the Company can satisfy, and the Share Sale will not complete.

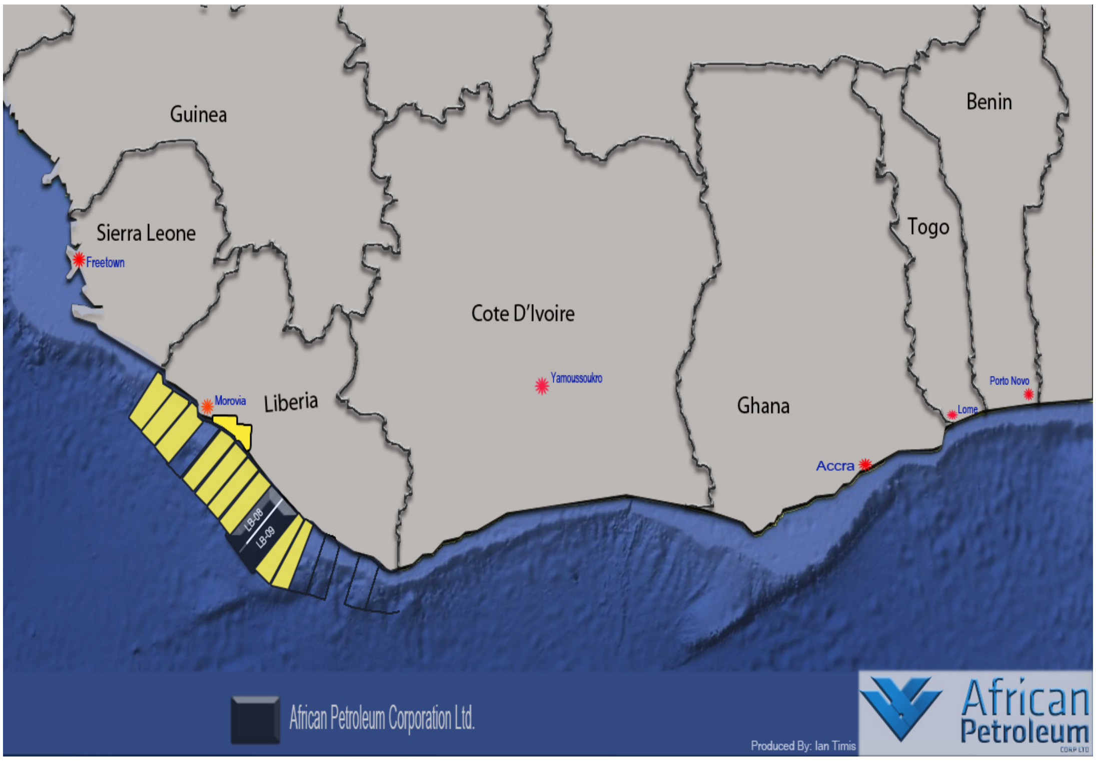
Whilst the Offer is open, operations at the Liberian Project will continue to ensure EHL's obligations under the PSCs are met. At completion of the Acquisition, it is estimated that the fees payable to TGS for services on the Liberian Project will amount to US$22 million. If the Offer does not complete, the Company is not required to pay any of these fees incurred on the Liberian Project. Additionally, Safeguard Management Limited (an entity associated with Mr Frank Timis) (**Safeguard**) has provided a guarantee to TGS in respect of fees incurred by EHL owing to TGS.

As an unlisted company, African Petroleum has been reliant (partially) on private equity capital raisings and shareholder loans to provide the required funding to continue exploration at the Liberian Project to ensure compliance with the terms of the PSCs (refer to the Investigating Accountant's Report for further details). On completion of the Acquisition, it is estimated that a loan from an entity associated with Mr Timis will amount to $2.2 million for working capital of African Petroleum and its operating subsidiary, EHL. This loan will be repaid upon completion of the Offer. If the Offer does not complete, the Company will not be required to repay this loan.

Further, Safeguard has provided a guarantee to African Petroleum to cover any and all liabilities incurred by African Petroleum until it lists on an exchange or is sold into a Company listed on an exchange.

African Petroleum is also actively pursuing the acquisition of additional offshore licence blocks in West Africa. Applications have been made in Sierra Leone and Liberia.

Maps of Licence Blocks



(Above map compiled from the Competent Person's Report. Refer to Figure 1 on page 5 of that report).

Production Sharing Contracts

The PSCs became law on 23 June 2008. The two PSCs are identical except for the Liberia block to which they relate.

Under the terms of the PSCs, EHL and Regal Liberia (together known as the **Contractors**) are granted an exclusive exploration authorisation over Blocks 8 and 9 for a total period of eight consecutive years consisting of three exploration periods – the first of four years, the second of two years and the third of two years.

If the Contractors make a discovery of either natural gas or crude oil during the exploration period, they are entitled to obtain an appraisal authorisation for a period of two years, (which can be extended by the agreement of NOCAL) in order to determine whether the discovery is commercial. If the Contractors determine the discovery to be commercial they are entitled to an exclusive exploitation authorisation to carry out production for a period of 25 years (which can be extended by the agreement of NOCAL).

During the three exploration periods, the Contractors are required to undertake work commitments and make financial investments in order to complete such work commitments. At the end of each of the three exploration periods, the Contractors are required to surrender a percentage of the surface area of each of Blocks 8 and 9 to NOCAL (refer to the table in Section 5.2 and the summary of the PSC in Section 7.2 for further details). The Contractors are required to pay surface rentals to NOCAL on the remaining surface area of Blocks 8 and 9 during each exploration period. The second exploration period is only permitted to commence if the work commitments that are the subject of the first exploration period are honoured. Similarly, the third exploration period is only permitted to commence if the work commitments that are the subject of the second exploration period are honoured.

In the event of commercial production, the Contractors are required to remit a percentage of crude oil or natural gas (as applicable) to NOCAL upon exceeding a certain production threshold. In addition, production sharing bonuses are payable to NOCAL when certain production thresholds are reached for the first time.

Furthermore, under the terms of the PSCs certain other payments are payable to NOCAL. These payments include contributions towards the enhancement of related programs at the University of Liberia, to social and welfare concerns, to training.

Section 10 of this Prospectus contains a Competent Person's Report which contains further information on Blocks 8 and 9, which Shareholders are encouraged to read. Please also refer to Section 7.2 for a summary of the PSCs.

5.3 Impact of the Acquisition on the Company

Given that completion of the Share Sale will result in the Company acquiring African Petroleum and its interests in the Liberian Project, the Directors intend to focus the Company's operations primarily on the exploration for hydrocarbons.

As the Company has no prior involvement in the oil and gas industry, the acquisition of African Petroleum constitutes a significant change in the nature and scale of the Company's activities and the Company will seek approval for a change in the nature and focus of the Company's activities at the General Meeting.

5.4 Management of the Liberian Project

As set out in this Prospectus, on successful completion of the Acquisition, the Company will hold 100% interest of African Petroleum, the owner and operator of the Liberian Project.

The table below sets out the current directors of African Petroleum and its relevant subsidiaries and the directors of those entities as at completion of the Acquisition:

Entity	**Current Directors**	**Directors as at completion of the Acquisition**
African Petroleum Corporation Limited	Frank Timis Mark Ashurst Karl Thompson	Tony Sage Timothy Turner Mark Ashurst Gibril Bangura Karl Thompson
European Hydrocarbons Limited (Cayman)	Frank Timis Mark Ashurst Gibril Bangura Karl Thompson	Tony Sage Timothy Turner Mark Ashurst Gibril Bangura Karl Thompson
European Hydrocarbons Limited (UK)	Mark Ashurst Gibril Bangura Karl Thompson	Tony Sage Timothy Turner Mark Ashurst Gibril Bangura Karl Thompson
Regal Liberia Limited	Mark Ashurst Gibril Bangura Karl Thompson	Tony Sage Timothy Turner Mark Ashurst

		Gibril Bangura Karl Thompson

African Petroleum through its wholly owned subsidiary EHL is responsible for the day-to-day management of the Liberian Project including executing the proposed exploration program.

As detailed in Section 8, upon completion of the Acquisition, the Board of Global Iron will change to introduce a highly experienced executive team from African Petroleum who will oversee the exploration and development activities of the Liberian Project. The Board and management appointments will include Mr Frank Timis as a non-executive director, Mr Mark Ashurst as executive director, Mr Karl Thompson as Chief Operating Officer, Mr Gibril Bangura as non executive director, Mr Alan Watling as non executive director and Mr Anthony Wilson as non executive director. Mr Carlos Guzman and Dr Berend Van Hoorn will remain as technical consultants to the Liberian Project. Mr Tony Sage will become Non-Executive Chairman and Mr Timothy Turner will remain as a non executive Director with Mr Mark Gwynne stepping down as non executive Director.

Further details of all the Board are set out in Section 8.1. As indicated elsewhere in this Prospectus, Mr Timis will not have an integral role in the day-to-day operations of the Liberian Project.

Details of the management of EHL and the Liberian Project (which will not change post completion of the Acquisition) are set out below:

Karl Thompson – Chief Operating Officer

Mr Thompson is an accomplished petroleum explorationist with 27 years of technical, operational and managerial experience in the exploration and development of hydrocarbons with major multinational and independent energy companies. He has established a track record as a successful 'oil finder' and commercial acquisitions of new venture oil and gas assets as well as corporate takeovers. He spent 18 years with Chevron Corporation where he was Exploration and Production Director as well as Strategic Planning Manager involved in a number of successful oil discoveries and developments as well as new venture acquisitions. Following a successful career with Chevron he started his petroleum consultancy working with companies in West Africa assisting with further hydrocarbon discoveries and new venture acquisitions. He has extensive experience in Europe, Africa and the Middle East working with major multinational companies and new start up AIM exploration companies as well National Oil companies. He holds an MSc in Geophysics from Imperial College London and BSc in Geology from University College London.

Carlos Guzman – Technical Consultant

Mr Guzman is an accomplished geophysicist and published author with a strong background in 2D and 3D seismic acquisition, processing and interpretation utilising proprietary and commercial software. Mr Guzman has over 30 years of experience as a prominent geophysicist, including nearly 30 years working for Shell in a variety of roles. Most recently he worked in the Shelf and Deepwater Divisions of Shell Exploration and Production, where he was instrumental in targeting two development wells and one exploration well near Shell's Mars field in the deepwater of the Gulf of Mexico. Mr Guzman is credited for recommendations which resulted in 400mmbbl deepwater discoveries.

Mr Guzman has a Master of Science Degree in Physics from Purdue University, Indiana and a Bachelor of Science in Physics from the University of New Orleans.

Dr Berend Van Hoorn – Technical Consultant

Dr Van Hoorn is a highly experienced geologist with an impressive history of employment with Shell worldwide spanning a period of over 30 years. These positions include Chief Geologist, Shell Offshore (Deepwater) in New Orleans; Head of Global Geology for Shell International Petroleum in the Netherlands; and Head of Regional Geology for Shell UK in London. Dr Van Hoorn has been a Consulting Geologist for the past seven years which has included the development of deepwater and new exploration plays worldwide while maintaining a continued involvement with Shell. Dr Van Hoorn holds a Masters Degree in Geology and a PhD in Earth & Natural Sciences (Geology) both from Leiden University in the Netherlands.

Senergy – Project Manager

Senergy is a well established geotechnical reservoir engineering and drilling consultancy providing services to more than 100 energy companies worldwide. Senergy has a worldwide full time staff of over 300 people including geophysicists, geologists, petro physicists, reservoir engineers, petroleum engineers and well engineers. Senergy is contracted by African Petroleum on an ongoing basis to supply requisite technical personnel, reporting directly to Mr Thompson, the Chief Operating Officer, to assist with the technical evaluation of African Petroleum's exploration assets. The Senergy team seconded to the projects were all involved with analysing the major discovery of the Jubillee field, offshore Ghana, West Africa. Please refer to Sections 7.6 and 7.7 for a summary of the contract between African Petroleum and Senergy.

RISC – Board Advisor

The Company has held preliminary discussions and will engage (upon completion of the Acquisition) Resource Investment Strategy Consultants (**RISC**) as an independent consultant to the Board to advise on exploration expenditure programs, interpretation of exploration results and risk management associated with the Liberian Project. Persons employed by RISC possess significant experience associated with the petroleum industry and are qualified to provide expert advice to the Board on the Liberian Project.

5.5 Reporting Procedures of the Company in respect of the Liberian Project

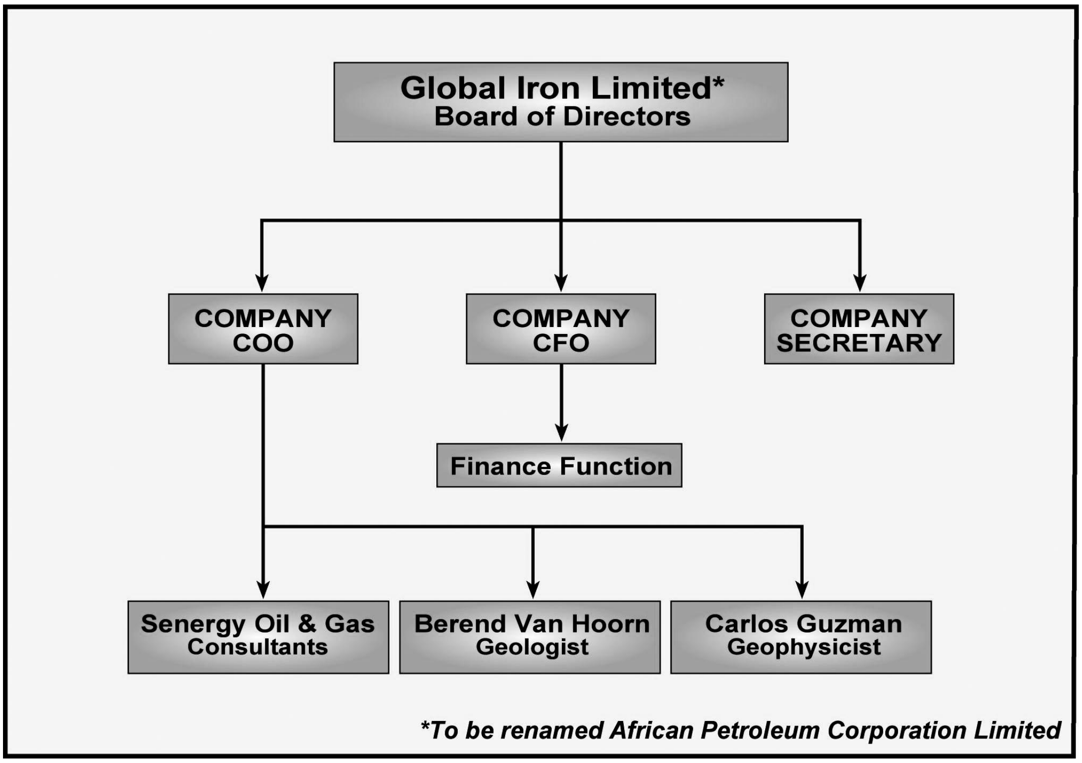
It is intended that Mr Thompson (in conjunction with Mr Carlos Guzman, Dr Berend Van Hoorn and Senergy) will take overall responsibility for the management of the Liberian Project and interpretation of drill and test results and will be required to immediately update the Board whenever significant information in relation to the Liberian Project becomes available. Mr Thompson (in conjunction with Mr Carlos Guzman, Dr Berend Van Hoorn and Senergy) will be required to prepare all reports required to ensure the Company's compliance with securities exchange reporting requirements in respect of the Liberian Project.

Prior to each phase of the exploration program commencing on the Liberian Project, Mr Guzman and Dr Van Hoorn will be required to submit an exploration program and supporting budgets to Mr Thompson for review. Following such review, the programs and budgets will then be presented to the Company's Board of Directors by Mr Thompson for approval.

Mr Thompson will be required to provide a monthly report to the Board. This report will provide details on the progress of the exploration program and a comparison of actual progress achieved to plan.

Mr Mark Ashurst (further details of who is set out in Section 8.2) will take overall responsibility for the submission of monthly management accounts for African Petroleum and its subsidiaries to the Chief Financial Officer of the Company (**CFO**). These management accounts will include an analysis of actual cash spent compared to budget, with supporting explanations.

The CFO will take overall responsibility for the submission of monthly management accounts for the Company and its subsidiaries to the Board. These management accounts will include cash flow analysis together with other key performance indicators required by the Board. The CFO will also be responsible for liaising with the Company's auditors and tax agents and, in conjunction with the Company Secretary, ensuring that the Company complies with all statutory and securities exchange reporting requirements.The Company Secretary will be responsible for scheduling monthly Board meetings, compiling the Board documentation and preparing Board minutes.



Details of corporate governance policies relating to media releases and securities exchange announcements are set out in Section 8.3 of this Prospectus.

6. RISK FACTORS

6.1 General

The Shares offered under this Prospectus should be considered speculative because of the nature of the Company's business. The future profitability of the Company will be dependent on the successful commercial exploitation of its business and operations.

Whilst the Directors recommend the Offer, there are numerous risk factors involved. The following is a summary of the more material matters to be considered. However, this summary is not exhaustive and potential investors should examine the contents of this Prospectus in its entirety and consult their professional advisors before deciding whether to apply for the Shares.

Based on the information available, a non-exhaustive list of risk factors which may affect the Company's financial position, prospects and the price of its listed securities include the following:

Risks relating to the Acquisition

6.2 Delisting from ASX and Application to NSX

As outlined elsewhere in this Prospectus on 9 February 2010, the Company released an ASX announcement advising Shareholders that it had entered into the Share Sale Agreement for the Acquisition

Following that ASX Announcement, ASX advised the Company that, in the event Shareholders approved the Acquisition, the Acquisition completed and the Company was suspended from trading, the Company would not be reinstated to quotation on ASX.

The basis for the ASX Decision, as advised to the Company, stems from ASX's concerns over the influence that Mr Frank Timis, as a substantial shareholder (refer to Sections 3.6 and 13.4 for details of his shareholding post completion of the Share Sale Agreement) and Director (refer to Section 8.2 for a summary of Mr Timis), will have on the Company's ability to comply with its continuous disclosure obligations post the Acquisition. Please refer to Section 8.3 for details of the Company's proposed corporate governance policy relating to continuous disclosure.

The Company appealed the ASX Decision and the appeal was heard on 30 April 2010. The ASX Appeal Tribunal upheld the decision made by ASX on 26 March 2010 but directed that the ASX had erred in failing to take into account additional submissions made by the Company after the ASX Decision to address ASX's concerns. As a result of the Appeal Decision, the Company made a further submission to ASX, which included restrictions on the voting rights of the Shares held by Mr Timis and his associates. On 19 May 2010, ASX has advised the Company that it had considered the additional submissions but affirmed its earlier decision (**19 May Decision**). The Company is appealing the 19 May Decision.

If the Company is not successful in its appeal of the 19 May Decision and Shareholders pass the resolutions at the General Meeting and NSX conditionally approves the Company's admission to the Official List of NSX, the Board may seek to delist the Company from ASX.

There is a risk that the appeal of the 19 May Decision will be unsuccessful and the Company may not be able to meet the requirements of NSX for quotation of its Shares on the NSX or is not granted conditional approval to list on NSX. Should this occur, the Company will not complete the Acquisition or the Offer and will remain listed on ASX, albeit without a major asset and the Company will need to look for an alternative project or acquisition.

Further details on NSX are set out in Section 3.8 of this Prospectus.

The NSX is not as large as ASX and the liquidity of the Shares is considered to be less than that offered on ASX. Accordingly, this may affect the ability of Shareholders to trade their Shares.

Major Controlling Shareholder

Following completion of the acquisition of African Petroleum, the African Petroleum Shareholders will collectively hold between 75.87% (if the minimum subscription is raised pursuant to the Offer) and 67.50% (if the maximum subscription is raised pursuant to the Offer) of the Company.

Additionally, Sarella, an entity controlled by Mr Frank Timis will hold between 52.70% (if the minimum subscription is raised pursuant to the Offer) and 46.99% (if the maximum subscription is raised pursuant to the Offer. Therefore in respect of all resolutions that only require a majority vote (ie 50%) to be carried and which Sarella is permitted to vote on and votes in favour of, if the minimum is raised pursuant to the Offer, the resolution would be passed.

However, as part of the submissions to ASX (and applicable to NSX), Mr Timis agreed that all of his and his associates Shares in the Company (which includes Sarella) would enter into deeds at completion of the Acquisition which restrict the voting rights on all Shares held by these entities such that voting rights will only be exercised in the circumstances defined by the Corporations Act for non-voting shares with this additional voting right being a right to vote on any matter during the currency of a takeover offer or announced takeover bid for the Company and a right to vote on any proposal for the disposal of the Company's main undertaking, business or property. Whilst the Company will not be a party to this deed(s), the Company will ensure that the content of the deed covers this intention and the form of the deed(s) will need to be approved by NSX before execution. Settlement of the Share Sale Agreement will not occur (and Shares issued under this Prospectus) until the Company and NSX are satisfied with the form of the deed and the deed is fully executed. The content of the deed will be announced to NSX as a pre-quotation disclosure.

The issue of the Consideration Shares to the African Petroleum Shareholders under the Share Sale Agreement will have a significant dilutionary effect on the Company's remaining Shareholders and subscribers under this Prospectus.

Share Sale Agreement

There are various references in the Share Sale Agreement to the Company being listed on ASX and the Shares issued to the African Petroleum Shareholders being quoted on ASX. As the Company is now seeking a listing on NSX and the Company will be applying to list the Shares issued to the African Petroleum Shareholders on NSX, the Company is in the process of varying the Share Sale Agreement to reflect this. If the variation is not signed by all of the African Petroleum Shareholders, the Offer will not proceed and no Shares will be issued under this Prospectus.

Risks relating to Liberian Project

6.3 Risks Associated with Operating in Liberia

The Liberian Project is located in the Republic of Liberia West Africa and the Company will be subject to the risks associated with operating in that country. Such risks can include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local residents or contractors or require other benefits to be provided to local residents.

Changes to Liberia's mining or investment policies and legislation or a shift in political attitude may adversely affect the Company's operations and profitability. The Company might also be required by local authorities to invest in social projects for the benefit of the local community. Additional social expenditures in the future may have a negative impact on the Company's profitability.

6.4 Liberian Legal Environment

Liberia's legal system is less developed than more established countries and this could result in the following risks:

- political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation or in an ownership dispute;
- a higher degree of discretion held by various government officials or agencies;
- the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to taxation and property rights;
- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- relative inexperience of the judiciary and court in matters affecting the Company.

The commitment to local business people, government officials and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that the Share Sale Agreement between the Company and African Petroleum and other legal arrangements will not be adversely affected by the actions of the government authorities or others. As such, the effectiveness and enforcement of such arrangements cannot be assured.

6.5 Early Stage Project

As noted in the Competent Person's Report in Section 10 of this Prospectus, Blocks 8 and 9 offshore Liberia are located in an attractive but largely unexplored section of the West African deep water margin, no wells have been drilled so far by African Petroleum within the blocks and work to date has been limited to interpreting (and some reprocessing) the wide spaced grid of speculative seismic data that has been acquired over the blocks and therefore the mapping and identification of potential prospects are still at a very early stage. Accordingly, as the Liberian Project is at a very early stage, there is a risk that the planned exploration programs may be unsuccessful and may not discover commercial quantities of hydrocarbons. Please refer to the Competent Person's Report set out in Section 10 of this Prospectus for further details.

Potential investors should note that any valuation that may have been obtained in respect of Blocks 8 and 9 as at the date of this Prospectus would only be a technical valuation reflective of the value of Blocks 8 and 9 at that time and would not recognise the value of the Company following completion of the Acquisition, the Offer and the exploration program on Blocks 8 and 9.

6.6 Exploration and Development Risks

The business of oil and gas exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. The Liberian Project is still in its early stage and there is no guarantee of development. Ultimate and continuous success of these activities is dependent on many factors such as:

(a) the discovery and/or acquisition of economically recoverable reserves;

(b) access to adequate capital for project development;

(c) design and construction of efficient development and production infrastructure within capital expenditure budgets;

(d) securing and maintaining title to interests;

(e) obtaining consents and approvals necessary for the conduct of oil and gas exploration, development and production; and

(f) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Drilling oil and gas wells is by its nature highly speculative, may be unprofitable and may result in a total loss of the investments made by the Company. In particular, completed wells may never produce oil or gas or may not produce sufficient quantities or qualities of oil and gas to be profitable or commercially viable.

Whether or not income will result from projects undergoing exploration and development programs depends on successful exploration and establishment of production facilities. Factors including costs, actual hydrocarbons and formations, flow consistency and reliability and commodity prices affect successful project development and operations.

Drilling activities carry risk and as such, activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of drill rigs or other equipment. In addition, drilling and operations include reservoir risk such as the presence of shale laminations in the otherwise homogeneous sandstone porosity.

Industry operating risks include fire, explosions, unanticipated reservoir problems which may affect field production performance, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, mechanical failure or breakdown, blow outs, pipe failures and environmental hazards such as accidental spills or leakage of liquids, gas leaks, ruptures, discharges of toxic gases or geological uncertainty (such as lack of sufficient sub-surface data from correlative well logs and/or formation core analyses). The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

There is no assurance that any exploration of current or future interests will result in the discovery of an economic deposit of oil or gas. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed.

The operations of the Companies require licences, permits and in some cases renewals of existing licences and permits from various governmental authorities. However, the ability of the Companies to obtain, sustain or renew such licences and permits on acceptable terms is subject to change in regulations and policies and to the discretion of the applicable governments.

6.7 Increase in Drilling Costs and the Availability of Drilling Equipment

The oil and gas industry historically has experienced periods of rapid cost increases. Increases in the cost of exploration and development would affect the ability of the Companies to invest in prospects and to purchase or hire equipment, supplies and services. In addition, the availability of drilling rigs and other equipment and services is affected by the level and location of drilling activity around the world. The reduced availability of equipment and services may delay or prevent its ability to exploit reserves and adversely affect the Companies' operations and profitability.

6.8 Oil and Gas Price Volatility

The demand for, and price of, oil and natural gas is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments.

International oil and gas prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. Fluctuations in oil and gas prices and, in particular, a material decline in the price of oil or gas may have a material adverse effect on the Company's business, financial condition and results of operations.

6.9 Hydrocarbon Reserves and Resource Estimates

Hydrocarbon reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis the estimates are likely to change. This may result in alterations to development and production plans which may in turn, adversely affect the Company's operations.

6.10 General Economic and Political Risks

Changes in the general economic and political climate in Liberia and on a global basis that could impact on economic growth, the oil and gas prices, interest rates, the rate of inflation, taxation and tariff laws, domestic security which may affect the value and viability of any oil and gas activity that may be conducted by the Company.

6.11 Contractors and Contractual Disputes

With respect to this issue, the Directors are unable to predict the risk of:

(a) financial failure or default by a participant in any joint venture to which the Company or its subsidiaries may become a party; or

(b) insolvency or other managerial failure by any of the operators and contractors used by the Company or its subsidiaries in its exploration activities; or

(c) insolvency or other managerial failure by any of the other service providers used by the Company or its subsidiaries or operators for any activity.

6.12 Commodity Price Volatility and Exchange Rate Risks

If the Company achieves success leading to hydrocarbon production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for oil and gas, technological advancements, forward selling activities and other macro-economic factors.

6.13 Environmental Risks

The Company will be subject to environmental laws and regulations in connection with operations it may pursue in the oil and gas industry, which operations are currently in Liberia. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject the Company to extensive liability.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

Specifically, the PSCs require EHL and Regal Liberia to observe certain environmental standards including all international environmental protocols, regulations and rules as may be applicable to prevent pollution and preserve the environment. It is a condition of the PSCs that an environmental impact assessment on Blocks 8 and 9 be carried out and submitted to the Government of Liberia. EHL is in preliminary discussions with a suitably qualified entity with a view to engage them to undertake an environmental impact assessment in compliance with the obligation under the PSCs.

6.14 Decommissioning Costs

The Company shall be responsible for costs associated with abandoning and reclaiming wells facilities and pipelines, which it may use for production of oil and gas.

6.15 Reliance on EHL, Senergy and Key Personnel

The Company is substantially reliant on the expertise and abilities of EHL and Senergy and its key personnel in overseeing the day-to-day operations of the Liberian Project. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees or contractors cease their relationship with the Company.

As detailed in Section 7.10, the agreement between EHL and Dr Berend van Hoorn pursuant to which Dr van Hoorn provides consultancy services to EHL is non-binding in nature. While EHL and Dr van Hoorn are in the process of negotiating a binding agreement there can be no assurance that the parties will agree to the terms of a binding agreement which may have a detrimental impact on EHL and the Company following completion of the Acquisition.

6.16 Executive Directors

As detailed in Sections 5.4 and 8 upon completion of the Acquisition, Mr Mark Ashurst and Mr Karl Thompson will be appointed executive directors of the Company. As at the date of this Prospectus, the Company has not entered into executive services agreements with Mr Ashurst and Mr Thompson.

While the Company is in the process of negotiating executive services agreements with Mr Ashurst and Mr Thompson there can be no assurance that the parties will agree to the terms of the agreement which may have a detrimental impact on the Company following completion of the Acquisition.

6.17 Competition

The Company will compete with other companies, including major oil and gas companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce oil and gas, but also carry out downstream operations on these and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

6.18 Regulatory

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

6.19 Insurance

Insurance against all risks associated with oil and gas production is not always available or affordable. The Company will maintain insurance where it is considered appropriate for its needs however it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

6.20 Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify oil reserves, failure to achieve predicted well production flow rates, operational and technical difficulties encountered in production, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated reservoir problems which may affect field production performance, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

General Risks

6.21 Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's exploration success, the Company may require further financing in the future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs as the case may be.

6.22 Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects and additional blocks in the Sierra Leone Liberian basin. Any such acquisitions will be accompanied by risks commonly encountered in making such acquisitions.

6.23 Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

6.24 Market Conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

(a) general economic outlook;

(b) interest rates and inflation rates;

(c) currency fluctuations;

(d) changes in investor sentiment toward particular market sectors;

(e) the demand for, and supply of, capital; and

(f) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

6.25 Investment Speculative

The above list of risk factors should not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares. Therefore, the Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

7. MATERIAL CONTRACTS

Set out below is a summary of contracts to which the Company (or African Petroleum or its subsidiaries) is a party or will obtain the benefit and obligation of following completion of the Share Sale Agreement and which may be material in terms of this Prospectus.

To fully understand all of the rights and obligations of a material contract, it would be necessary to review each contract in full and the summaries should be read in that light.

7.1 Share Sale Agreement

As announced to ASX on 9 February 2010, the Company has entered into a share sale agreement (**Share Sale Agreement**) with African Petroleum, EHL and each of the shareholders of EHL which at the time of settlement will represent 100% of the shareholders of African Petroleum (**APCL Shareholders**), pursuant to which the APCL Shareholders will sell, and the Company will acquire, between 95% and100% of the African Petroleum Shares (**Share Sale**).

The material terms of the Share Sale Agreement are as follows:

(a) (**Conditions Precedent**): Settlement of the Share Sale is subject to and conditional upon (inter alia):

(i) the Company completing financial and legal due diligence on African Petroleum and its subsidiaries, to the sole and absolute satisfaction of the Company;

(ii) African Petroleum completing financial and legal due diligence on the Company to the sole and absolute satisfaction of African Petroleum;

(iii) the Company obtaining all necessary shareholder approvals required by the Corporations Act and the Listing Rules in relation to the Share Sale;

(iv) all necessary third party and government consents and approvals being obtained;

(v) African Petroleum providing the Company with evidence to the satisfaction of the Company that African Petroleum holds at least 95% of the issued share capital of EHL;

(vi) the Company receiving conditional approval to be requoted on ASX/and or NSX and for the Consideration Shares to be admitted to ASX and or/NSX (subject to escrow restrictions) subject to standard conditions acceptable to the Company;

(vii) the Company and/or African Petroleum obtaining all necessary consent from third parties in relation to the change in control of African Petroleum;

(viii) Messrs Frank Timis, Mark Ashurst, Karl Thompson, Alan Watling, Gibril Bangura and Anthony Wilson being appointed as Directors on completion of the Acquisition and Mr Rob Catena resigning as Director; and

(ix) the Company completing a placement of Shares to raise not less than $130,000,000 and up to $230,000,000;

(together, the **Share Sale Conditions**). If the Share Sale Conditions are not satisfied (or waived, to the extent that any Share Sale Condition is capable of waiver) by 30 June 2010 or such other date as may be agreed by the parties in writing (**End Date**), the Share Sale Agreement shall immediately terminate;

(b) (**Consideration**): in consideration of the acquisition of 100% of the African Petroleum Shares, the Company will issue 2.22 Shares for every 1 African Petroleum Share held, being approximately 906,250,050 Shares (**Consideration Shares**) to the APCL Shareholders for 100% of the African Petroleum Shares. The table below sets out the number of Consideration Shares to be issued to each of the APCL Shareholders and the dilutionary effect on existing Shareholders (other than APCL Shareholders) following completion of the Offer [1]:

Security Holder	No. of Shares Issued by Share Sale Agreement	% Capital post settlement of the Acquisition and completion of Offer [1]
Avenger Investment Holdings Limited	3,234,528	0.27%
Caldwell Management AG	68,343,159	5.71%
Dalsin Holdings Limited	12,024,268	1.00%
Dolven Holdings Limited	6,149,211	0.51%
Fullmark Capital Limited	2,587,623	0.22%
Christopher David Grannell	3,729,631	0.31%
Hillburg International Limited	55,462,492	4.63%
Higgins Investments Limited	1,414,054	0.12%
Kontillo Resources Limited	55,462,492	4.63%
Lamington Capital Inc	4,528,339	0.38%
Morston Finance Ltd	3,234,528	0.27%
Pericles Investments Limited	3,234,528	0.27%
Anthony William Paul Sage	2,218,500	0.35%
SG Roman & Co	3,006,067	0.25%
Sarella Investments Limited	630,816,987	52.70%
Alexander Magid	665,550	0.06%
Niculae Oancea	887,400	0.07%
Rozica Oancea	443,700	0.04%
Marius Daniel Timis	221,850	0.02%
Ian Timis	1,109,250	0.09%
Anna Belogortseva	443,700	0.04%
Weighbridge Trust Limited re 20120	22,184,997	1.85%
Fitel Nominees Limited a/c 0074500	2,662,200	0.22%
Fitel Nominees Limited a/c C053299	443,700	0.04%
Jeffrey Couch	443,700	0.04%

Henderson European Absolute Return Fund	1,419,840	0.12%
Chetwynd Nominees Limited	798,660	0.07%
Waterford Finance & Investment Limited	1,331,100	0.11%
Ravensden Alternative Fund	5,879,246	0.49%
BMO Nesbitt Burns In Trust for a/c 402-20469-91 (beneficiary Dynamic Focus and Alternative Fund)	110,481	0.01%
State Street Nominees Limited a/c Des H63J (beneficiary Dynamic Focus and Resource Fund)	5,879,246	0.49%
BMO Nesbitt Burns In Trust for a/c 402-20430-22 (beneficiary Dynamic Power Emerging Markets Fund)	5,879,024	0.49%
Total Shares issued by the Share Sale Agreement	**906,250,050**	**75.87%**

Notes:

1 The above table assumes the minimum subscription under the Offer of $150 million is raised (being the issue of 272,727,272 Shares). If the maximum subscription of $230million is raised, the APCL Shareholders will hold approximately 67.5% of the Company).

Please also refer to Section 13.4 for further details of controller's interests in the Company.

(c) (**Escrow**): the Consideration Shares will be escrowed for such time as prescribed by ASX and/ or NSX (as applicable);

(d) (**Settlement**): settlement of the Share Sale is to occur on that date which is 5 bu**siness day**s after the satisfaction or waiver of the last of the Share Sale Conditions.

(e) (**Warranties**): the African Petroleum Shareholders have provided standard warranties and representations in relation to African Petroleum, its subsidiaries and its interests in the Liberian Project in the Share Sale Agreement in favour of the Company. The African Petroleum Shareholders give such warranties severally and not jointly and severally. Each African Petroleum Shareholder is only liable for each claim, action or proceeding, judgment, damage, loss, cost, expense or liability incurred by the Company (**Claim**) to the extent of their proportional shareholding in African Petroleum; and

(f) (**Limitation of Liability**): in the absence of fraud, dishonesty or wilful concealment by or on behalf of the African Petroleum Shareholders, the aggregate liability of the African Petroleum Shareholders in respect of all Claims shall not in any event exceed $250,000.

The Share Sale Agreement otherwise contains other standard clauses typical for an agreement of this nature.

7.2 Production Sharing Contracts

EHL and Regal Liberia (together known as the **Contractors**) concluded two production sharing contracts (**PSCs**) with the Government of Liberia represented by the National Oil Company of Liberia (**NOCAL**) for the exploration and development of all crude oil and natural gas (**Petroleum**) in each of Blocks 8 and 9.

The two PSCs are identical except for the specific Block to which they relate.

Under the terms of the PSCs, the Contractors are granted an exclusive exploration authorisation over Blocks 8 and 9 for a total period of eight consecutive years (**Exploration Period**). This is split into three separate exploration periods – the first of four years, the second of two years and the third of two years.

Contractor Commitments during Exploration Period

If the Contractors make a discovery of either natural gas or crude oil during the Exploration Period, they are entitled to obtain an appraisal authorisation for a period of two years, (which can be extended by the agreement of NOCAL) in order to determine whether the discovery is commercial. If the Contractors determine the discovery to be commercial (on the basis of the projected income and expenses determined in accordance with good international petroleum industry practice), they are entitled to an exclusive exploitation authorisation to carry out production for a period of 25 years. If commercial production remains possible after the expiry of the period of 25 years, the exclusive exploitation authorisation may be extended by NOCAL subject to and upon the terms of the PSCs.

During the three exploration periods constituting the Exploitation Period, the Contractors are required to undertake work commitments and make financial investments in order to complete such work commitments. At the end of each of the three exploration periods, the Contractors are required to surrender a percentage of the surface area of each of Blocks 8 and 9 to NOCAL. The second exploration period is only permitted to commence if the work commitments which are the subject of the first exploration period are honoured. Similarly, the third exploration period is only permitted to commence if the work commitments which are the subject of the second exploration period are honoured.

If at the end of each of the periods within the Exploration Period, the Contractors have not completed the relevant work commitment, they are required under the terms of the PSCs to pay compensation to NOCAL in the amount of the unspent balance of the investment obligations.

In the first exploration period of four years (**First Exploration Period**), the Contractors are required to carry out a 3D seismic survey and drill one exploratory well on each of Block 8 and Block 9 and in so doing are required to invest no less than US$8,000,000 per Block and drilled to a minimum depth of 2000 meters after deduction of the water depth. At the end of the First Exploration Period, the Contractors are required to surrender 25% of the initial surface of each of Blocks 8 and 9. If the work commitment in the First Exploration Period is completed (as ascertained by the Government of Liberia), the Contractors' exclusive exploration authorisations will be renewed at the Contractors' request for a second exploratory period (**Second Exploration Period**).

Each of the PSCs is currently in its second year of the First Exploration Period.

The Second Exploration Period is for a period of two years during which the Contractors are required to drill a further exploratory well on the remaining surface area of each of Block 8 and Block 9 and invest no less than US$10,000,000 per Block on completing such work commitment and drilled to a minimum depth of 2000 meters after deduction of the water depth. At the end of the Second Exploration Period, the Contractors are required to surrender 25% of the remaining surface of each of Block 8 and Block 9. If the work commitment in the Second Exploration Period is completed (as ascertained by the Government of Liberia), the Contractors' exclusive exploration authorisations will be renewed at the Contractors' request for a third and final exploratory period (**Third Exploration Period**).

The Third Exploration Period is for a period of two years during which the Contractors are required to drill a further exploratory well on the remaining surface of each of Block 8 and Block 9. The Contractors are required to invest no less than US$10,000,000 per Block on completing such work commitment and drilled to a minimum depth of 2000 meters after deduction of the water depth. At the end of the Third Exploration Period, the Contractors are required to surrender the whole of the remaining surface of each of Block 8 and Block 9 except as to (i) any area where an exclusive appraisal authorisation has been granted by NOCAL to the Contractors (**Appraisal Authorisation**); and (ii) any part of the remaining surface area in respect of which NOCAL has granted to the Contractors an exclusive exploitation authorisation (**Exploitation Authorisation**).

If, at the end of the Exploration Period an Appraisal Authorisation or Exploitation Authorisation has:

(a) not been obtained, the PSCs shall terminate; or

(b) been obtained, surface rentals are payable to NOCAL at the rate of US$100 per square kilometre per annum.

Appraisal Authorisation and Exploitation Authorisation

On discovering Petroleum, the Contractors are required to notify such discovery to NOCAL within 30 days. If the Contractors wish to carry out appraisal work, they are required to submit for approval to NOCAL, within six months of the date of notification of the discovery of the Petroleum, an appraisal work programme (**Appraisal Work Programme**) along with an estimate of costs. NOCAL shall then grant to the Contractors an Appraisal Authorisation for a period of two years (**Appraisal Period**) from the date of approval of the appraisal work programme and related budget estimate, in respect of the specified area. At the request of the Contractors, notified at least thirty days prior to the expiration of the Appraisal Period, the duration of the Appraisal Period may be extended by a maximum of six months, provided that such extension is justified by the continuation of the drilling and production tests specified in the Appraisal Work Programme. Further extensions of the Appraisal Period may be requested by the Contractors and granted by NOCAL in the event that further work is considered justified by the Contractors in order to establish whether the field corresponding to the Petroleum discovery is commercial.

If, having carried out the appraisal work, the Contractors consider the Field to be commercial, they shall submit to NOCAL an application for an Exploitation Authorisation. The commercial nature of the Field shall be determined by the Contractors, provided that the Contractors submit an economic study to NOCAL at the end of the Appraisal Period and any further extension thereof, demonstrating the commercial nature of the Field or Fields. A Field may be declared commercial by the Contractors if, after taking into account the provisions of the PSCs and the economic study referred to above, the projected income and expenses determined in accordance with good international petroleum industry practice confirm the commercial nature of the Field or Fields.

Environmental Obligations

Under the PSCs, the Contractors have agreed to observe certain environmental standards. These include all international environmental protocols, regulations and rules as may be applicable to prevent pollution and preserve the environment. It is a condition of the PSCs that an environmental impact assessment on Blocks 8 and 9 is carried out on the Contractors' behalf and submitted to NOCAL prior to the commencement of exploration and production.

Pursuant to the terms of the PSCs EHL undertakes to rectify any pollution, contamination and damage of such water bodies and land surfaces for which EHL is responsible. NOCAL indemnifies and holds harmless EHL from any cost, expense or liability for claims, damages or losses arising out of or related to any environmental pollution or other damage which EHL did not cause including any in existence prior to the effective date of the PSCs.

EHL is in preliminary discussions with a company with suitable qualifications to undertake an environmental impact assessment and other work on Blocks 8 and 9 to comply with the obligations above.

Surface Rentals

The Contractors are required to pay NOCAL the following surface rentals on each of Block 8 and Block 9 per annum:

Exploration Period	**Surface Rentals per Annum**	**Remaining Surface Area**
First Exploration Period	US$30 per square kilometre	100%
Second Exploration Period	US$50 per square kilometre	75%
Third Exploration Period	US$75 per square kilometre	50%
Development and Exploitation	US$100 per square kilometre	-%

Production Sharing

In the event of production of crude oil, the Contractors may take up to 70% of the total production to cover their costs of exploration, appraisal, development, production, transportation and marketing operations and any other operations directly associated with such operations (**Petroleum Operations**). Thereafter, the Contractors are required to remit a percentage of their production (**Remaining Production**) to NOCAL as follows:

Increments of Daily Oil (Barrels per day)	**NOCAL's Share**	**Contractor's Share**
0 -100,000	40%	60%
100,001 – 150,000	50%	50%
Over 150,000	60%	40%

Notwithstanding the above, NOCAL grants to EHL and Regal Liberia a tax waiver on its corporate income tax for ten consecutive years from the day of the first commercial production.

In the case of natural gas, NOCAL's share of Remaining Production is fixed at 30%.

The Contractors are required to sell up to a total of 10% of the Remaining Production of crude oil to NOCAL (determined in accordance with the PSCs) at the market price for onward sale in the Liberian market.

Production Sharing Bonuses

In addition to the above, the Contractors are required to pay the following production sharing bonuses to NOCAL:

(a) a bonus of US$2,000,000 when total production of crude oil obtained from the Blocks less quantities used for Petroleum Operations first reaches an average rate of 30,000 barrels per day during a period of thirty consecutive days;

(b) a bonus of US$3,000,000 when total production of crude oil obtained from the Blocks less quantities used for Petroleum Operations first reaches an average rate of 50,000 barrels per day during a period of thirty consecutive days; and

(c) a bonus of US$5,000,000 when total production of crude oil obtained from the Blocks less quantities used for Petroleum Operations reaches an average rate of 100,000 barrels per day during a period of thirty consecutive days.

Other Contributions

The Contractors are required to make an aggregate contribution of US$500,000 to the Hydrocarbon Development Fund in four equal instalments of US$125,000 each over the course of the First Exploration Period.

They are also required by the PSCs to devote an aggregate annual training budget of US$100,000 during each year of the Exploration Period, and US$200,000 during each year of exploitation and development. Finally, the PSCs require the Contractors to make an annual contribution of US$75,000 to the University of Liberia for the enhancement of programmes in Geology, Mining Engineering and Environmental Studies and an aggregate annual social and welfare contribution of US$150,000 during each year of the Exploration Period and US$250,000 during each year of exploitation and development.

As at the date of this Prospectus, the Contractors have complied with their contribution obligations in respect of the Hydrocarbon Development Fund, their aggregate annual training budget, University of Liberia and aggregate annual social and welfare contributions.

The net profits of each of EHL and Regal Liberia in Liberia are liable to Liberian corporation tax at the rate of 30%. However, as detailed above, the Government of Liberia has granted both of the Contractors a waiver on their corporate income tax for ten consecutive years from the day of the first commercial production.

NOCAL shall have the right to terminate the PSCs if the Contractors (i) fail to make any of the required payments under the relevant PSC; (ii) materially fail to comply with their work commitments in the Exploration Period (and in each case such failure is not cured within 90 days after notice by NOCAL of such failure; (iii) seek the protection of or become actively subject to insolvency laws; or (iv) fail to carry out exploration or cease exploration for a period of twelve consecutive months or cease production for a period of twenty four consecutive months (unless in the event of force majeure or is consented to by NOCAL).

Each of the PSCs is governed by Liberian law.

Outlined below is a summary of the obligations in respect of each period within the Exploration Period, minimum expenditure and mandatory relinquishment in respect of each of Blocks 8 and 9:

Exploration Period	**Commence-ment Date**	**Expiration Date**	**Period in Years**	**Minimum Work Commitment**	**Mandatory Relinquishment**
1	23/06/2008	23/06/2012	4	$1500km^2$ 3D seismic, 1 well	25%
2	23/06/2012	23/06/2014	2	Drill 1 Exploratory well	25%
3	23/06/2014	23/06/2016	2	Drill 1 exploratory well	100%

Notes:

1. Drilling exploration is contingent on the success of the seismic program in defining drill targets.

2 Each exploration well must be drilled to a minimum 2,000 metres after deducting water depth.

3 At the end of the Third Exploration Period, the remaining area of the Blocks must be relinquished other than areas of Petroleum discovery the subject of Appraisal Authorisations or Exploitation Authorisations.

7.3 Consultancy Agreement – Tony Sage

On 1 October 2007, the Company entered into a consultancy agreement (**Consultancy Agreement**) with Okewood Pty Ltd (**Consultant**) and Antony Sage (**Executive Chairman**) pursuant to which the Company agreed to engage the Consultant to provide the services of the Executive Chairman on the following terms and conditions:

(a) (**Term**): the Consultancy Agreement commenced on 1 October 2007 (**Start Date**) and will continue for a period of 3 years from the Start Date, subject to:

(i) earlier termination in accordance with the terms of the Consultancy Agreement; and

(ii) the right of the Consultant to extend the Term from 3 years to 4 years by giving notice to the Company prior to the expiration of 35 months from the Start Date;

(b) (**Consultancy Fee**): in consideration for the Consultant providing the services of the Executive Chairman, the Company will pay the Consultant a fee (**Consultancy Fee**) of $275,000 per annum (exclusive of GST, but inclusive of any income tax and superannuation). By letter dated 18 November 2008, the Consultant and the Executive Chairman agreed to reduce the Consultancy Fee by 50% (being $137,500) effective from 1 December 2008 for a period of approximately two (2) years (or until further notice). This discounted fee is conditional upon improvement in market conditions and may be withdrawn at the election of the Consultant and the Executive Chairman. In the event that the market capitalisation of the Company reaches and maintains

$100 million for a period of 3 months, the Consultancy Fee is to be increased to $500,000 per annum (exclusive of GST);

(c) (**Termination**): the Company may immediately terminate the Consultancy Agreement by giving written notice to the Consultant if:

(i) the Consultant fails to comply with any lawful directions given by the Company;

(ii) the Consultant fails to provide the services under the Consultancy Agreement to a satisfactory standard in the reasonable opinion of the board of the Company's Directors;

(iii) the Consultant commits a serious or persistent breach of the Consultancy Agreement that is unable of being remedied to the satisfaction of the board of the Company's Directors;

(iv) the Consultant fails to remedy a serious or persistent breach of the Consultancy Agreement to the satisfaction of the board of the Company's Directors within 14 days of receiving notice from the Company of such breach; or

(v) the Executive Chairman is by reason of illness or incapacity unable to perform the services required for 40 consecutive business days or an aggregate of 60 business days in any 12 month period.

As detailed in Sections 5.4 and 8 upon completion of the Acquisition Mr Sage will be appointed Non-Executive Chairman of the Company and this agreement will be reviewed and amended by the Board and Mr Sage.

7.4 Evanston Project Iron Ore Rights Deed

Global Iron and Cliffs Asia Pacific Iron Ore Pty Ltd (**Cliffs Asia**) are parties to a deed which sets out the rights and obligations of the parties in relation to the exploration and, if warranted, development and mining of the following mining tenements held by Cliffs Asia E77/1034, E77/1117, E77/1141, E77/1321, E77/1322, E77/1295 (**Cliffs Asia Tenements**) (**Evanston Project Deed**).

At the time of execution of the Evanston Project Deed, Global Iron was the sole beneficial holder of the rights to explore for and mine iron ore on the Cliffs Asia Tenements free of encumbrances (other than the interests of Southern Cross Goldfields Limited) (**Iron Ore Rights**).

In consideration for Cliffs Asia spending $1,000,000 on exploration activities on the Cliffs Asia Tenements, Global Iron has granted Cliffs Asia the Iron Ore Rights.

Global Iron is entitled to a 1.5% royalty for iron ore derived by or on behalf of Cliffs Asia which is transported from the Cliffs Asia Tenements (**Iron Ore Product**) calculated as follows:

$$Royalty = (Tp \times (1-M\%) \times Vt \div FX \times 1.5\%$$

Where:

Tp = Wet metric Tonnes of iron ore transported from the Cliffs Asia Tenements during each quarter

M% = the average percentage moisture content or iron ore extracted from the Cliffs Asia Tenements

Vt = the average value per dry metric tonne of all of Cliffs Asia's shipments made from Cliffs Asia's Koolyanobbing operations or such other operations during each quarter

Fx = average US$/AU$ exchange rate for the quarter

The Evanston Project Deed will continue until terminated by the agreement of the parties or the expiry of the terms of the Cliffs Asia Tenements.

A party may only assign, novate or deal with its rights under the Evanston Project Deed with the written consent of the other party.

The Evanston Project Deed is governed by the laws of Western Australia.

7.5 Master Licence Agreement for Geophysical Services

EHL has engaged TGS-NOPEC Geophysical Company ASA (**TGS**), a Norwegian company which provides geophysical and geological data and services to oil and gas exploration companies, to conduct a 3D seismic survey of the Liberian Project.

Any geophysical and geological data resulting from the 3D seismic survey of the Liberian Project produced by TGS (**Data**) shall belong to TGS or that TGS shall be the duly authorised agent of the Data.

On 7 October 2009, EHL entered into a licence agreement with TGS (**Master Licence Agreement**) pursuant to which TGS granted EHL a non-exclusive licence to access the Data and generate its own displays, interpretations of the Data generated by TGS (**Interpretations**) and processings of the Data (**Derivatives**) (together, the **Seismic Material**) (**Licence**).

The amount of the Licence fee to be paid by EHL for the Data and Interpretations shall be calculated in accordance with the then current price and discount schedule (**Licence Fee**). Refer to Section 7.6 for summary of fees payable to TGS as at the date of this Prospectus). In addition to the Licence Fee EHL must pay TGS for all reproduction charges in relation to the Data and applicable taxes.

Pursuant to the Licence, EHL agrees to keep confidential and to take appropriate steps to ensure that its employees and agents keep strictly confidential, the Data, Interpretations and Derivatives provided under the Licence.

The Licence permits related entities of EHL to use the Seismic Material provided that EHL identifies such related entities to TGS and agrees to be fully bound by the terms of the Licence. EHL will require the prior written consent of TGS for the Company to use the Seismic Material following completion of the Acquisition.

The Licence provides that the Licence will terminate upon EHL's transfer of the Data to another entity. However, TGS will consent to a transfer of the Licence by EHL if the following conditions are satisfied:

(a) EHL transfers ownership or control of its equity interest or assets or substantially all of its petroleum exploration and development assets to a single acquiror;

(b) the transferee agrees to be bound by the terms of the Licence or agrees to enter into its own Master Licence Agreement with TGS; and

(c) the transferee pays 20% of the undiscounted list price of the Seismic Material licensed to EHL; or

(d) the transferee agreed to license additional the Material from TGS in an amount equal to 50% of the undiscounted list price.

The Licence will also terminate in the following circumstances:

(a) immediately if any terms of the Licence relating to ownership, use or transfer are breached;

(b) upon 10 day's written notice if any other terms of the Licence (other than ownership, use or transfer) are breached and the breach is not remedied within 10 days of the notice;

(c) upon 10 day's notice by one party to the other provided payment obligations under the Licence are satisfied;

(d) immediately if the licensee (EHL) becomes insolvent, fails to pay or admits in writing its inability to pay its debts as they fall due, acquiesces in the appointment of a liquidator, receiver over all or a substantial part of its assets or seeks an order for dissolution, winding up, liquidation or reorganisation; and

(e) if, without the consent of TGS, a receiver or liquidator is appointed over all or a substantial part of EHL's assets, or a proceeding for winding up etc instituted against EHL which shall remain undischarged for 60 days.

The Licence Agreement is governed by Norwegian law.

7.6 Supplementary Agreement with TGS

EHL has entered into a supplementary agreement with TGS pursuant to which EHL has agreed to take a licence of 5050 square kilometres of Data to be acquired and processed over Block 8 and Block 9 (**Supplementary Agreement**).

The Supplementary Agreement refers to the Master Licence Agreement (as summarised in Section 7.5). The anticipated fees payable to TGS during the course of the Supplementary Agreement total US$25,750,000 (**Data Fee**).

The Data Fee is payable as follows:

(a) US$2,500,000 to be paid within 15 days of the acquisition of the applicable Data;

(b) US$22,000,000 to be paid on a pro-rata basis as the Data is recorded; and

(c) US$1,250,000 to be paid upon completion of Data processing,

(together, the **TGS Data Fees**).

As at the date of this Prospectus, US$2,500,000 of the TGS Data Fees has been paid. At completion of the Acquisition, it is estimated that the fees payable to TGS for services on the Liberian Project will amount to approximately US$22,000,000 (**Estimated TGS Data Fees**). TGS has agreed to defer payment of the Estimated TGS Data Fees until completion of the Offer (refer to use of funds table in Section 3.5).

Safeguard Management Limited (an entity associated with Mr Frank Timis) (**Safeguard**) has provided a guarantee to TGS in respect of fees incurred by EHL owing to TGS.

The Supplementary Agreement also provides that if at any time EHL enters into a farm-in agreement with a third party in respect of Block 8 or Block 9, TGS shall receive a fee equal to US$2,000 per square kilometre of the Data in Block 8 or Block 9 (**Farm-in Fee**).

By letter agreement dated 3 February 2010, TGS waived any Farm-in Fee payable on completion of the Acquisition.

7.7 Senergy Project Proposal – Geological Investigations & Interpretation

EHL accepted a proposal from Senergy GB Limited (**Senergy**) dated 29 January 2010 pursuant to which Senergy agreed to undertake regional geological investigations and interpretation of the geophysical and geological data resulting from the 3D seismic survey of the Liberian Project produced by TGS as referred in Section 7.5 above (**Date Interpretation**) (**Senergy Proposal #1**).

It is anticipated that Senergy's work will start in mid-late July 2010 and last for a period of no less than six months. During this time Senergy will be required to interpret and develop a risked and ranked inventory of leads and prospects which will permit African Petroleum to focus resources on maximising exploration of the Liberian Project. Senergy will also be called up on for additional specialised technical support during the course of the project.

It is also envisaged that all technical data required for the execution of the Senergy Proposal #1 will be transferred by EHL to Senergy in advance of the proposed start date at or before mid-end July 2010. EHL is to acquire the relevant data from TGS.

The Senergy Proposal #1 contains the standard chargeable daily rates for each of the individuals involved in the work. Senergy limits its liability in connection with the performance of the Senergy Proposal #1 to £50,000 or the total fees received from EHL, whichever is the lesser sum.

The Senergy Proposal #1 contains a non-solicitation clause pursuant to which EHL undertakes not to make any offer of employment to Senergy consultants assigned to the work for the period of the assignment and for the six months following the assignment.

7.8 Senergy Project Proposal – Exploration Drilling Campaign

African Petroleum accepted a proposal from Senergy dated 19 March 2010 pursuant to which Senergy agreed to provide a dedicated Well Engineering & Well Operations/Project Management team to undertake sub-surface exploration work on Blocks 8 and 9 (**Senergy Proposal #2**).

The work to be provided under the Senergy Proposal #2 comprises five sequential stages to drill up to three deepwater (up to 1500 metres) exploration wells. The stages are as follows:

(a) defining the project requirements and project plan including developing a high level project and logistics plan, supply and support vessel strategy and third party services strategy;

(b) screening of options and selecting concept phase of project including drilling hazards identification, conceptual well design for first well, rig identification and third party identification contracting strategy;

(c) design and detailed engineering of the project including casing design, drilling fluid program, conceptual designs for second and third wells, drilling program for first well and regulatory and environmental submissions;

(d) execution of operations including full management of the well operations, management of rig contractor and third party services, well site supervision and planning of second and third wells; and

(e) close out.

The Senergy Proposal #2 contains a cost estimate of between £3,000,000 and £3,500,000 based on work in connection with two wells.

Senergy limits its liability in connection with the performance of the Senergy Proposal #2 to £50,000 or the total fees received from African Petroleum, whichever is the lesser sum.

The Senergy Proposal #2 contains a non-solicitation clause pursuant to which African Petroleum undertakes not to make any offer of employment to Senergy consultants assigned to the work for the period of the assignment and for the six months following the assignment.

7.9 General Consulting Agreement - Mano River Consulting Services Limited

On 15 December 2009, African Petroleum entered into an agreement with Mano River Consultancy Limited (**Mano**) (**Mano Consulting Agreement**) pursuant to which Mano agreed to provide the following services at African Petroleum's office in Sierra Leone:

(a) geological and geophysical evaluation of potential new offshore blocks in Benin, Gambia, Ghana, Guinea, Liberia, Sierra Leone and Togo;

(b) identification of new exploration opportunities including acquiring and reviewing technical, financial and contractual data and liaising with minestries and exploration companies;

(c) analysing of all contractual fiscal terms and incorporate exploration production capex/costs to develop an economic model;

(d) provision of input for development planning from technical, fiscal and operational sources;

(e) provision of in-country legal advice on technical, contractual and fiscal matters;

(f) provision and/or co-ordination of environmental and social impact assessments; and

(g) general services for operations including providing and managing personnel, local offices and transportation,

(together, the **Mano Services**).

In consideration for the provision of the Mano Services, African Petroleum will pay Mano:

(a) US$1 million upon application and qualification of the tendering for Block 3 Liberia;

(b) US$1 million upon the successful approval and signing of a petroleum licence agreement for Block 3 Liberia;

(c) US$2 million upon ratification by the Liberian Parliament of the award to the Company of Block 3 Liberia; and

(d) US$1 million upon ratification by the appropriate country parliament of an award to African Petroleum of a petroleum licence in either Sierra Leone, Ghana, Guinea, or Liberia (other than Block 3 Liberia).

The Mano Consulting Agreement can be terminated by either party giving two months notice and is governed by the law of England. Mano cannot assign the Mano Consulting Agreement without African Petroleum's consent.

7.10 Consultancy Agreement with Dr Berend van Hoorn

On 26 February 2008, EHL and Dr Berend van Hoorn entered into a Confidentiality, Non-disclosure and Consultancy Agreement (**BVH Consultancy Agreement**).

The BVH Consultancy Agreement provides that Dr van Hoorn will provide services to EHL including the review of existing data on the Liberian Project, scanning Data for potential deep water turbidites and the provision of summary recommendations to EHL following such review and scanning (**Consultancy Services**).

Pursuant to the terms of the agreement, Dr van Hoorn must not disclose information in relation to the Librarian Project provided to him in undertaking the Consultancy Services. Upon termination of the agreement between the parties all confidential information must be returned to EHL.

While the BVH Consultancy Agreement does not set out the specific terms of the consultancy arrangement between EHL and Dr van Hoorn, it does provide that EHL will pay Dr van Hoorn a daily rate of €800 and a daily rate for travelling and standby of €400 for the provision of the Consultancy Services.

The BVH Consultancy Agreement is governed by the law of England.

The BVH Consultancy Agreement does not constitute or imply a commitment or binding obligation between the parties. While no further agreement has been entered into between EHL and Dr van Hoorn, as at the date of this Prospectus the parties are currently in discussions in relation to the terms and conditions of a binding agreement. Refer to the associated risk factor set out in Section 6.15 in relation to this agreement.

8. BOARD AND CORPORATE GOVERNANCE

8.1 Current Directors

Antony William Paul Sage
Current Executive Chairman (to be Non-Executive Chairman following the Acquisition)

Mr Sage has in excess of 27 years experience in the fields of corporate advisory services, funds management and capital raisings. Mr Sage is based in Western Australia and has been involved in the management and financing of listed mining companies for the last 15 years.

Mr Sage is also the Executive Chairman of Cape Lambert Resources Limited, Cauldron Energy Limited, International Petroleum Limited and Corvette Resources Limited, and a non-executive director of FE Limited.

Timothy Paul Turner
Non-Executive Director

Mr Turner is a senior partner with accounting firm, Hewitt Turner & Gelevitis. Mr Turner specialises in domestic business structuring, corporate and trust tax planning and the issuing of audit opinions. Mr Turner also has in excess of 25 years experience in new ventures, capital raisings and general business consultancy.

Mr Turner has a Bachelor of Business (Accounting and Business Administration), is a registered company auditor, Fellow of CPA Australia and a Fellow of the Taxation Institute of Australia.

Mr Turner is also a director of Cape Lambert Resources Limited, International Petroleum Limited and Legacy Iron Limited.

Mark Gwynne
Non-Executive Director

Mr Gwynne has been involved in exploration and mining for over 17 years and has held management positions on mine sites and in the service sector of the mining industry, including general manager of an exploration consultancy. Mr Gwynne has extensive skills in exploration and mining logistics and management, as well as acquisition and divestment of mineral assets.

Mr Gwynne is also a director of Monitor Energy Limited, International Petroleum Limited and FE Limited.

8.2 Proposed Directors

Upon completion of the Acquisition, the Board will change to introduce a highly experienced executive team from African Petroleum that will oversee the exploration and development activities of Block 8 and 9. The Board and management appointments will include Mr Frank Timis as non-executive director, Mr Mark Ashurst as executive director, Mr Karl Thompson as Chief Operating Officer, Mr Gibril Bangura as non executive director, Mr Alan Watling as non executive director and Mr Anthony Wilson as non executive director. Mr Carlos Guzman and Dr Berend Van Hoorn will remain as technical consultants. Mr Tony Sage will become Non-Executive Chairman and Mr Timothy Turner will remain as a non executive Director with Mr Mark Gwynne stepping down as non executive Director. Further details of the proposed new Directors are set out below.

Frank Timis
Non-Executive Director

Mr Timis is a successful resource entrepreneur. He has interests in numerous resource companies listed in London, Australia and Toronto and assets worldwide. Mr Timis has raised approximately US$1 billion on the financial markets worldwide and is Executive Chairman of African Minerals Limited, an AIM listed mineral exploration company with significant interests in Sierra Leone.

He was Executive Chairman and a director of Regal Petroleum plc (**Regal Petroleum**) from 29 July 2002 until his resignation on 7 June 2005. On 17 November 2009, the London Stock Exchange (the **Exchange**) issued a public censure and fine of £600,000 against Regal Petroleum for breaches of AIM Rules (the **Regal Decision**) relating to Regal Petroleum's notifications (the **Notifications**) and delays in notifying the market of material developments (together the Notifications and delay being referred to as the **Public Censure Matters**) during the period 27 June 2003 to 19 May 2005 (the **Relevant Period**).

There were a number of other directors of Regal Petroleum during the Relevant Period and the Regal Decision did not specifically criticise the actions of Mr Timis or of any other individual director during the Relevant Period, nor did the resulting sanctions apply to the directors individually. Neither Mr Timis nor any other director was sanctioned or prosecuted as a result of his actions as a director of Regal Petroleum during the Relevant Period.

In 2007, Mr Timis was Executive Chairman of an AIM listed company that released 2 announcements to AIM which were subsequently determined to contain misleading and unrealistically optimistic statements about the prospects and actual results of the company's operation and, as a result, the company was found to be in breach of the AIM Rules for failing to take reasonable care to ensure that they were not misleading. A private censure and fine of £75,000 was issued by AIM in January 2008.

Mr Timis received a number of penalties and sanctions in Australia relating to various minor and largely driving related offences and two (2) narcotic related offences, and a charge for failing to store explosives correctly. In the first narcotics offence, Mr Timis was convicted in 1990 for heroin sell or supply and fined $10,000. In the second narcotics offence, Mr Timis was charged in 1991 with possession of approximately 17 grams of heroin with intent to sell or supply it to another and fined $17,000. Under Australian Law, possession in the amount stated carries a prescription of intent.

In May 2002, the Toronto Stock Exchange (**TSX**) advised Mr Timis that TSX had determined that he was unsuitable to act as a director, officer or major or controlling shareholder of a TSX listed issuer due to Mr Timis' failure to disclose his previous heroin convictions on a personal information statement provided to TSX. In November 2007, TSX again determined that Mr Timis was unsuitable to act as a director, officer or major or controlling shareholder of a TSX listed issuer on the basis of both this failure to disclose and the Regal Decision (as outlined above). These determinations by TSX do not constitute a ban on Mr Timis being a director of an unlisted company in this jurisdiction. Further, Mr Timis is continuing to provide information requested by TSX in respect of his request for TSX to reconsider the unsuitability of him as a director of a TSX listed entity.

The Company recognises the need to balance the benefits of Mr Timis' knowledge of the Liberian Project with the interests of investors in light of the recent Regal Decision and decisions by TSX and more recently, the ASX Decision. While the current Board acknowledges his relationship with those persons that have been involved with the Liberian Project to date, he will not have an integral role in its day-to-day operations. As a non executive director of the Company, it is proposed that Mr Timis will be involved, in conjunction with the Liberian Project management team, in forming and securing high level governmental and national oil relationships in respect of the Liberian Project. Any securing or consummating of contracts or relationships would require the consultation and approval of the Board but it is envisaged that Mr Timis, through his established relationships in respect of the Liberian Project, will be involved in initial dealings and negotiations. However, Mr Timis will not have a significant role in the day-to-day operations of the Liberian Project or the Company. This will be carried out by the management team (referred to in Section 5.4).

In accordance with the Company's corporate governance policies, the release of information to the Company's applicable exchange in accordance with the Company's continuous disclosure obligations will be determined by the Board as a whole on advice from technical, financial and legal persons, where appropriate and the recommendation from the Continuous Disclosure Committee (refer to Section 8.3).

Mr Timis will not be a member of the Continuous Disclosure Committee, Audit Committee or Remuneration Committee.

Mark Ashurst
Executive Director

Mr Ashurst graduated from Sheffield University with a degree in law and is a qualified Barrister and Chartered Accountant. He is a member of the Institute of Chartered Accountants in England and Wales. Mr Ashurst has been employed as a senior investment banker with a broad range of corporate finance and broking skills gained from over 20 years in the City of London. Institutions Mr Ashurst has worked for include BZW, Hoare Govett and, more recently, Canaccord Adams. He has advised both UK and overseas listed companies and has significant expertise in initial public offerings, fund raising and mergers and acquisitions. Mr Ashurst is a Non-Executive Director of African Minerals Limited and is a Director of Eastern Petroleum Corporation Limited.

Karl Thompson
Executive Director and Chief Operating Officer

Mr Thompson is an accomplished petroleum explorationist with 27 years of technical, operational and managerial experience in the exploration and development of hydrocarbons with major multinational and independent energy companies. He has established a track record as a successful 'oil finder' and commercial acquisitions of new venture oil and gas assets as well as corporate takeovers. He spent 18 years with Chevron Corporation where he was Exploration and Production Director as well as Strategic Planning Manager involved in a number of successful oil discoveries and developments as well as new venture acquisitions. Following a successful career with Chevron he started his petroleum consultancy working with companies in West Africa assisting with further hydrocarbon discoveries and new venture acquisitions. He has extensive experience in Europe, Africa and the Middle East working with major multinational companies and new start up AIM exploration companies as well National Oil companies. He holds an MSc in Geophysics from Imperial College London and BSc in Geology from University College London.

Gibril Bangura
Non-Executive Director

Mr Bangura is an Executive Director of African Minerals Limited and the General Manager of all of African Mineral Limited's Sierra Leone subsidiaries. He is the former Financial Controller of Regent Star International, and Deputy General Manager and director of Bond Tak Mining Company. He has an Advanced Level Certificate from the American College in Cairo, and attended Atlanta Junior College, Atlanta, Georgia as an associate of the Arts and Business Management Faculty.

Alan Watling
Non-Executive Director

Mr Watling has nearly 30 years of experience in the iron ore industry and has held senior positions in multinational companies with focuses on heavy haul rail, port and mine operations, including Rio Tinto and Fortescue Metals. At Fortescue Metals he was Chief Operating Officer and is now Chief Executive Officer of African Minerals Limited.

Anthony Wilson
Non-Executive Director

Mr Wilson has had a long career in a number of senior financial positions. Having qualified as a Chartered Accountant, he initially became a partner in general practice before moving into the investment banking sector initially with Wedd Durlacher Mordaunt & Co, the stockjobber, and then with BZW, the investment banking division of Barclays. He was Finance Director for BZW Securities and BZW Asset Management over a period of 10 years. Following BZW, Mr Wilson held various senior management roles as a director for DAKS Simpson Group plc and Panceltica Holdings plc. He is currently a consultant of GreenGoldInvest Corp, which is involved in farming operations in Brazil. Mr Wilson is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of the Chartered Institute for Securities and Investments.

8.3 Corporate Governance

The Company's main corporate governance policies and practices are outlined below. These will be reviewed and updated to accommodate the change in Board structure upon completion of the Acquisition particularly in respect of the formation of the Continuous Disclosure Committee and ensuring the parameters of Mr Timis' involvement in the Company are as set out in this Prospectus. A copy of the revised Corporate Governance Policy will be available on the Company's website and will form an NSX pre-quotation disclosure obligation.

The Board of Directors

The Company's Board of Directors is responsible for overseeing the activities of the Company. The Board's primary responsibility is to oversee the Company's business activities and management for the benefit of the Company's shareholders.

The Board is responsible for the strategic direction, policies, practices, establishing goals for management and the operation of the Company.

The Board assumes the following responsibilities:

(a) appointing and removing the Managing Director; Executive Officers, Chairman and Company Secretary;

(b) developing corporate objectives and strategies;

(c) establishing appropriate levels of delegation;

(d) monitoring actual performance against planned performance;

(e) monitoring the performance of senior management;

(f) ensuring the Company is appropriately positioned to manage risks;

(g) enhancing and protecting the Company's reputation;

(h) managing occupational health and safety and environmental issues

(i) ensuring the Company's financial statements reflect the Company's position adequately;

(j) ensuring that appropriate reporting controls are in place

(k) ensuring external and internal audit arrangements are operating effectively;

(l) ensuring the Company acts legally and responsibly;

(m) reporting to shareholders.

Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

(a) the Board is to comprise Directors with a blend of skills, experience and attributes appropriate for the Company and its business; and

(b) the principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

Code of Conduct

The Company has in place a code of conduct which aims to encourage appropriate standards of behaviour for directors, officers, employees and contractors. All are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. The Directors are subject to additional code of conduct requirements.

Remuneration arrangements

The total maximum remuneration of non-executive Directors is the subject of a Shareholder resolution in accordance with the Company's Constitution, the Corporations Act and applicable Listing Rules. The current limit, which may only be varied by Shareholders in general meeting, is an aggregate amount of $150,000 per annum.

The Board may award additional remuneration to non-executive Directors called upon to perform extra services or make special exertions on behalf of the Company.

Internal Audit Committee

The Company has appointed an audit committee. The Committee has specific powers delegated under the Company's Audit Committee Charter. The charter sets out the Audit Committee's function, composition, mode of operation, authority and responsibilities.

External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

Securities Trading Policy

The Company has developed a securities trading policy. This policy imposes constraints on directors and senior executives of the Company dealing in securities of the Company. It also imposes disclosure requirements on Directors.

Continuous Disclosure Policy

The Company has adopted a policy concerning continuous disclosure. The policy outlines the disclosure obligations of the Company as required under the Corporations Act and the ASX Listing Rules.

The Company is committed to:

(a) complying with the general and continuous disclosure principles contained in the Corporations Act and applicable Listing Rules;

(b) preventing the selective or inadvertent disclosure of material prince sensitive information;

(c) ensuring shareholders and the market are provided with full and timely information about the Company's activities; and

(d) ensuring that all market participants have equal opportunity to receive externally available information issued by the Company.

Risk Management Program

The Company's primary objective in relation to risk management is to ensure that risks facing the business are appropriately managed.

The Board and senior management are committed to managing risks in order to both minimise uncertainty and to maximise its business opportunities.

Nominated Advisor

In accordance with the rules of NSX, the Company proposes to appoint Steinepreis Paganin Lawyers and Consultants as its nominated advisor (**NOMAD**). Steinepreis Paganin has been the legal advisor to the Company since incorporation and advised on its spin off of the Company from Cape Lambert Resources Limited, so it is familiar with the Company, its existing Board and its existing assets. It is proposed that Steinepreis Paganin will be consulted and advise on announcements issued by the Company that are price sensitive.

Continuous Disclosure Committee

In accordance with its existing corporate governance policies, the Company proposes to establish a Continuous Disclosure Committee (comprising Messrs Ashurst, Turner, Bangura, Watling and Wilson) which will prepare (in conjunction with other relevant parties) and recommend all announcements that are then finally approved and signed off by Mr Sage (Non-Executive Chairman of the Company) and in the case of price sensitive announcements, the NOMAD before being released to the relevant exchange. This committee and the

NOMAD will complement and strengthen the continuous disclosure policy currently in place. In addition, the reporting procedures set out in Section 5.4 of this Prospectus will be followed to ensure the Company's compliance with all continuous disclosure reporting requirements in respect of the Liberian Project.

Specifically, all announcements of the Company will be made from the offices in Perth (by persons who are experienced in making securities exchange announcements) and no announcement will be made without the initial recommendation of the Continuous Disclosure Committee and the subsequent approval of Mr Sage and NOMAD as necessary. Specifically, although Mr Timis will be consulted on the release of announcements, he will not have the authority to release announcements. The only persons that have access to the announcement platform are the company secretary and chief financial officer and in accordance with the Continuous Disclosure Policy outlined above, those persons will not release an announcement until it has the final approval of Mr Sage. Both the company secretary and chief financial officer are experienced in listed companies and dealings with securities exchanges to appreciate the necessity of the above process being followed.

The Company also has a Director's Code of Conduct which addresses the policy surrounding public and media comment. Specifically, individuals are not permitted to make official comment on matters relating to the Company unless they are authorised by Mr Sage.

9. INVESTIGATING ACCOUNTANT'S REPORT

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27 May 2010

The Directors
Global Iron Limited
Level 1
18 Oxford Close
LEEDERVILLE WA 6007

Dear Sirs

RE: INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

This report has been prepared at the request of the Directors of Global Iron Limited ("Global Iron" or "the Company") for inclusion in a Prospectus to be dated on or around 27 May 2010 ("the Prospectus") relating to the proposed issue by Global Iron of up to 418,181,818 shares to be issued at a price of 55 cents per share to raise up to $230,000,000 before capital raising costs with a minimum subscription of 272,727,273 shares at 55 cents each to raise $150,000,000 (before capital raising costs).

2. Basis of Preparation

This report has been prepared to provide investors with information on historical results, the condensed consolidated statement of financial position (balance sheet) of Global Iron (Appendix 1) and the pro-forma condensed consolidated statement of financial position of Global Iron (Appendix 2) prepared using reverse acquisition accounting principles. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports in accordance with the Corporation Act 2001. This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. Stantons International Securities has not been requested to consider the prospects of the Global Iron Group, the securities on offer and related pricing issues, or the merits and risks associated with becoming a shareholder and accordingly, has not done so, nor purports to do so. Stantons International Securities accordingly takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report. Risk factors are set out in Section 6 of the Prospectus.

3. Background

Global Iron was incorporated in May 2007. The Company is an ASX listed mineral exploration company whose primary focus is related to iron ore exploration and evaluation. Its main asset is the Evanston Project Iron Ore Rights Deed with Cliffs Asia Pacific Iron Ore Pty Ltd ("Cliffs"). Cliffs had agreed to spend $1,000,000 within 3 years from 2 February 2007 to explore for iron ore on six tenements that form part of the Evanston Project to enable Cliffs to earn a 100% interest in the iron ore rights. As at 2 February 2010, Cliffs had met the expenditure commitment and the Company's interest in the iron ore rights has been replaced by a royalty of 1.5% of the average per tonne value of the iron ore product transported from the six tenements, the subject of the iron ore rights. In addition, the Company has iron ore rights on British Hill tenements, Clampton tenements, Evanston tenements, Mt McMahon, Mt Ida, Bali Hi and Jackson – all in Western Australia.

In terms of a Share Sale Agreement ("SSA") entered into by Global Iron, African Petroleum Corporation Limited ("APC"), European Hydrocarbons Limited ("EHL-UK") and the shareholders of APC in February 2010 it is proposed that Global Iron will acquire 100% of the shares in APC. APC is an unlisted public company incorporated in the Cayman Islands that, as at 20 April 2010, has 32 shareholders, including a shareholding under the control of Frank Timis, being Sarella Investments Limited ("Sarella").

The only significant Petroleum Assets that the APC Group has an interest in are in Liberia, West Africa. The National Oil Company of Liberia has granted EHL-UK (wholly owned subsidiary of APC) and Regal Liberia Limited ("Regal Liberia"), a wholly owned subsidiary of EHL-UK, an exclusive exploration right pursuant to Production Sharing Contracts ('PSC's") on Liberia Blocks 8 and 9. EHL-UK has a 75% interest and Regal Liberia has a 25% interest in the 2 Blocks.

Further details on the Petroleum Assets owned by the APC Group are set out in the 30 November 2009 report titled "A Resource Evaluation of Offshore Liberia Blocks 8 and 9" ("Resource Evaluation Report") prepared by IHS (Global) Limited ("IHS") which is included section 10 of the Prospectus (Competent Person's Report).

For the purpose of this report the proposed acquisition of all of the shares in APC is known as the APC Acquisition.

It is proposed that Global Iron will acquire all of the issued share capital of APC from the APC Shareholders for the consideration of 906,250,050 shares in Global Iron ("Purchaser Shares"). The APC Acquisition will not complete unless Global Iron successfully completes a minimum capital raising (Capital Raising) of $150,000,000 (before capital raising costs) at 55 cents shares per share with a maximum capital raising of $230,000,000 (before capital raising costs). Mr Tony Sage, who is the executive chairman of Global Iron, is a shareholder in both APC and Global Iron. Mr Sage currently holds an 11.03% interest in Global Iron – meaning that the APC shareholders currently hold an 11.03% interest in Global Iron. By acquiring all of the shares in APC, the APC shareholders collectively will increase their shareholding interest in Global Iron from approximately 11.03% (pre the Capital Raising and pre the APC Transaction) to approximately 75.87% of Global Iron (75.70% if the 1,998,383 Global Iron shares currently held by Mr Sage are excluded) on the basis of a minimum Capital Raising of $150,000,000. The major shareholder of APC, being Sarella, will increase its shareholding in Global Iron from nil% (pre the APC Acquisition) to approximately 52.70% (on the basis of a minimum Capital Raising). From an accounting perspective, the issue of Purchaser Shares to the APC Shareholders is in effect a reverse acquisition of Global Iron as the existing Global Iron shareholders' interest in Global Iron post the Capital Raising and the APC Transaction will be reduced to approximately 1.51% (1.35% excluding the interests of Mr Sage) assuming the minimum Capital Raising. The APC Acquisition and the issue of shares pursuant to the Capital Raising are subject to Global Iron Shareholder approval being obtained at a General Meeting of Shareholders.

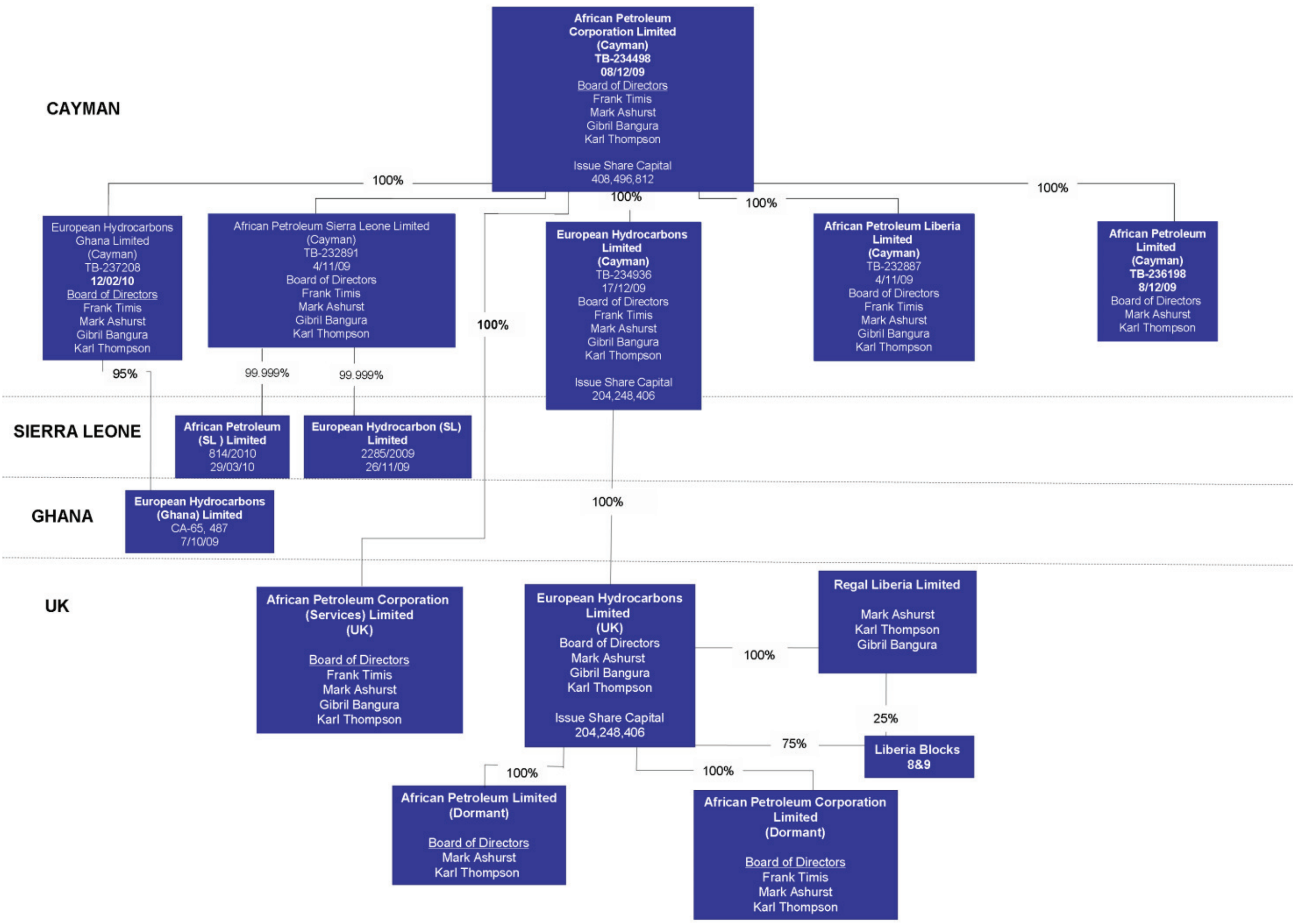
The current Board of Directors is expected to change in the near future as a result of the APC Acquisition. It is proposed that two of the existing directors, Messrs Tim Turner and Tony Sage, will remain on the Board with Mr Tony Sage being appointed Deputy Chairman. It is proposed that six new Board members will be appointed, all of whom are overseas residents. The proposed directors are Messrs Frank Timis, Mark Ashurst, Karl Thompson, Gibril Bangura, Anthony Wilson and Alan Watling. The new appointments will become effective on completion of the APC Acquisition. Subject to the approval of shareholders, it is proposed to change the name of the Company from Global Iron Limited to African Petroleum Corporation Limited to reflect the change in nature of the Company's operations.

On 9 February 2010, the Company announced that it had entered into a Share Sale Agreement with the shareholders of APC. On 26 March 2010, the ASX advised the Company that in the event shareholders approved the APC Acquisition and the APC Acquisition completed, the Company would not be admitted to admission and quotation on the ASX. The basis for the ASX Decision, as advised to the Company, stems from ASX's concern over the influence that Mr

Frank Timis, as a substantial shareholder (via Sarella) and director will have on the Company's ability to comply with its continuous disclosure obligations following completion of the APC Acquisition. The Company appealed the ASX Decision which was heard on 30 April 2010. The ASX Appeal Tribunal upheld the ASX decision but directed that the ASX had erred in failing to take into account additional submissions made by the Company after the ASX Decision to address ASX's concerns ("Appeal Decision"). As a result of the Appeal Decision, the Company made a submission to ASX which included the additional submissions in respect of requoting the Company post completion of the Acquisition.

On 19 May 2010, ASX advised the Company that it had considered the additional submissions but affirmed its earlier decision. The Company is appealing this latest decision by ASX ("19 May Decision"). The Company's Notice of Meeting dated 30 April 2010 is seeking Shareholder approval to delist the Company from ASX in the event its appeal against the ASX decision is not successful. If the Company is not successful in its appeal and Shareholders pass the resolutions at the General Meeting and NSX conditionally approves the Company to admission, the Board may seek to delist the Company from ASX. In any event, the Shares offered pursuant to the Prospectus and the Purchaser Shares to be issued pursuant to the SSA will not be quoted on ASX. APC is incorporated in the Cayman Islands as a non listed public company. The subsidiaries are disclosed in the diagram as noted below:

AFRICAN PETROLEUM - GROUP STRUCTURE



Once the APC Acquisition has completed, the proposed directors will be appointed to the board and those in executive director roles will enter into executive service agreements with the Company. The terms of the service agreements will only be finalised subsequent to the completion of the Acquisition. Mr Sage currently has a consultancy services agreement with the Company, details of which are noted below and in the material contracts section of the Prospectus (section 7).

Potential investors should read the Prospectus in full, including the Resource Evaluation Report on the Petroleum Assets prepared by IHS and the Liberian Legal Report. We make no comments as to ownership or values of the current and proposed petroleum assets of the Global Iron Group. Further details on all significant contracts entered into by the Company are referred to in the Material Contracts section of the Prospectus (section 7).

4. Scope of Examination

You have requested Stantons International Securities to prepare an Investigating Accountant's Report on:

a) the unaudited condensed statement of financial position of Global Iron as at 31 March 2010 (Appendix 1); and
b) the unaudited condensed consolidated pro-forma statement of financial position of Global Iron at 31 March 2010 adjusted to include funds to be raised by the Prospectus and the completion of transactions referred to in note 2 of Appendix 2.

All of the financial information referred to above has not been audited or audit reviewed. The Directors of Global Iron are responsible for the preparation and presentation of the historical and pro-forma financial information, including the determination of the pro-forma transactions. We have, however, examined the financial statements and other relevant information and made such enquiries as we considered necessary for the purposes of this report. The scope of our examination was substantially less than an audit examination conducted in accordance with Australian Auditing Standards and accordingly, we do not express such an opinion. Our examination included:

a) discussions with directors and other key management of Global Iron;
b) review of contractual arrangements;
c) a review of publicly available information; and
d) a review of work papers, accounting records and other documents.

5. Opinion

In our opinion, the pro-forma condensed consolidated statement of financial position as set out in Appendix 1 presents fairly the pro-forma condensed consolidated statement of financial position of Global Iron as at 31 March 2010 in accordance with the accounting methodologies required by Australian Accounting Standards and on the basis of the assumptions and transactions set out in Appendix 2. No opinion is expressed on the historical results and statements of financial position, as shown in Appendix 1, except to state that nothing has come to our attention which would require any further modification to the financial information in order for it to present fairly, the statements of financial position as at 31 March 2010 and the results of the period identified.

To the best of our knowledge and belief, there have been no other material items, transactions or events subsequent to 31 March 2010 that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

6. Other Matters

At the date of this report, Stantons International Securities (as a trading arm of Stantons International Pty Ltd) does not have any material interest in Global Iron either directly or indirectly, or in the outcome of the Offer. Stantons International Securities was appointed in April 2010 to undertake an Independent Experts Report for Global Iron in connection with the proposed acquisition of APC. In May 2010, Stantons International Securities updated its Independent Experts Report and redated it 27 May 2010. Stantons International Securities was not involved in the preparation of any other part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus. Stantons International Securities consents to the inclusion of this report (including Appendices 1 and 2) in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully
STANTONS INTERNATIONAL SECURITIES

J P Van Dieren - FCA
Director

INVESTIGATING ACCOUNTANT'S REPORT

APPENDIX 1 – UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	Global Iron Unaudited 31 March 2010 $000's	Global Iron Unaudited Pro-forma Consolidated 31 March 2010 $000's
Current Assets			
Cash and cash equivalents	3	942	143,070
Trade and other receivables	4	28	81
Total Current Assets		970	143,151
Non Current Assets			
Investments	7	-	-
Plant and equipment	5	2	47
Capitalised exploration costs	6	182	48,748
Total Non Current Assets		184	48,795
Total Assets		1,154	191,946
Current Liabilities			
Trade and other payables	8	198	26,797
Borrowings (shareholder loan)	9	-	2,248
Total Current Liabilities		198	29,045
Net Assets		956	162,901
Equity			
Issued capital	10	2,328	171,323
Share premium reserve	11	-	-
Share based payments reserve	12	1,229	-
Accumulated losses	13	(2,601)	(8,422)
Net Equity		956	162,901

INVESTIGATING ACCOUNTANT'S REPORT

APPENDIX 2

CONDENSED NOTES TO THE UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

1. Statement of Significant Accounting Policies

(a) Basis of Accounting

The unaudited condensed Statements of Financial Position have been prepared in accordance with applicable accounting standards, the Corporations Act 2001 and mandatory professional reporting requirements in Australia (including the Australian equivalents of International Financial Reporting Standards) and we have made such disclosures as considered necessary. They have also been prepared on the basis of historical cost and do not take into account changing money values. The accounting policies have been consistently applied, unless otherwise stated. The Statements of Financial Position have been prepared on a going concern basis which is dependent on the Company raising additional capital to continue to meet its debts as they fall due.

(b) Principles of Consolidation

The consolidated Statement of Financial Position incorporates the assets, liabilities and results of entities controlled by Global Iron Limited at the end of the reporting period. A controlled entity is any entity over which Global Iron Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the portion of the period that they were controlled. In preparing the consolidated Statements of Financial Position, all inter-group balances and transactions between entities in the consolidated group have been eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

(c) Business combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the acquisition method.

The acquisition method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

(d) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted as at balance date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxation profit or loss. Deferred tax assets are recognised to the extent that it is probable that the future taxable profits will be available against which deductible temporary differences will be utilised. The amount of the benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in the income taxation legislation and the anticipation that the economic unit will derive sufficient future assessable income to enable the benefits to be realised and comply with the conditions of deductibility imposed by law.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank over overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed by the entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

- Plant and equipment 20%-25%
- Motor vehicles 22.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amounts if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(g) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure is incurred in securing exploration rights. The expenditure incurred is accumulated in respect of each identifiable area of interest. Costs associated with these identifiable areas of interest are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(h) Leases

Leases of plant and equipment where substantially all the risks and benefits incidental to the ownership of the asset, but the legal ownership is not transferred to the entity, are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased asset or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(i) Impairment of Non Financial Assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) Employee Benefits

Equity-settled Compensation

The Company operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Binomial pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(k) Revenue

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. All revenue is stated net of the amount of goods and services tax (GST).

(l) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstance the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(m) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Fair Value Estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

Key Estimates and Judgments – Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

(n) Foreign Currency Transactions and Balances

Both the functional and presentation currency of Global Iron Limited at 31 March 2010 was Australian Dollars. The functional currency of the APC group is the Pound Sterling. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences are taken to the income statement with the exception of differences in foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement. Tax charges and tax credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Where the functional currency of a subsidiary of Global Iron Limited is not Australian Dollars the assets and liabilities of the subsidiary at reporting date are translated into the presentation currency of Global Iron Limited at the rate of exchange ruling at the balance sheet date and the income statements are translated by applying the weighted average exchange rate for the period. Any exchange differences arising on this retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity and relating to that particular foreign operation is recognised in the Income Statement.

(o) Going concern

The Company has entered into a Share Sale Agreement to acquire African Petroleum Corporation Limited (“APC”). One of the conditions precedent to the completion of the Share Sale Agreement is that the Company successfully raises at least $130 million and up to $230 million. However, the Global Iron Board has resolved to raise a minimum of $150,000,000 pursuant to a Prospectus. The capital raising will result in the Company being well funded and able to carry out planned exploration programs.

In the event that the Share Sale Agreement is not completed, the Company will remain focused on the exploration and development of its existing mineral assets. Positive exploration and development results will be a key factor in the Company’s ability to attract funding and meet its financial commitments in relation to these mineral assets in the future.

The Company’s ability to continue as a going concern depends on the completion of the Share Sale Agreement and capital raising and its ability to obtain financing through equity financing, joint ventures or other arrangements in relation to its existing mineral assets.

2. Actual and Proposed Transactions to Arrive at Pro-forma Unaudited Consolidated Statement of Financial Position

Actual and proposed transactions adjusting the 31 March 2010 unaudited condensed Statement of Financial Position of Global Iron in the pro-forma consolidated Statement of Financial Position of Global Iron are as follows:

(a) estimated operating expenditure of $176,000 for the 3 months to 30 June 2010 for Global Iron;
(b) the issue of 272,727,273 shares at 55 cents each to raise a gross $150,000,000;
(c) estimated cash capital raising costs of $7,770,000 which have been debited against share equity;
(d) estimated cash capital raising costs of $15,000 which have been expensed and included in accumulated losses;
(e) the issue of 906,250,050 shares at a deemed price of 55 cents each for a total deemed value of $498,437,528 for the acquisition of 100% of the shares in APC and its subsidiaries;
(f) The issue of 8,181,818 share options as part of the capital raising costs at a deemed total cost of $1,212,538 initially credited to a share based payment reserve and subsequently eliminated as part of reverse acquisition accounting;

(g) Global Iron pro-forma accumulated losses at date of acquisition of APC eliminated as part of reverse acquisition accounting;
(h) APC pro-forma accumulated losses at date of acquisition of APC brought to account as part of reverse acquisition accounting (note 17);
(i) Global Iron pro-forma contributed equity (issued capital) at date of acquisition of APC eliminated as part of reverse acquisition accounting (note 17);
(j) Deemed consolidated issued capital arising on reverse acquisition of APC, being the existing share capital of APC adjusted for Purchaser Shares and shares issued pursuant to the Prospectus (note 17);
(k) Global Iron pro-forma share based payment reserve at date of acquisition of APC eliminated as part of reverse acquisition accounting; and
(l) APC share premium of $7,979,000 at date of acquisition of APC initially brought to account as part of reverse acquisition accounting (note 17) and subsequently transferred to issued capital.

The APC Group 31 March 2010 Pro-forma net assets to be acquired by Global Iron are set out in note 17.

	Note	Unaudited Global Iron 31 March 2010 $000's	Unaudited Consolidated Global Iron Pro-forma 31 March 2010 $000's
3. Cash Assets			
Cash and cash equivalents 31 March 2010		942	942
Administration costs of Global Iron	2(a)	-	(176)
Issue of 272,727,273 shares at 55 cents each	2(b)	-	150,000
Capital raising costs-cash	2(c)(d)	-	(7,785)
Cash assets acquired on acquisition of the APC Group	17	-	89
		942	143,070
4. Trade and Other Receivables			
GST receivable/other		28	28
Tax receivables on acquisition of the APC Group	17	-	53
Total		28	81
5. Plant and Equipment			
Plant and equipment		2	2
Plant and equipment costs on acquisition of the APC Group	17	-	45
		2	47
6. Capitalised Exploration and Evaluation Assets			
Exploration and evaluation expenditure		182	182
Exploration and evaluation costs on acquisition of the APC Group	17	-	31,592
Increase in the deemed fair value of the exploration and evaluation costs arising on the reverse acquisition of the APC Group	17	-	16,974
		182	48,748

	Note	Unaudited Global Iron 31 March 2010 $000's	Unaudited Consolidated Global Iron Pro-forma 31 March 2010 $000's
7. Investments			
Investments at 31 March 2010		-	-
Acquisition of APC Group	2(e)	-	498,438
Less eliminated on consolidation		-	(498,438)
Total Investments		-	-

The ability for APC to repay any future debts due to Global Iron (and other parties) and the ability of Global Iron to recover its investment in APC once acquired will be dependent on the successful commercialisation of the Blocks 8 and 9 offshore Liberia held by APC and its subsidiaries. Losses may be incurred by APC and provisions required against the investment in APC and any future loans to APC by Global Iron.

	Note	Unaudited Global Iron 31 March 2010 $000's	Unaudited Consolidated Global Iron Pro-forma 31 March 2010 $000's
8. Trade and Other Payables			
Trade and other payables		198	198
Trade and other payables on acquisition of the APC Group	17	-	26,599
		198	26,797
9. Borrowings (shareholder loan)			
Borrowings from related parties on acquisition of the APC Group	17	-	2,248
		-	2,248
10. Issued Capital			
18,125,002 shares as at 31 March 2010		2,328	2,328
Issue of 272,727,273 shares at 55 cents each	2(b)	-	150,000
Capital raising costs-cash	2(c)	-	(7,770)
Capital raising costs arising on issue of 8,181,818 options to broker	2(f)	-	(1,212)
Issue of 906,250,050 shares at 55 cents each	2(e)	-	498,438
Total		2,328	641,784
Less: eliminated on reverse acquisition		-	(641,784)
Add: deemed consolidated issued capital arising on reverse acquisition of APC	17	-	171,323
Total		2,328	171,323
Pro-forma (shares) on issue		18,125,002	1,197,102,325

In the event that the maximum subscription of $230,000,000 is received, the number of shares on issue would increase to 1,342,556,870 as 418,181,818 shares (instead of 272,727,273 shares) would be issued pursuant to the Capital Raising, the issued capital would increase to $251,323,000 (cash capital raising costs would increase by $4,015,000 to $11,785,000, share option capital raising costs would increase by $646,000 to $1,858,000) and cash at bank would increase by $75,985,000 to $219,055,000.

	Note	Unaudited Global Iron 31 March 2010 $000's	Unaudited Consolidated Global Iron Pro-forma 31 March 2010 $000's
11. Share Premium Reserve			
Balance at 31 March 2010		-	-
Share premium reserve in APC brought to account on reverse acquisition	17	-	7,979
Transferred to issued capital	2(l)	-	(7,979)
		-	-
12. Share Based Payments Reserve			
Balance at 31 March 2010		1,229	1,229
Eliminated on reverse acquisition	2(k)	-	(1,229)
Arising on issue of 8,181,818 options to brokers to the Capital Raising	2(f)	-	1,212
Eliminated on reverse acquisition	2(f)	-	(1,212)
		-	-

At 31 March 2010 Global Iron has on issue 12,500,000 share options exercisable at 20 cents each, on or before 31 July 2010. Each of the Global Iron share options may convert into one Global Iron ordinary share provided that the share option holder exercises their right on or before the expiry date. The Brokers to the Capital Raising will receive between 8,181,818 Broker Share Options and 12,545,455 share options depending on the amount raised pursuant to the Capital Rasing (payment by way of share options representing 3% of the shares issued under the Capital Raising). Such Broker Share Options will be exercisable at 55 cents each within three years from issue date (expected issue date to be in June 2010). The deemed fair value of the 8,181,818 options is $1,212,538 based on an exercise price of 55 cents each, a grant date share price of 55 cents each, a volatility factor of 50% and an interest rate of 5%.

13. Accumulated Losses

	Note	Unaudited Global Iron 31 March 2010 $000's	Unaudited Consolidated Global Iron Pro-forma 31 March 2010 $000's
Balance as at 31 March 2010		(2,601)	(2,601)
Administration costs	2(a)	-	(176)
Cash costs of the Capital Raising	2(d)	-	(15)
Global Iron accumulated losses eliminated on reverse acquisition	2(g)	-	2,792
Accumulated losses in APC Group brought to account on reverse acquisition	2(h)	-	(8,422)
		(2,601)	(8,422)

14. Contingent Liabilities and Commitments

As at 31 March 2010, the Company and the APC Group have the following material commitments that have not been accrued as liabilities in the unaudited consolidated condensed pro-forma statement of financial position.

APC Group minimum expenditure commitments under Production Sharing Contracts ("PSC's") with the National Oil Company Of Liberia.

	$000's
First exploration period (2 years remaining, ending on 23 June 2012)	-
Second exploration period (2 years ending on 23 June 2014)	24,130
Third exploration period (2 years ending on 23 June 2016)	24,112
	48,242

The APC group commitments are in respect of the exploration of Liberia Blocks 8 and 9 and comprise exploration commitments, and contribution to a Hydrocarbon Development Fund, Staff and Training, University of Liberia, social and welfare programmes and surface rentals. The first exploration period commenced on 23 June 2008 and expires on 23 June 2012. The commitments are denominated in USD and have been converted at an exchange rate of AUD1=USD0.90522.

A summary of the PSC's is set out below:
The two PSC's are identical except for the specific Block to which they relate. In the first exploration period of four years (First Exploration Period), the Contractors are required to carry out a 3D seismic survey and drill one exploratory well on each of Block 8 and Block 9 and in so doing are required to invest no less than US$8,000,000 per Block and drilled to a minimum depth of 2000 meters after deduction of the water depth. At the end of the First Exploration Period, the Contractors are required to surrender 25% of the initial surface of each of Blocks 8 and 9. If the work commitment in the First Exploration Period is completed (as ascertained by the Government of Liberia), the Contractors' exclusive exploration authorisations will be renewed at the Contractors' request for a second exploratory period (Second Exploration Period). Each of the PSCs is currently in its second year of the First Exploration Period.

The Second Exploration Period is for a period of two years during which the Contractors are required to drill a further exploratory well on the remaining surface area of each of Block 8 and Block 9 and invest no less than US$10,000,000 per Block on completing such work commitment and drilled to a minimum depth of 2000 meters after deduction of the water depth. At the end of the Second Exploration Period, the Contractors are required to surrender 25% of the remaining surface of each of Block 8 and Block 9. If the work commitment in the Second Exploration Period is completed (as ascertained by the Government of Liberia), the Contractors' exclusive exploration authorisations will be renewed at the Contractors' request for a third and final exploratory period (Third Exploration Period).

The Third Exploration Period is for a period of two years during which the Contractors are required to drill a further exploratory well on the remaining surface of each of Block 8 and Block 9. The Contractors are required to invest no less than US$10,000,000 per Block on completing such work commitment and drilled to a minimum depth of 2000 meters after deduction of the water depth. At the end of the Third Exploration Period, the Contractors are required to surrender the whole of the remaining surface of each of Block 8 and Block 9 except as to (i) any area where an exclusive appraisal authorisation has been granted by NOCAL to the Contractors (Appraisal Authorisation); and (ii) any part of the remaining surface area in respect of which NOCAL has granted to the Contractors an exclusive exploitation authorisation (Exploitation Authorisation).

If, at the end of the Exploration Period an Appraisal Authorisation or Exploitation Authorisation has not been obtained, the PSCs will terminate or if obtained, surface rentals are payable to NOCAL at the rate of US$100 per square kilometre per annum.

Whilst the minimum exploration commitments under the PSC's are as noted above, RISC Pty Ltd have estimated in their Seismic Licence and Drilling Cost Opinion report ("Cost Opinion") dated 26 May 2010 that the cost of drilling one exploration well to a target depth of 4,500 meters in Block 8 or 9 in 2011 to be USD37 million with a further USD5 million in the event the well is tested. Based on these figures, which are subject to significant uncertainty, in the first exploration period, the estimated total cost of drilling and testing two exploratory wells, one in each of the blocks, is USD84 million. These costs have not been included in the commitments noted above. Further details on expenditure commitments and use of funds raised pursuant to the Capital Raising are disclosed in Sections 3 and 12 of the Prospectus.

Based on discussions with the Directors and legal advisors, to our knowledge, the Company has no other material commitments or contingent liabilities not otherwise disclosed in this Investigating Accountant's Report (refer Background section 3) and in the Prospectus. Investors should read the Materials Contracts section 7 of the Prospectus for further details on the above commitments and possible contingencies and commitments.

15. Rental Of Premises Commitments

The Company does not have any lease agreement in respect of premises.

16. Executive Services Agreements

The Company has not entered into any executive services agreements with the proposed directors of Global Iron. The terms of the service agreements will only be finalised subsequent to the completion of the APC Acquisition. Mr T Sage together with Okewood Pty Ltd entered into a consultancy agreement with Global Iron for the provision of consultancy services with effect from 1 October 2007 for a period of three years at a rate of $350,000 plus GST per annum. The consultancy agreement expires on 1 October 2010. Further details of the consultancy services agreement is outlined in the Material Contracts section of the Prospectus (Section 7).

17. Acquisition of APC Limited and its subsidiaries

Subject to the approval of the shareholders of Global Iron at a General Meeting of shareholders, Global Iron will acquire 100% of the issued share capital of APC. The acquisition of the APC Group has for accounting purposes been treated as a reverse acquisition and therefore APC (the legal subsidiary) is the acquirer for accounting purposes. The cost of the business combination is deemed to be the consideration 'paid' by the shareholders of APC for the acquisition of Global Iron. As the fair value of the shares of APC are not clearly evident, the total fair value of the issued shares of Global Iron before the business combination has been used as the basis for determining the cost of the business combination. The assets, liabilities and equity of the APC Group are based on the unaudited management accounts as at 31 March 2010 and the proforma assets and liabilities as at that date converted at the estimated exchange rate of £1=AUD 1.6387 are as follows:

	Notes	APC Group 31 March 2010 Unaudited $000's	APC Group Pro-forma 31 March 2010 $000's
Cash and cash equivalents	(a)(b)(c)	308	89
Deposits and prepayments		53	53
Property, plant and equipment		45	45
Capitalised exploration and evaluation assets	(b)(c)	8,506	31,592
Trade and other payables	(b)(c)	(4,360)	(26,599)
Borrowings (Shareholder loan)	(d)	(1,248)	(2,248)
Total net assets		3,304	2,932

	Notes	APC Group 31 March 2010 Unaudited $000's	APC Group Pro-forma 31 March 2010 $000's
Issued capital		3,375	3,375
Share premium		7,979	7,979
Accumulated losses	(a)	(8,050)	(8,422)
Total equity		3,304	2,932

The pro-forma net assets and total equity comprise the balances as reflected in the unaudited 31 March 2010 management accounts and adjusted by the following transactions:

(a) estimated operating expenditure of $372,000 (£227,000) for the 3 months ending 30 June 2010 for APC;
(b) estimated payments of $847,000 (£517,000) to suppliers of APC during the 3 months ending 30 June 2010 of which $240,000 (£147,000) relates to exploration costs capitalised;
(c) estimated exploration costs of $22,846,000 (£13,941,000) being incurred by APC in relation to the Liberian Project during the 3 months ending 30 June 2010; and
(d) the receipt by APC of a shareholder loan of $1,000,000 (£610,000) in the 3 months ending 30 June 2010.

The fair value of the assets and liabilities of Global Iron Limited, immediately prior to the business combination, but after the minimum capital raising of $150,000,000 and estimated cash capital raising and acquisition costs of $7,785,000 is set out below. The number of Global Iron shares on issue immediately prior to the business combination, but after the minimum Capital Raising of $150,000,000 is 290,852,275 shares.

	Global Iron Limited 31 March 2010 Unaudited Fair Values $000's
Cash and cash equivalents	142,981
Deposits and prepayments	28
Property, plant and equipment	2
Capitalised exploration and evaluation assets	182
Trade and other payables	(198)
Total net assets at fair value	142,995

The fair value attributed to the capitalised exploration and evaluation has been calculated as followed:

	$000's
Deemed fair value of consideration being 290,852,275 shares at the deemed issue price of 55 cents each	159,969
Less fair value of Global Iron net assets acquired as noted above	142,995
Additional fair value attributed to capitalised exploration and development costs (note 6)	16,974

The consolidated equity arising on reverse acquisition accounting has been derived as follows:

	$000's
Issued capital of APC group at 31 March 2010	3,375
Share Premium of APC group at 31 March 2010	7,979
Fair value of Global Iron shares as noted above	159,969
Pro-forma consolidated issued capital (note 10)	171,323

We have not undertaken an audit of the assets and liabilities of the APC Group as reflected in the management accounts as at 31 March 2010 but have been advised that the carrying values of all assets and liabilities, other than capitalised exploration and evaluation assets, as reflected in the 31 March 2010 unaudited management accounts approximate fair value.

As noted above, in the absence of a reliable indicator for the fair value of an APC share, the deemed Capital Raising price of 55 cents per share has been used in calculating the cost of the business combination and arriving at the consolidated statement of financial position, using reverse accounting principles. However, it is noted that APC management assumes that the fair value of APC's Group's net assets is 275,000,000 pounds sterling (GBP) or approximately $493,996,250 based on the approximate exchange rates at the time of the negotiations. The $493,996,250 was used by Global Iron and APC in determining the number of Global Iron shares to be issued as consideration to acquire a 100% shareholding interest in APC. We have not tested or verified this figure in any way. It is noted that before the APC Acquisition is completed Global Iron must raise a minimum $150,000,000 from a Capital Raising. The funds from the Capital Raising will be used to evaluate the commerciality of Blocks 8 and 9.

We note that the 31 March 2010 APC Group Pro-forma accounts show a net working capital deficiency of $28,705,000. The deficiency is due to accrued fees in relation to a 3D seismic survey that is being conducted at the Liberian Project to ensure the APC group's obligations under the PSCs are met. If the Capital Raising under the Prospectus does not complete, Global Iron is not required to pay any of these fees incurred on the Liberian Project. Additionally, Safeguard Management Limited (an entity associated with Mr Frank Timis) (Safeguard) has provided a guarantee to the supplier (TGS Nopec) in respect of the fees incurred.

The continuing operation of the APC Group is dependent on the proposed Capital Raising being successful or alternatively the APC Group being able to raise sufficient funds from other parties.

The Directors	The Directors	The Directors
Global Iron Limited	Stantons International Securities	European Hydrocarbons Limited
18 Oxford Close	Level 1, Havelock Street	12 St James's Square
Leederville	West Perth	London
WA 6007	WA 6005	SW1Y 4LB
Australia	Australia	

21 May 2010

Dear Sirs,

A Resource Evaluation of Offshore Liberia Blocks 8 and 9

Global Iron Limited ("Global Iron"), a company listed on the Australian Securities Exchange ("ASX") has entered into a Share Sale Agreement with African Petroleum Corporation Limited ("APCL"), the shareholders of APCL and European Hydrocarbons Limited ("EL or Company") whereby Global Iron will obtain 100% of the issued share capital of APCL. EL is a wholly owned subsidiary of APCL.

In response to the request of Global Iron, IHS Global Ltd. ("IHS"), has reviewed and given indicative prospective reserve volumes for EH's interests in Blocks 8 and 9 offshore Liberia in the following report. This letter forms part of the report.

A data gathering visit took place at EH's offices in London in late October 2009. The latest data available at that time was incorporated into the report. At the meeting, IHS had access to the technical team that has undertaken the latest exploration interpretation work on the area for EH and the available seismic data, well logs and reports.

IHS also viewed a copy of the contract agreement between EH and the Liberian Government.

During and after this meeting, IHS undertook an analysis of the available seismic lines over the blocks. Reports of a regional nature were also made available both in paper and digital format.

Due to there being no wells drilled so far within the Blocks 8 and 9 offshore Liberia, and only a wide spaced grid of seismic data over the blocks, the mapping and identification of potential prospects is still at a very early stage.

We therefore consider there to be only 'prospective hydrocarbon resources' in the blocks. For the most interesting of these 'potential' opportunities, we have calculated recoverable hydrocarbon volumes in a probabilistic manner with a range of outputs representing P90, P50 and P10 confidence levels for the size of potential structures.

A glossary of all the technical abbreviations used in this report is included as Appendix A. The attached report is prepared subject to and shall be used in accordance with the terms of the Master Consulting Terms and Conditions entered into between IHS (Global) Limited and European Hydrocarbons Limited dated 20 July 2009.

The report will be included in a Prospectus to be issued in May 2010 whereby Global Iron will seek to raise up to A$230 million through the issue of up to 418,181,818 shares ("Prospectus").

We acknowledge that this report will be included in its entirety, and portions of this report summarised and referred to in the Prospectus.

In accordance with your instructions to us, we confirm that this report was prepared in November 2009 by Tim Hemsted, Managing Consultant employed by IHS, who:

IHS (Global) Limited
133 Houndsditch | London EC3A 7BX | United Kingdom
Tel: +44 (0)20 3159 3300 | Fax: +44 (0)20 3159 3299

1. is professionally qualified and a member in good standing of a self-regulatory organisation of geoscientists and/or engineers;
2. has at least five years' relevant experience in the estimation, assessment and evaluation of oil and gas assets;
3. is independent of Global Iron, EH, its directors, senior management and advisers;
4. IHS will be remunerated by way of a time-based fee and not by way of a fee that is linked to the Prospectus or valuation of the Company;
5. is not a sole practitioner;
6. have the relevant and appropriate qualifications, experience and technical knowledge to appraise professionally and independently the assets covered under this report, licences, joint ventures or other arrangements owned by EH or proposed to be exploited or utilised by it and liabilities, being all liabilities relating to assets covered herein, royalty payments, contractual agreements and minimum funding requirements ("Liabilities") relating to the EH's work program and Assets; and
7. considers that the scope of the report is appropriate, and includes and discloses all relevant information.

Standard applied

The report was undertaken using generally accepted petroleum engineering and evaluation principles as set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers (SPE PRMS 2007).

No material change

We confirm that to our knowledge there has been no material change of circumstances or available information between the date that the report was compiled and the date of the Prospectus and we are not aware of any significant matters arising from our evaluation that are not covered within this report which might be of a material nature.

Reliance on source data

The content of this report and our estimates of prospective resources are based on 2D seismic, exploration well data and other geological data that was available for our studies.

EH provided us with all relevant and available data in its possession at the time of the drafting of this report. We have accepted, without independent verification, the accuracy and completeness of this data.

All interpretations and conclusions presented herein are opinions based on inferences made from geological, geophysical, geochemical, engineering and other data. The report represents our professional judgement and should not be considered a guarantee of results. Our liability is limited solely to EH for the correction of erroneous statements or calculations. The use of this material and report is at the user's own discretion and risk.

Requirement

The report has been prepared in accordance with the "Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Experts" (the "Valmin Code" (2005 Edition)".

Consent

We hereby consent, and have not at the time of this letter, revoked such consent, to:

- the inclusion of this report as a whole in documents prepared by Global Iron and its advisors in connection with the Prospectus ;
- the reference to the report or extracts there from, in the Prospectus;
- the filing of this report with any stock exchange and other regulatory authority; and

- the electronic publication of this report on websites accessible by the public, including the Global Iron website.

The report relates specifically and solely to the subject assets and is conditional upon various assumptions that are described herein. The report, of which this letter forms part, must therefore, be read in its entirety.

We have authorised the contents of this report and the context in which they are respectively included. Such consent is deemed to continue to be valid until and unless notice in writing is provided by us revoking such consent.

Compliance

This report was provided for the sole use of Global Iron on a fee basis. Subject to the foregoing and except with permission from IHS, this report may not be reproduced or redistributed, in whole or in part, to any other person or published, in whole or in part, for any other purpose without the express written consent of IHS.

This report has been prepared in accordance with the Valmin Code. Furthermore, we confirm that, to the best of our knowledge and belief having taken all reasonable care to ensure that such is the case, the information contained in the report is in accordance with the facts and contains no omission likely to affect its import.

Notwithstanding the above, IHS notes the following:

- IHS understands that a detailed statement of all legal proceedings relevant to the Assets or an appropriate negative statement has been included by Global Iron or its advisors in the Prospectus;
- IHS understands that brief summaries of the Global Iron's existing and proposed directors are included in the Prospectus and details relating to qualifications of key technical and managerial staff have been excluded from this report for practical purposes of volume;
- where any information in the report has been sourced from a third party, such information has been accurately reproduced and no facts have been omitted which would render the reproduced information inaccurate or misleading;
- drafts of the report were provided to the Company, but only for the purpose of confirming both the accuracy of factual information and the reasonableness of assumptions relied upon this report; and
- this report has not undergone regulatory review.

Summary of Resources

It is our opinion that the identified and mapped leads are classified as "prospective resources" and need 3D seismic coverage to better evaluate the geological uncertainties. The range of potentially recoverable oil volumes have been calculated by us based on certain assumptions and modelling and these are tabulated below.

Table A: Summary of gross prospective resources in Liberia Blocks 8 and 9 for European Hydrocarbons.

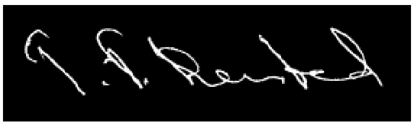
	Recoverable Prospective Resources Gross mmb oil and liquids			**Recoverable Prospective Resources Net mmb oil and liquids attributable to EH***			**Risk**	**Operator**
Lead	**Low Est**	**Mid Est**	**High Est**	**Low Est**	**Mid Est**	**High Est**		
Upper Cretaceous								
Lead 2A	72	105	152	45	65	94	na	EH
Lead 3A	528	1013	1660	327	628	1029	na	EH
Lead 4	345	757	1231	214	469	763	na	EH
Lower Cretaceous								
Lead 6/6A	209	386	593	130	239	368	na	EH
Lead 7	296	529	812	184	328	503	na	EH
Indicative Total	1450	2790	4448	899	1730	2758		

**The Net prospective resources attributable to the group will vary depending on the production flow rate of the field as defined in the terms of the production sharing contract but is taken as an average of 62%.*

In view of the relative immaturity of the exploration in the blocks it was agreed that no risk factor for success would be given for the leads in the block. It is expected that following the acquisition of 3D seismic data, the structures will be better defined and a risk factor can then be more clearly determined.

Prospective resources are those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.

Yours faithfully,



For IHS Global

Tim Hemsted
Project Manager

IHS Global Limited
133 Houndsditch, London, EC3A 7BX

INDEPENDENT PETROLEUM CONSULTANT'S CONSENT

LIMITATIONS AND WAIVER OF LIABILITY

IHS (Global) Limited, and its consulting group, based in London, England, knows that it is named as having prepared an independent report evaluating the hydrocarbon potential of the offshore Liberian assets of European Hydrocarbons Limited ("EH"). IHS hereby gives consent to the use of its name and to the said report (and summary of the said report) for the purposes of inclusion in a Prospectus prepared by Global Iron Limited ("Global Iron"), a company listed on the Australian Securities Exchange and in a Prospectus issued by Global Iron in May 2010 whereby Global Iron will seek to raise up to A$230 million through the issue of up to 418,181,818 shares ("Prospectus"). The effective date of the report is 30 November 2009.

In the course of the evaluation, EH provided IHS personnel with basic information which included petroleum and licensing agreements, geologic and geophysical information, contractual terms, studies made by EH and other parties, economic evaluation spreadsheets and discussion of future plans. Any other engineering or geological data required to conduct the evaluation upon which the report is based, was obtained from public literature, and from IHS non-confidential files and previous technical resource evaluation reports on the subject assets. The extent and accuracy of all factual data supplied for this evaluation, from all sources, has been accepted by IHS as represented. IHS reserves the right to review all calculations referred to or included in the said report and, if considered necessary, to revise the estimates in light of erroneous data supplied or information existing but not made available at the effective date, which becomes known subsequent to the effective date of the report.

There is considerable uncertainty in attempting to interpret and extrapolate field and well data and no guarantee can be given, or is implied, that the projections made in this report will be achieved. The report and prospective resource estimates represent the consultant's best efforts to assess the assets within the scope, time frame and budget agreed with the client. Moreover, the material presented is based on data provided by EH; IHS cannot be held responsible for decisions that are made based on this data or reports. The use of this material and reports is, therefore, at the user's own discretion and risk. The report is presented in its entirety and may not be made available or used without the complete content of the report, except by Global Iron in connection with its Prospectus, which we have approved.

IHS declares that IHS has taken all reasonable care to ensure that the information contained in this report, is to the best of IHS's knowledge, in accordance with the facts and contains no omission likely to affect its import. To the fullest extent permitted by law, IHS does not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in connection with this report or statements contained therein, required by and given solely for the purpose of complying with the Valmin Code and consenting to inclusion of the report in the Prospectus prepared by Global Iron.

EH has confirmed in writing to IHS that to its knowledge the information provided by it (when provided) was complete and not incorrect or misleading in any material respect, IHS has no reason to believe that any material facts have been withheld and EH has confirmed in writing to IHS that it believes it has provided all material information.

Tim Hemsted
Project Manager

IHS Global Limited
133 Houndsditch, London, EC3A 7BX

PROFESSIONAL QUALIFICATIONS AND BASIS OF OPINION

The evaluation presented in this report reflects our informed judgment based on accepted standards of professional investigation, but is subject to generally recognized uncertainties associated with the interpretation of geological, geophysical and engineering data. The evaluation has been conducted within our understanding of petroleum legislation, and other regulations that currently apply to these interests.

However, IHS is not in a position to attest to the property title, financial interest relationships or encumbrances related to the property. Our estimates of prospective resources are based on data provided by EH. We have accepted, without independent verification, the accuracy and completeness of this data.

The report represents our best professional judgment and should not be considered a guarantee or prediction of results. It should be understood that any evaluation of resource volumes may be subject to significant variations over short periods of time as new information becomes available and perceptions change.

The IHS consulting group is a consultancy specialising in asset evaluation, petroleum geology, geophysics, petroleum and facilities engineering, and economic analyses. IHS consulting group has been undertaking reserves and resource reporting and valuation for more than 10 years. All personnel involved in such exercises have at the very minimum a master's degree in geosciences and many have doctorates. All personnel dedicated to this evaluation have a minimum of 10 years relevant valuation experience and in the case of the senior project leaders involved in this exercise, this period exceeds 20 years. All three of the technical team members satisfy the Professional Qualifications of Reserves Auditors, as published by the Society of Petroleum Engineers (SPE).

Except for the provision of professional services on a fee basis, IHS and its employees and associates have no commercial arrangement with any person or company involved in the interests that are the subject of this report.

IHS will receive a fee for the preparation of this report in accordance with normal professional consulting practice.

This fee is not contingent on the outcome of the Prospectus and IHS will receive no other benefit for the preparation of this report. IHS does not have any pecuniary or other interests that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to EH's assets.

Neither IHS nor any directors of IHS have at the date of this report, nor have had within the previous two years, any shareholding in Global Iron, the Company, Global Iron's assets, the Company's assets or the advisers of either Global Iron or the Company. Consequently, IHS and the directors of IHS, consider themselves to be independent of Global Iron and the Company.

In this report, IHS assures that the work program for EH's assets as provided to IHS by the Company, and reviewed, are reasonable, given the information currently available.

This report includes technical information, which requires subsequent calculations to derive subtotals, totals and weighted averages. Such calculations may involve a degree of rounding and consequently introduce an error.

Where such errors have occurred, IHS does not consider them to be material. A group of five IHS experts were directly involved in the evaluation of EH's assets.

Tim Hemsted
Project Manager

IHS Global Limited, 133 Houndsditch, London, EC3A 7BX

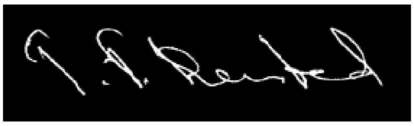
21st May 2010

CERTIFICATE OF QUALIFICATION

Timothy Hemsted

I, Timothy Hemsted, professional petroleum geologist, an employee of Petroconsultants SA with offices at 24, Chemin de la Mairie, 1258 Perly-Geneva, Switzerland, and author of the property evaluation dated 30 November 2009 prepared for Global Iron Limited ("Global Iron") for the purposes of inclusion in Global Iron's Prospectus, do hereby certify that:

- I am an employee of Petroconsultants SA, an affiliated company of IHS Global Ltd. IHS prepared a detailed evaluation of Liberia offshore Blocks 8 & 9, as of 30th October 2009;
- I do not have, nor do I expect to receive any direct or indirect interest in the securities of Global Iron and/or its' affiliated companies;
- I attended Sheffield University, in Sheffield, UK and graduated with a Bachelor of Arts Degree in Geography and Geology in 1980; and in 1988, graduated from Imperial College, London with a Masters Degree in Petroleum Geology. I am a practicing professional geologist and have over twenty years experience in conducting evaluation studies related to international oil and gas fields; and
- A personal field inspection of the properties was not made; however, such an inspection was not considered necessary in view of the information available from public information and records and the files of EH.



Tim Hemsted

Project Manager

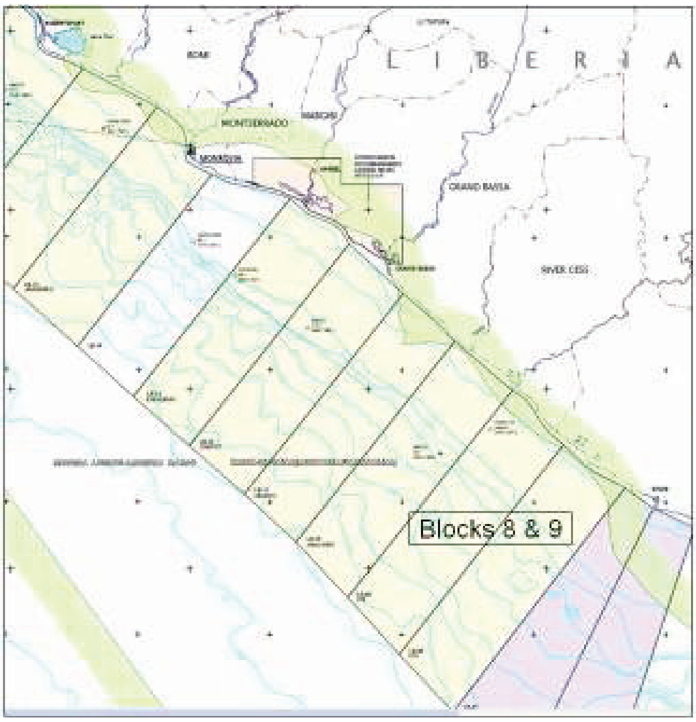
IHS Global Limited

133 Houndsditch,

London, EC3A 7BX

FINAL REPORT NOVEMBER 30TH 2009

BLOCKS 8 & 9 DEEPWATER LIBERIA
FOR EUROPEAN HYDROCARBONS LTD.



IHS (Global) Limited.
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London, EC3A 7BX

Table of Contents

1 Introduction and Executive Summary

European Hydrocarbons Limited (EH) is the sole licence holder of Blocks 8 and 9 offshore Liberia. The two blocks have a combined area of some 7,200km^2, as outlined in the summary table below:

Asset	Operator	Interest	Status	Licence Expiry Date	Licence Area	Commitments
Block 8	European Hydrocarbons Limited	100%	Exploration	28th August 2016	c.3,630 km²	1500 km² of 3D seismic plus three wells to 2000m ($US28 million)
Block 9	European Hydrocarbons Limited	100%	Exploration	28th August 2016	c.3,545 km²	1500 km² of 3D seismic plus three wells to 2000m ($US28 million)

IHS Global Ltd (IHS) has undertaken an evaluation of the exploration potential of offshore Liberia Blocks 8 and 9.

These two blocks represent attractive unexplored acreage offshore Liberia in an area that is receiving significant industry interest following very large discoveries to the east in Ghana. The same play type is now the centre of attention for the oil industry in the Sierra Leone – Liberia basin, boosted by the announcement earlier in 2009 of Anadarko's promising, but so far sub-commercial, Venus B-1 discovery in Sierra Leone.

Offshore Liberia is a part of the Sierra Leone - Liberia basin, located on the eastern Atlantic margin of West Africa. Deep water hydrocarbon exploration in the transform margin offshore basins of West Africa has been revived following large oil discoveries in combination structural/stratigraphic traps on the continental slopes of equatorial Africa. The most notable being the 2007 Jubilee discovery in deep water offshore Ghana, which has resulted in a surge of exploration interest in the offshore coastal basins further west. Testimony to this was the announcement in September 2009 by Anadarko Petroleum Corp. of the Venus B-1 new field wildcat well discovery in block SL-6, in deep water of the north Sierra Leone - Liberia Basin. The well reached a depth of 5,639m and discovered 14m of net hydrocarbon pay in Upper Cretaceous turbidite fan sands. Although small and declared sub commercial, the find is to be appraised and significantly lowers the technical risk attached to a large number of the leads offshore Liberia.

Previous exploration drilling offshore Liberia took place from 1970 to 1972 and 1984 to 1985. Seven wells were drilled on the shelf and upper slope, in water depths of 100 to 470m, targeting shallow plays. All wells were unsuccessful but six encountered oil shows, strongly indicating a working petroleum system. Other petroleum system factors such as kitchen proximity, source rock, migration, carrier beds, reservoir, trap and seal are inferred to be present.

EH's work to date on the two blocks has been limited to interpreting (and some reprocessing) the wide-spaced speculative seismic data that has been acquired across the Liberia deep water. Whilst some play types are recognised and potential reserve sizes calculated, in order to clearly define those leads as prospects EH is ready to embark on the acquisition of a large 3D seismic dataset.

Two untested types of play within the Upper and Lower Cretaceous clastic sequences are recognized in the blocks. The Upper Cretaceous play comprises turbidite wedges that onlap onto the Mid-Cretaceous Unconformity. Deep water stratigraphic/structural traps include thinned onlap, onlap with downthrown faulting and reactivated basement high anticlinal structures with draped turbidite sands, in a variety of settings.

The lack of well data and current wide spaced 2D seismic dataset does not allow clear mapping of horizons and good prospect definition, however, a variety of prospective leads are recognized. Three representative Upper Cretaceous turbidite play leads have been validated with indicative un-risked combined P50 recoverable prospective oil resources of **1875** MMbbls with a range of **945** (P90) to **3043** (P10) MMbbls. It is also recognized that there are other potential leads elsewhere in the Upper Cretaceous section.

The second play type is within the Lower Cretaceous fluvio-deltaic and shallow marine sands, associated with a highly faulted horst and graben syn-rift setting consisting of numerous structural horsts, graben and rotated blocks. Eight tilted fault block related closures, similar to discoveries in the Ivory Coast, have been mapped by EH. Whilst the potential is recognized in this section, the widely spaced seismic data and poor data quality below the Mid Cretaceous Unconformity means these leads are still very speculative. The two largest of the eight leads are estimated to have potential for combined un-risked total P50 recoverable prospective resources of **915** MMbbls with a range of **505** (P90) to **1405** (P10) MMbbls. EH has identified that there is also the potential for other leads within the Lower Cretaceous section, identifying eight leads in total, of which two have been reviewed by IHS.

A summary of indicative recoverable prospective resources is given in the table below:

	Recoverable Prospective Resources Gross mmb oil & liquids			Recoverable Prospective Resources Net mmb oil & liquids attributable to EH *			Risk	Operator
Lead	**Low Est.**	**Mid Est.**	**High Est.**	**Low Est.**	**Mid Est.**	**High Est.**		
Upper Cretaceous								
Lead 2A	72	105	152	45	65	94	na	EH
Lead 3A	528	1013	1660	327	628	1029	na	EH
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Lead 7	296	529	812	184	328	503	na	EH
Indicative Total	1450	2790	4448	899	1730	2758		

**The Net prospective resources attributable to EH will vary depending on the production flow rate of the field as defined in the terms of the production sharing contract but is taken as an average of 62%.*

All the resources are considered to be prospective resources, according to the definitions in *Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information* promulgated by the Society of Petroleum Engineers (SPE PRMS 2007). Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated probability of discovery and a probability of viable commercial scale development – and hence have a corresponding risk of no commercially viable accumulations being discovered. In the case of Blocks 8 and 9, in view of the relative immaturity of the exploration of the blocks it was agreed that no risk factor would be applied to the leads in the block. It is expected that following the acquisition of 3D seismic data, the structures will be better defined and a risk factor can then be more clearly determined.

A 5,100 sq km 3D seismic survey covering both blocks is now being planned by EH to more accurately define the traps, and move the leads to prospect status prior to drilling. This will allow better assessment of risk and provide more definitive prospect volumes.

2 Licence Description

Blocks 8 and 9 cover a total of some 7,200 sq km and comprise two SW-NE orientated rectilinear areas which lie offshore to the south of Liberia. The licenses extend from the shallow inner shelf to the deep offshore region, covering water depths of 200 - 3500m.

Brief Licence History: In the 2004 bidding round, EH was awarded Blocks 8 & 9 as a part of the eight Liberian offshore blocks awarded. Previous speculative seismic data acquired by TGS NOPEC in 2000-01 comprises 170 seismic lines covering the continental slope down to a water depth of 3000 m. EH purchased 4,900 km of seismic data, including the 14 dip lines and 5 strike lines that cover Blocks 8 and 9. EH later acquired partner Regal Liberia's interest in these blocks via purchase from Regal Petroleum in December 2007, thus owning 100% of Blocks 8 and 9. The Production Sharing Contract (PSC) became law on 23rd June 2008 with the National Oil Company of Liberia (NOCAL), which was established in 2000.

Licence Terms:

The first of three exploration periods commenced on 23rd June 2008. A summary of the PSC Exploration Periods, Work Commitments, Minimum Expenditures and Mandatory Relinquishment requirements are set out in the table below:

Exploration Period	Commencement Date	Expiration Date	Period Years	Minimum Work Commitment per block	Minimum Expenditure (US$)	Mandatory Relinquishment
1	23-Jun-08	23-Jun-12	4	1500km^2 3D seismic, drill 1 exploratory well	US$8 million	25%
2	23-Jun-12	23-Jun-14	2	Drill 1 exploratory well	US$10 million	25%
3	23-Jun-14	23-Jun-16	2	Drill 1 exploratory well	US$10 million	100%

Notes:

1. *Drilling exploration wells is contingent on the success of the seismic program in defining drill targets.*
2. *Each exploration well must be drilled to a minimum 2,000 metres after deducting water depth.*
3. *At the end of the third exploration period, the remaining area of the blocks must be relinquished other than areas of petroleum discovery, the subject of Appraisal or Exploitation authorisations.*
4. *The above expenditures, commitments and relinquishments are required to be met on both Block 8 and Block 9. That is, in Exploration Period 1, the aggregate minimum expenditure is US$16 million and two (2) exploratory wells are required to be drilled.*

In the event of a commercial discovery, an exploitation period of up to 25 years then follows.

IHS has relied on the Legal Report prepared by The International Group of Legal Advocates & Consultants (Liberia) on Liberia Blocks 8 and 9 to confirm the PSCs at the date of this report are in good standing.

2.1 Database

Offshore Sierra Leone and Liberia are currently covered by the TGS-NOPEC regional survey of ca 15,000 line km of 2D seismic data, acquired in 2000/2001. The data set consists of 170 lines of moderate quality, 10 second post-stack migrated seismic data, extending from the continental shelf over water depths of 500m to 3000-4000m, illustrated with the location of exploration wells including the recent Venus B-1 discovery, in Figure 1. Dip lines of 50-140km length and 5 km line spacing are orientated SW-NE and the five major strike lines, each up to 850km long, are oriented NW-SE. For the 2004 licensing round, EH purchased data for 3 wells (Cestos-1, H3-1 and S3-1) and 4900 km of the TGS NOPEC survey, including the 19 lines of 1,400 km over Blocks 8 and 9. Of these 19 lines, 7 lines were reprocessed for Pre-stack time migration by Fugro Seismic Imaging in 2008.

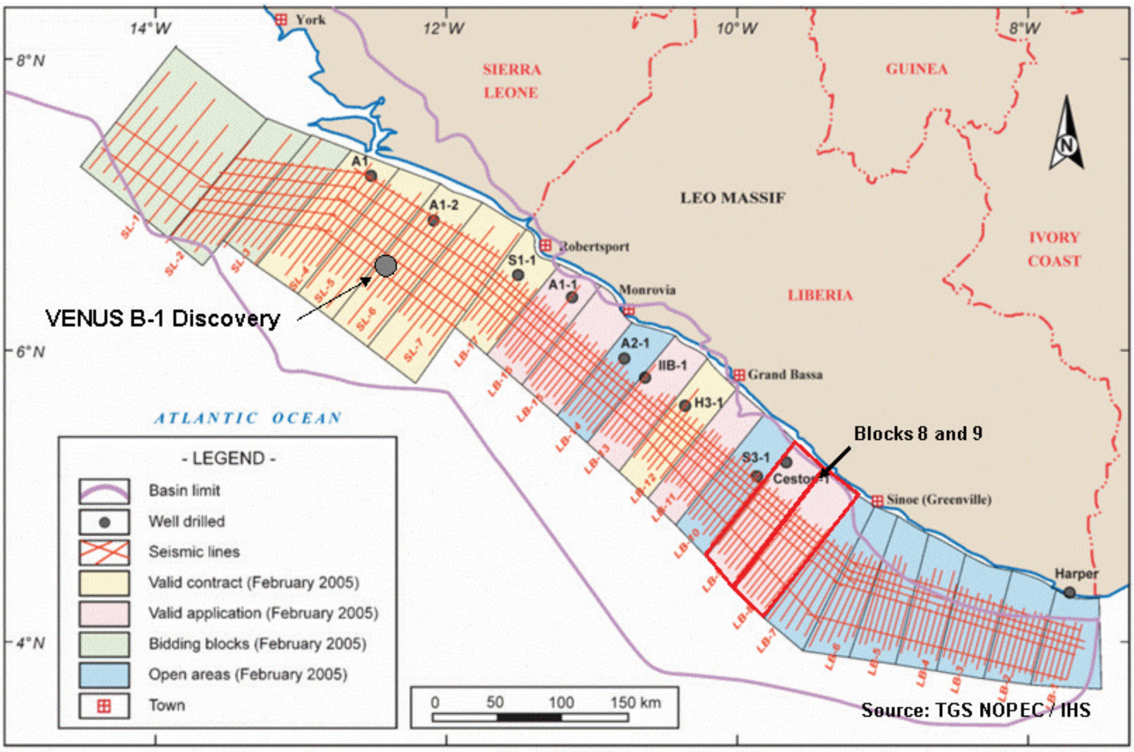


Figure 1 Map of the 2D TGS NOPEC seismic database and location of exploration wells and Anadarko's recent Venus B-1 discovery in Sierra Leone.

Some earlier scattered inshore 2D data seismic lines are known to exist but these were not available to EH and since it significantly predates the TGS NOPEC survey, their data quality is uncertain.

The Liberian slope is one of the few remaining unexplored frontier areas along the West Africa continental margin. Seven wells have been drilled to date on the shallow shelf in water depths of less than 450m during the years 1970 to 1985, as illustrated in Figure 1. The wells targeted the Lower Cretaceous and all were plugged and abandoned. Six wells however, contained oil and gas shows. Two wells reached total depth in Upper Jurassic volcanics on the inner shelf, as detailed in Table 1 below, where hole data purchased by EH is in bold. Cestos-1 well is the only well inside the Block 9 area, while H3-1 and S3-1 lie to the northwest of Block 9.

Well	Date	Operator	TD (m)	TD Formation	Result
A1-1	1970	Union Carbide	1681	(Jurassic Volc.)	Oil & Gas shows Late Jurassic sands
IIB-1	1970	Chevron	2930	L Cret (Aptian)	Multiple Oil shows in Aptian + Albian
A2-1	1971	Union Carbide	3179	L Cret (Aptian)	Multiple Oil shows in Aptian + Albian
Cestos-1	**1972**	**Frontier**	**3170**	**(Jurassic Volc.)**	**Oil shows in Lower Cretaceous/Tertiary**
S1-1	1984	Amoco	4137	L Cret (Albian)	Dry Hole
S3-1	**1985**	**Amoco**	**3039**	**L Cret (Albian)**	**Oil shows in Upper Cretaceous.**
H3-1	**1985**	**Amoco**	**3494**	**L Cret (Aptian)**	**Oil shows in Albian**

Table 1 Summary of well results from offshore Sierra Leone –Liberian basin

The volume of original seismic data is limited, but a wide range of prepared and interpreted data was made available by EH. The 2008 reprocessed seismic data has been digitally re-interpreted using Kingdom SMT software. Base maps included the 19 seismic lines purchased from TGS-NOPEC of which 7 lines were reprocessed in 2008. Seismic data included sets of uninterpreted and interpreted lines, including the SMT project and hardcopies and tapes of the most recent seismic interpretation. Descriptions of seismic processing and AVA analysis and examples of different reprocessed results (Line 1228) were also provided for technical audit.

Maps included two sets of interpretation maps, one in Time and one in Depth, plus with using the layered depth conversion method. The five interpreted horizons forming these maps were: Seafloor, base Tertiary, Intra Upper Cretaceous 1, Intra Upper Cretaceous 2 and Mid Cretaceous unconformity. Well data for three purchased wells included images of logs, tables of formation tops and general well results.

A wide variety of reports were available, including earlier seismic interpretations (January 2006 and June 2006), Press Releases for Equatorial Africa and a selection of relevant Published papers on reservoir analogues. Digital presentation material included current and historic documents, spreadsheet and graphical files, detailing current technical interpretation completed during 2008-2009. This included specialist interpretation focused on the Upper Cretaceous offshore deep water play and historic files and interpretations of a similar geological-seismic nature.

A 3D seismic survey covering most of Blocks 8 and 9 is currently planned in order to completely reinterpret and improve structural mapping, allow prospect interpretation and reduce play risk. The survey will assist in risk reduction, particularly of stratigraphic plays, utilising attribute and AVO analysis. However, in poor data areas lacking control, AVO responses will require appropriate calibration to minimize errors.

2.2 Regional Geological Description

The WNW-ESE trending Sierra Leone-Liberia Basin is situated between the Sierra Leone and St Paul's transform systems, to the north and south respectively. Offshore blocks 8 & 9 are located in the southernmost part of the basin.

Geological Overview

Transform margins are formed where differential horizontal slip movement, or wrenching, occurs in spreading ocean crust. Tensional stresses are accommodated by movement along these fractures, causing intermittent offset. These fractures intersect the continental margins and are absorbed by the rigidity of the continental crust massifs.

Basin development is in two stages; an early syn-rift and a later passive post-rift phase. Both are affected by horizontal slip, but separation and continental divergence only occur in the post-rift phase when pull-apart basins develop. Continued transform movements extend the basins, creating vertical space accommodation to allow prograding shallow marine and deeper marine slope and base of slope turbidite depositional systems, sourced from sediment bypass across the shelf and down slope ravines or channels.

In the early stages these basins mainly exhibit restricted marine and lacustrine environments which are starved of oxygen, allowing anoxic conditions to form where large quantities of marine and terrestrial organic material are concentrated and ultimately preserved, until conditions of burial allow the formation of an oil kitchen and generation and expulsion of hydrocarbons of varying fluid properties.

The Liberia sub basin is one such development, extending north to the Sierra Leone sub-basin and to the southeast to the much smaller Harper sub-basin, an area squeezed between the Liberian High and the Grand Cess and St. Paul's transforms. The main structural elements of the Sierra Leone Liberian basin are illustrated below in Figure 2. The Liberia sub basin post-rift sedimentary section from late Aptian to late Tertiary is thought to increase from 1,200m over the upper shelf, to 4-5,000m over the outer shelf and upper slope, to over 9,000m in the deepest areas of the basin. Additional thicknesses over the shelf and massif regions includes Aptian to Jurassic sections.

Structural Development of the Sierra Leone-Liberia Basin

Blocks 8 and 9 are located in the southern part of the Sierra Leone-Liberia basin on the southern part of the Liberian shelf and slope, adjacent to the West Africa massif and bordering the eastern mid Atlantic margin. Development of the area is historically intrinsically linked to the break-up of the ancient Gondwana super-continent. Initial breakup began in the late Triassic to early Cretaceous. From late Triassic to mid Jurassic, rifts developed within Africa and sub-parallel to the present African and south American coastlines. The timing of main rift phases differed along the emergent Atlantic margin, from late Jurassic in the north, Barremian in the south and Aptian in the centre. Sag basins developed during the mid-late Jurassic Kimmeridgian-Volgian (150 Ma), generating extensive vulcanicity and basalt dyke intrusions, possibly as a result of Gondwana passing over hot mantle plumes. At least 400m of volcanics were deposited over the South Liberian coastal area. Indications are that much of the West African volcanics have been severely eroded.

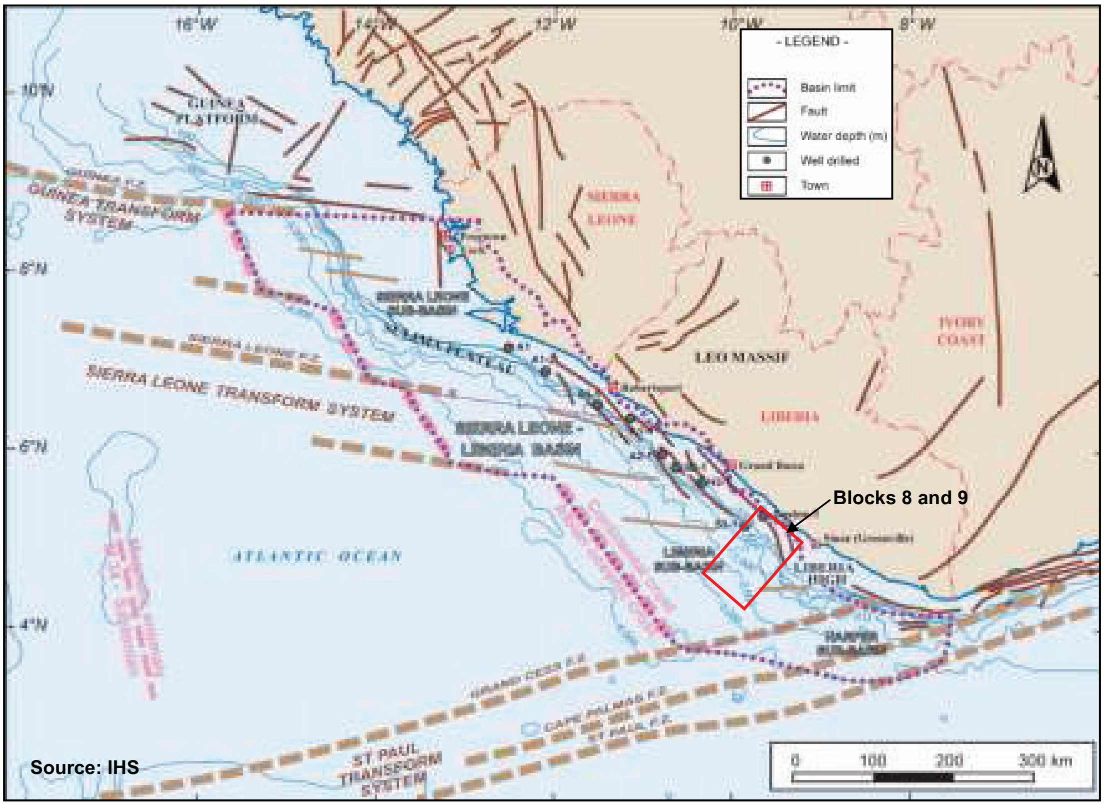


Figure 2 Sierra Leone–Liberia Basin structural setting and the location of shelf exploration wells

The West African transform margin from Nigeria to Mauritania developed last. During the early Aptian (122 Ma) early rift lacustrine areas created the earliest conditions for deposition of organic matter. Subsequent transform slip and extension created several elongate basins with semi-restricted marine circulation, which allowed anoxic conditions to form, eventually trapping sufficient organic matter to form hydrocarbon generating kitchens. The Liberian Basin was located central to this string of embryonic basins. Whilst the transform margin was not subject to open marine influence, significant topographical development was occurring along the margins, later to provide significant sediment to be transported across the shelf to deeper slope for potential deposition of clastic reservoirs.

The main rifting phase along the Liberian margin took place during the early-Cretaceous Aptian to mid-Albian (120-105 Ma), along a main WNW–ESE trend, with prevailing fluvial-lacustrine to marginal marine sedimentary conditions. During the late early Cretaceous (Albian, 100 Ma) the West African massif was extensively uplifted and extensional faulting created horsts and graben over southern Liberia and the area was severely eroded. The resulting Mid-Cretaceous Unconformity represents the end of the syn-rift phase and the beginning of the post-rift phase. Spreading ocean crust created after the MCU is Albian or younger.

During the late Cretaceous, the Liberian and Western African margin became more passive, with increased transform wrenching and increasing the separation of South America from Africa. The tectonic plate elements and extent of separation at this time are shown in Figure 3. This activity was accompanied by deeper, more open marine conditions that developed during the post-rift. Continued ocean floor spreading created an extensive 'rift-drift' setting which continues to the present. Increased amounts of sedimentation of marine shales and sands developed as wedges during the late Cretaceous Cenomanian-Turonian (100-93 Ma) to provide good source potential and reservoirs. Occasionally these sands became transgressive over the West African basin margins.

By the late Cretaceous Coniacian (88-90 Ma) South America and Africa were completely separate and 'rift-drift' continued unabated. However, major compression in the Santonian (84-90 Ma) caused clockwise rotation and realignment of the African plate, with rotation of Middle Cretaceous fault blocks and a major Santonian unconformity. Passive margin conditions resumed during the latest Cretaceous (Campanian-Maastrichtian (65-85 Ma). There were also numerous transgressions and regressions with emplacement of turbidite fan systems into deeper water, as a thickened Cretaceous-Tertiary wedge.

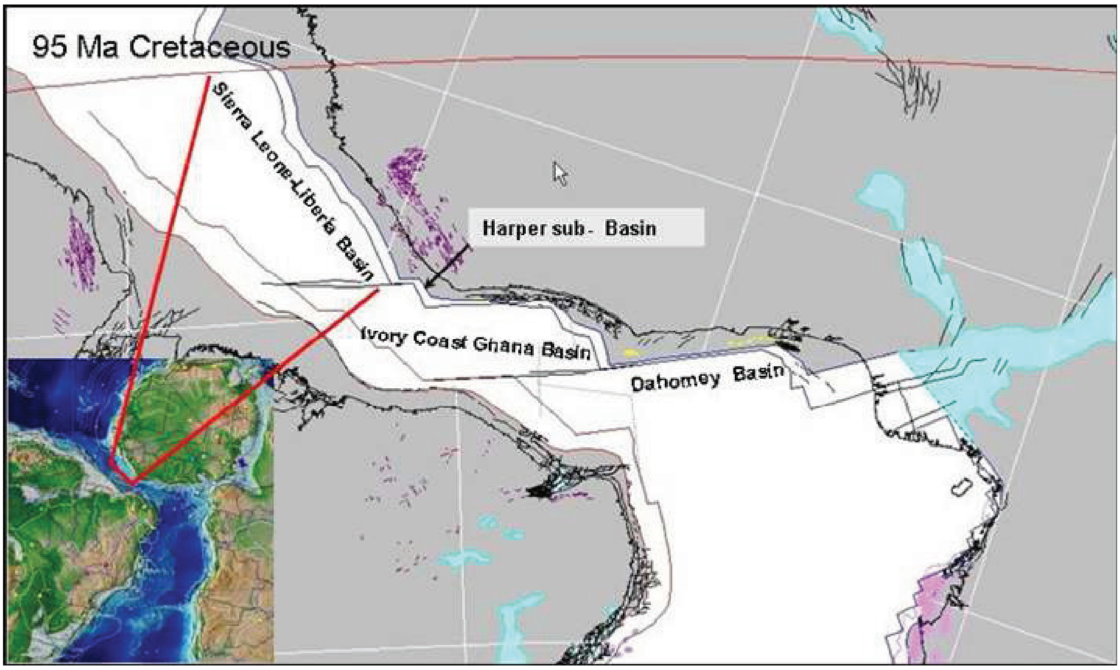


Figure 3 Major tectonic plate elements of the West African basins

During the Tertiary, tectonic and sedimentation conditions became more subdued. From early Paleocene to late Miocene (65-10 Ma), the overlying Tertiary developed as a series of deep marine shales, marls, thin pelagic limestones and minor clastic wedges, as passive margin conditions continued. During the Oligocene (25-35 Ma) there was major uplift and erosion of the African continent, providing additional sand input during Miocene times.

2.3 Prospectivity of Sierra Leone - Liberia Basin

The Sierra Leone-Liberia Basin, both offshore and deep water, covers 260,000km². No major oil discoveries had been made in the basin prior to Anadarko's recently announced sub-commercial Venus-1 discovery in Sierra Leone in September 2009. However, seven exploration wells were drilled from 1970 to 1985, all in shallow water shelf areas, reaching depths of 1681m to 4137m and penetrated thinned Tertiary and Cretaceous sections. Five wells reached the Aptian or Albian and two entered Jurassic volcanics, as detailed in Table 1. Although none were successful, multiple oil shows were encountered in the Upper and Lower Cretaceous and in Cestos-1, Tertiary and indicated that there were potential hydrocarbon source rocks in the area.

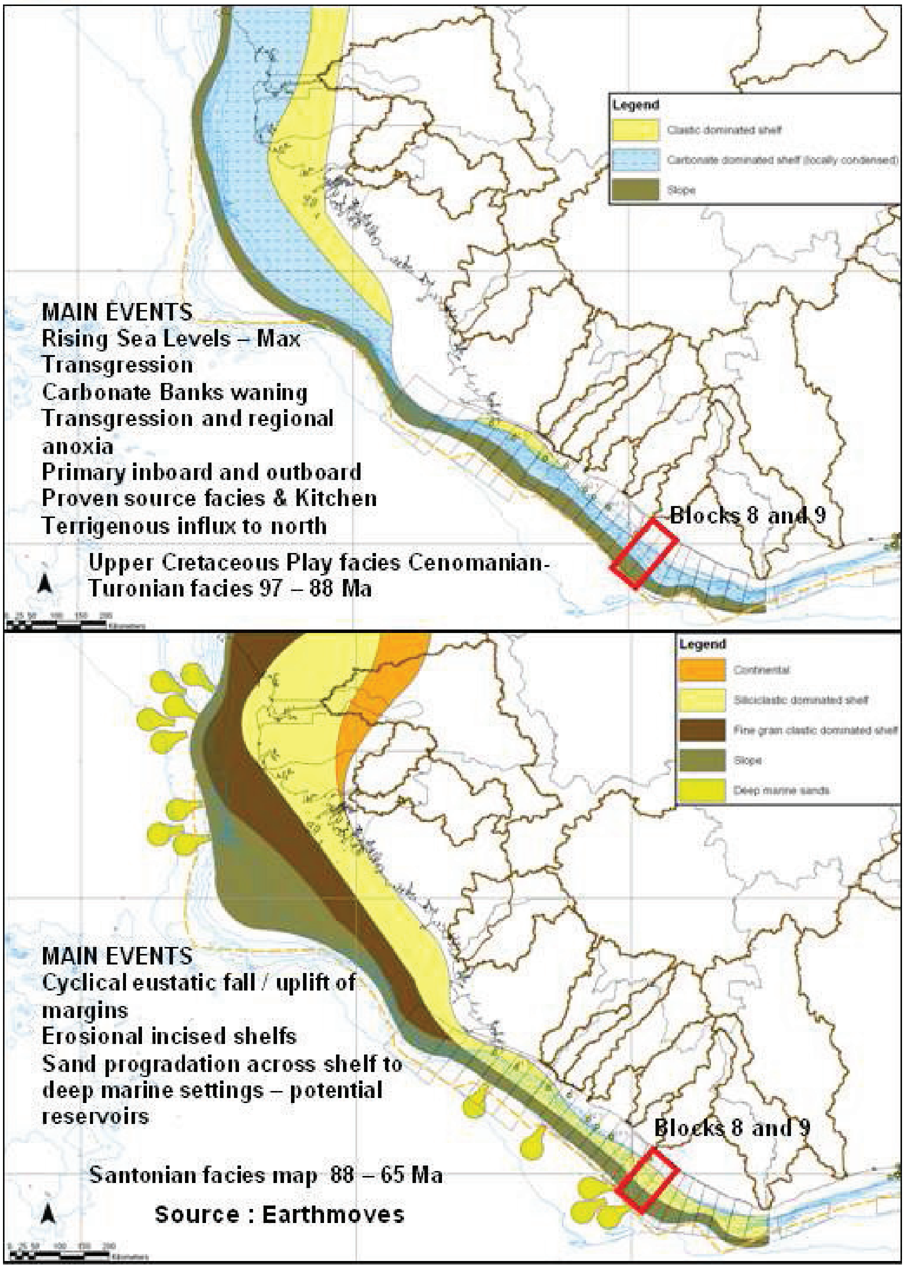


Figure 4: Upper Cretaceous post-rift play fairways and facies along the Sierra Leone-Liberian basin.

Initial potential reservoir development during the Aptian-Albian took the form of shallow marginal marine and fluvial sands interbedded with shales. Regional development of the West African margin during transform movement, rift extension and rapid drowning the West African Transform Margin created ideal conditions for deposition of thick rich source rock from Lower Cretaceous Aptian to Upper Cretaceous Cenomanian-Turonian times. Sediment bypass transfer over the shelf led to the development of play fairways down the continental slope, ultimately leading to deposition of large turbidite fan/channel complexes in deep water.

These deep basins developed adjacent to the shelf and coastal fluvial systems. Numerous transgressive sands were also deposited during the basin development due to tectonic instability and responses to changes in sea or land level. These sediments eventually created a thick wedge or foreland basin fill. Continued extension and subsidence allowed significant shale deposition to create potential intraformational reservoir seals above these turbidites. Consequently, numerous shallow and deep water clastic stratigraphic and structural stratigraphic plays have been proposed.

Previous studies in the Sierra Leone-Liberia Basin have led to a number of conclusions. Integration of available well data combined with 2D seismic data has established that the factors for two live petroleum systems operate in this basin (Lower and Upper Cretaceous). Of primary importance is the possible existence of several oil-prone source rocks (Aptian-Albian and Cenomanian-Turonian shales respectively) and large amounts of suitable reservoir sands of similar ages. Periodic slowing down of clastic deposition in the basin allowed thick shales to develop, suggesting the presence of good reservoir interbedded seals. Moreover, structural interpretation, even with poor 2D seismic data, has identified a large variety of potential structural, stratigraphic and combination traps. Analysis of oil shows, integrated with basin scale and seismic thicknesses of over 2.5 seconds of overburden, indicates that the deeper areas of the basin reached good to high levels of hydrocarbon generating maturity and that expulsion and migration up the slope regions along slope clastic carrier beds is a strong possibility.

Preferential synchronous timing and coincidence of the above factors suggest the presence of a full active petroleum system along the Sierra Leone-Liberia Basin is a distinct possibility. This shows similarities with other basins along the West African margin, notably the Ivory Coast-Ghanaian Basin, Dahomey-Nigerian basin to the east and Sierra Leone to the NW.

Recently however, the regional situation changed dramatically when, on September 16th 2009, Anadarko Petroleum Corporation announced that new field wildcat well Venus B-1 in block SL-6 in deep offshore Sierra Leone was a sub-commercial oil discovery. The well reached a total depth of 5,639m and discovered 14m of net hydrocarbon pay in Upper Cretaceous turbidite fan sands. The oil is reported to be light with some gas. Pay sands are reported as comprising of several channel-fan complexes. The Venus B-1 oil discovery will be appraised to attempt to prove up enough reserves for commerciality. Anadarko considers an oil field of 150 MMbbl recoverable reserves as economic in this basin. This technical success immediately reduces the risk on many similar (Anadarko has identified as many as 30) current undrilled leads identified along 1,100km of the West African coast between the giant Jubilee field in Ghana and Sierra Leone.

More importantly, the discovery proves the presence of not only a viable reservoir, but also a mature source rock within the kitchen oil window, good hydrocarbon quality, successful migration and reservoir trap and effective sealing.

2.4 Prospectivity of Cote d'Ivoire and Ghana Basins

East of the Sierra Leone-Liberia Basin is the Ivory Coast-Ghana Basin. The Ghana region is only partly connected to this basin by virtue of the Tano sub-basin. Saltponds/Cape Three Points and Accra-Keta basins are additional sub-basins between Ghana and Benin. The Keta sub-basin is part of the bigger Keta-Togo-Benin rift basin extending to west Nigeria. Ivory Coast-Tano comprises 330,000 km^2 with an additional 150,000 km^2 for Saltponds 120,000 km^2 and 30,000 km^2 for Keta. In drilling terms, 70 exploration wells and at least 30 development wells have been drilled in the basin, compared to 8 in the Sierra Leone-Liberia Basin (including Venus B-1). Most have been drilled on the shelf and fewer have been drilled in Saltponds and Accra-Keta than in Ivory Coast-Tano.

In contrast to the Sierra Leone-Liberia Basin, at least 37 discoveries have been made in the Ivory Coast-Ghana basins. Of these, approximately 46% are small and uneconomic (<10 MMbbls), 43% are medium (10-100 MMbbls) and 11% are 'giant' fields (100-500 MMbbls). By March 2008 the four largest fields contained 75% of recoverable reserves. Since 2001 however, several major fields have been discovered using the familiar Upper and Lower Cretaceous play concepts (Baobab 2001, Jubilee 2007 and Odum 2008). Belier (1974) is notable in that it was discovered before the Aptian Albian rotated block concept was proposed.

3 Hydrocarbon Prospectivity of Liberia Blocks 8 and 9 Area

3.1 General Background Prospectivity

Regional data in offshore West Africa indicates at least three major source rock intervals:

(1) Localized syn-rift Aptian-Albian lacustrine shales which are proven to contain oil and gas-prone source rocks in the offshore Ivory Coast. The same source rocks were found in the Cestos-1 and H3-1 wells near Blocks 8 and 9;

(2) Richer syn-rift Late Albian transgressive marine shales occur widely in the Ivory Coast area. Although not present in the Liberian wells these source rocks could occur at depth further offshore;

(3) Upper Cretaceous Cenomanian-Turonian oil prone anoxic organic rich marine shales occur all along West Africa from Morocco to Namibia. Again these were not present in the Liberia wells due to onlap pinchout but again could be present in deeper basin regions in uninterrupted Upper Cetaceous sequences.

Three wells have been drilled in proximity to Blocks 8 and 9, Cestos-1 on Block 9, S3-1 a short distance into Block 10 and H3-1 further along strike to the NW (Table 1). The wells penetrate relatively thin Tertiary marine sediments resting on thin Upper Cretaceous section in Cestos-1, H3-1 and thicker Upper Cretaceous in S3-1. All three exhibit indications of hydrocarbons. Cestos-1 has a 1600m thick Lower Cretaceous Barremian-Aptian section of mainly continental shaly clastics and Upper Cretaceous is absent via onlap, but the basal Tertiary has some oil shows. S3-1 contains a 200m Lower Cretaceous Albian section with some volcanics, overlain by 600m of Upper Cretaceous with oil shows in thin sands. H3-1 penetrated 150m of Upper Aptian, overlain by ca. 2200m of continental Albian which proved oil and gas prone in thin sands and only a few metres of condensed Upper Cretaceous shale.

Sands appear to be of good quality in H3-1 and fair quality in S3-1 and Cestos-1. H3-1 sidewall cores also indicate the presence of an oil-prone source throughout the Albian. The wells prove in the first instance that a viable petroleum system exists in the vicinity of Blocks 8 and 9. Corrected vitrinite reflectance data from Liberian wells also shows that with a 40ºC/km thermal gradient (which could be lower further into the basin due to Tertiary fill), the oil window lies between 2,500 and 3,700 below sea floor, suggesting Albian-Aptian sources, although appearing mature only at he base of the section, are likely to be generating oil in the centre of the blocks and Cenomanian sources likewise in the SW of the blocks.

Regional data have also confirmed the presence, as with adjacent basins from Sierra Leone to Ghana, of two major sedimentary mega-sequences coincident with two main groups of plays, notwithstanding the usual volume potential and geological risks. It is postulated that Blocks 8 and 9 may be well placed as being adjacent to the bulging high to the South East which may concentrate the deposition of prograding sands within the block. The two main sequences are described below:

Syn-rift structural plays - Early Cretaceous Aptian-Albian Mega-sequence: This sequence comprises syn-rift fluviatile sands and lacustrine turbidites, passing up into transgressive sands. The section has relatively low net/gross and porosities of 15-20 %. Several Ivory Coast offshore fields already produce from these reservoirs.

Syn-rift plays consist of rotated fault blocks with Aptian-Albian reservoirs as the main targets have been targeted by previous Liberia Basin wells and in other basins, such as Mauritania, Ivory Coast-Ghana and proved successful in the later. Liberian seismic data are insufficient and of too poor quality to confirm the validity of these traps. The three wells near Blocks 8 and 9 may also not be in optimum locations to test significant volumes of source rocks, although some have been recognised. However, identified structural leads, located under thicker sediment overburden present in the central parts of the blocks, may be in a more favourable location to do this.

Post-rift deepwater plays - Late Cretaceous Cenomanian-Santonian-Maastrichtian mega-sequence: The post-rift sequence comprises deepwater turbidite sand fans and shales deposited downdip from upper slope submarine canyons (Figure 7). S3-1 well data confirms this sequence locally. Net:gross is higher, with improved porosity of 28-35%. Several discoveries in the Ivory Coast / Ghana Basin oil produce from this sequence.

Seismic interpretation has highlighted the potential for a number of plays, none of which have yet been tested in the south of Liberia. The most opportune of these are combination stratigraphic-fault traps where the Late Cretaceous deepwater turbidite section is downfaulted against NW-SE trending old extensional faults, rendering reservoirs open to charging from Aptian-Albian source rocks as well as contemporary Cenomanian ones. Secondly there are simple onlap pinchouts upslope onto the MCU, particularly visible in the outer slope areas of Blocks 8 and 9. There are also low relief dip-closures which are extremely subtle on which no validity is currently placed.

Other features include draped sands over reactivated Lower Cretaceous faulted anticlines and a variety of outer slope and base of slope seismic mounds and channels, which are regarded as conceptual at this stage. All these plays are of course subject to the normal range of risks including adequate closure, seal, charge potential and continued trap integrity over time.

There are numerous successful analogues, near and far afield, with which to compare Liberia Basin potential, including offshore Ghana and Odum fields, Gulf of Mexico turbidites and the UK Atlantic margin. The immediate potential of the area has also been vindicated by the recent Venus B-1 discovery (which is also believed to be an Upper Cretaceous Stratigraphic Structural combination trap).

3.2 Play and Reservoir Fairways

Reservoir play sequences are expected to be of variable thickness and intermittently present over the shelf. From shelf to basin a nearly continuous section of several reservoir sequences is interpreted, from continental restricted Aptian syn-rift, Albian marginal marine to deep water sands/shales, Late Albian-Early Cenomanian shallow marine sands, carbonates and deep marine sands and shales, Late Cenomanian to Early Maastrichtian sands and shales, and finally Tertiary Paleocene to Oligocene shales and thin sands. In the vicinity of Blocks 8 and 9 local well data indicates likely Aptian to Eocene section totalling between 1,200-4,000m in the upper slope and shelf, thickening to 9,000m in the deep basin. Near Block 8 and 9, the Upper Cretaceous is only several metres thick in S3-1 and Cestos-1, while the Lower Cretaceous ranges from 120m and 2000m thick. Analogous Upper and Lower Cretaceous play fairways are also inferred in offshore Ghana Tano, Cape Three Points and Accra-Keta sub-basins.

Lower Cretaceous transgressive fluvial /marine sands play: This play is thickly developed in the deeper basin and base of slope regions, but thinned rapidly due to depositional onlap onto the Liberia High. Here the play comprises thin alternating sands and shales deposited during the Aptian-Albian as syn-rift fluvial-lacustrine and transgressive clastics in a restricted terrestrial to semi-restricted marginal marine setting, illustrated in Figure 5. Sands that may have been deposited down the continental slope become turbidite in nature. During deposition sea level appears to have been static, with carbonate shelf regions possibly competing with sand deposition from the African massif. Aptian-Albian shallow and deep water facies fairway distribution is illustrated in Figure 6. Sealing in the upper slope to shelf is provided by both intraformational shales and lateral normal faults.

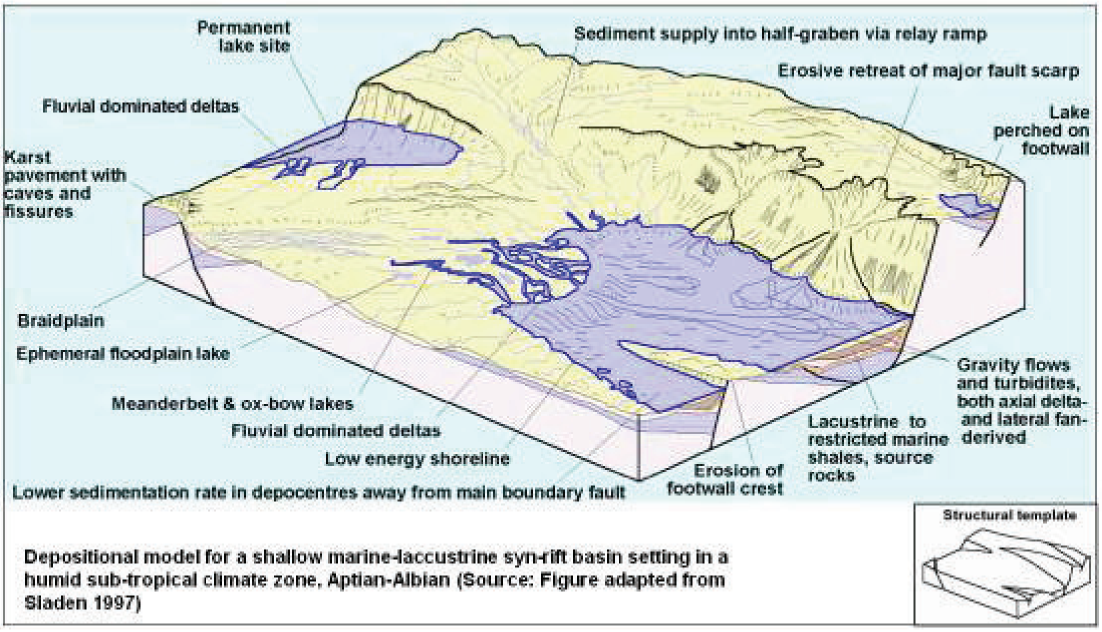


Figure 5: Structural sedimentary model for the syn-rift Lower Cretaceous marginal marine and lacustrine sands

Reservoir sands have been subject to a degree of compaction and diagenetic effects, even at shallow depths, producing low net/gross ratio and medium grade porosities of 12-18%. The sands were later uplifted, faulted and partially eroded. The Aptian-Albian drilled section varies considerably in thickness, from a mere 122m in Cestos-1 to 2630m in downdip S3-1, thinning again along strike to 1520m in H3-1. Reservoirs are sealed by interbedded Lower Cretaceous shales and mid-Cretaceous sealing fault combinations. Some regional work (below) also suggests that carbonates may also be present. It is not expected that these will be a major reservoir component. The sandstone play is not proven in the Liberia-Sierra Leone basin, but is present in the Ivory Coast Basin in Espoir and Baobab fields.

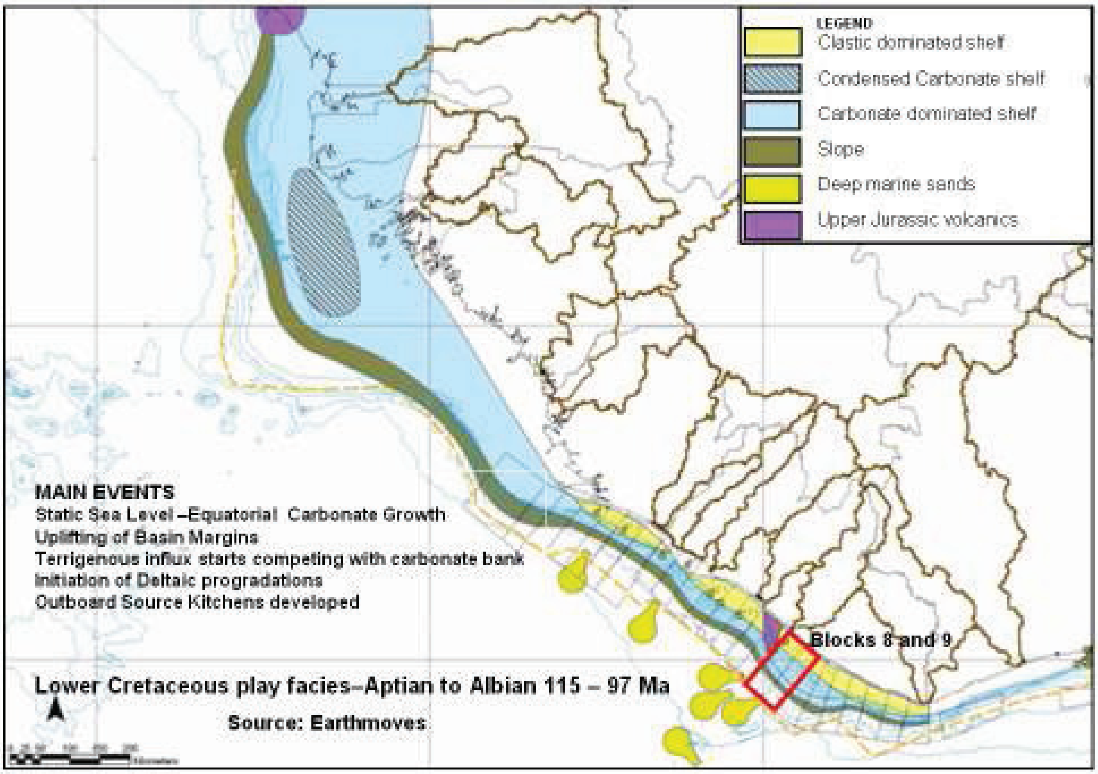


Figure 6: Lower Cretaceous syn-rift play facies along the Liberian basin and in proximity to Blocks 8 and 9.

Upper Cretaceous turbidite sands play: The Upper Cretaceous play consists primarily of transgressive and turbidite sand fan wedges forming stacked turbidite sand shales sequences. Sands range from early Cenomanian-Turonian to Santonian-Campanian sands as in Jubilee Field. Turbidites were sourced via bypass over the Liberian shelf via erosion off the adjacent African massif and introduced down the slope into the base of slope and deep basin plain regions. Turbidites are stratigraphically sealed by overlying interbedded shales at all levels, but occasionally in combination with Lower Cretaceous faults. Reservoir properties are improved compared to the Lower Cretaceous, as seen in the S3-1 in adjacent Block 10, which penetrated 170m of net sand turbidites with numerous oil shows, in an upper slope setting with porosities of up to 28-35%. An example of typical 3D slope topography (example from Ghana) with turbidite package overlain as a seismic envelope intersect surface is illustrated in Figure 7.

The Upper Cretaceous turbidite wedge play is now very prominent in recent Ghana Basin offshore deepwater discoveries, where it is proven to have excellent reservoir parameters and potential high volumes. In Blocks 8 and 9 the best potential appears to be in stratigraphic wedges onlapping the Mid-Cretaceous unconformity, occasionally in combination with NW-SE faults as updip lateral trap seals. These are very attractive combination fault/stratigraphic trap targets, closely analogous to the large Jubilee field in Ghana and the Venus B1 discovery in Sierra Leone.

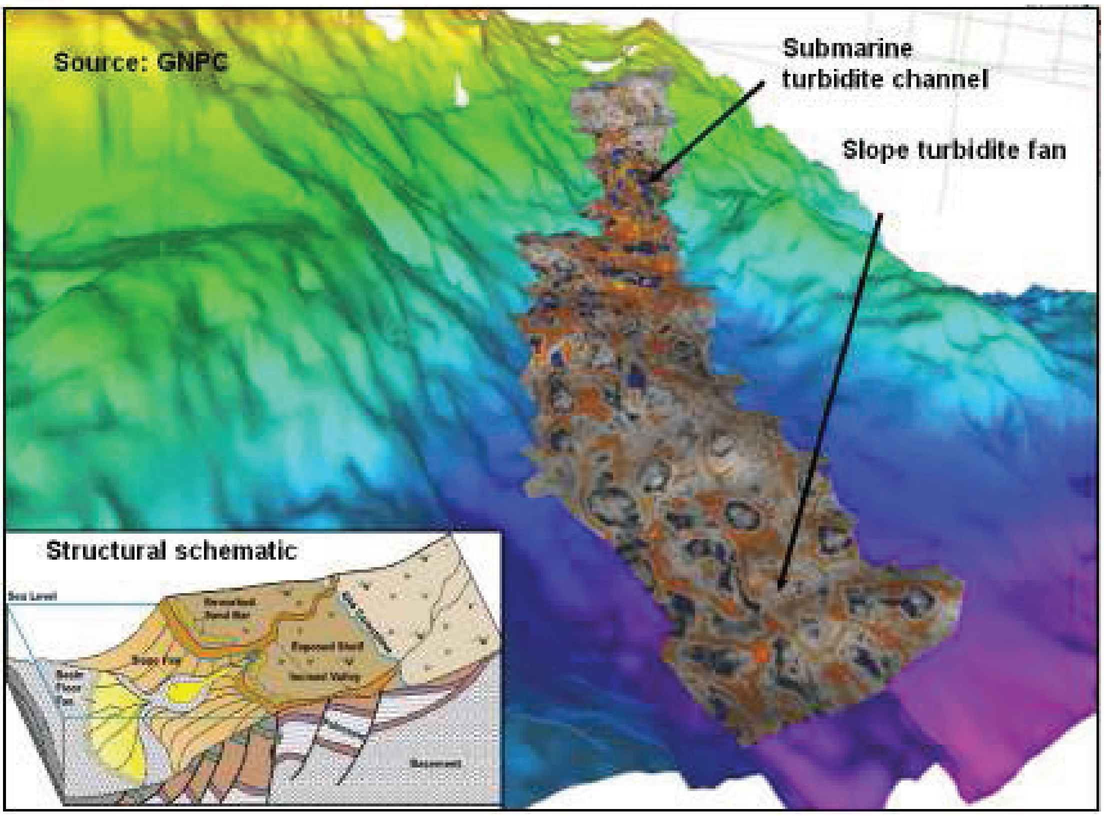


Figure 7: Example of 3D slope topography with Upper Cretaceous turbidite seismic wedge superimposed – Example from Ghana but similar topography expected in Liberia.

Good seismic lithofacies indications exist in Blocks 8 & 9 for turbidite sands within a thick Upper Cretaceous sediment wedge. Interpreted facies and fairway distribution for the Cenomanian- Turonian sequence, with probable turbidite input avenues, is illustrated in Figure 8 below. There are some positive AVA amplitude indications although not directly linked to the main leads. Although of poor quality, the 2D seismic data does allow a number of stratigraphic trap types to be defined. Hydrocarbon charge is largely expected to be from mature Cenomanian/Turonian shales, with some vertical contribution from Upper Albian/Aptian source rocks. The acquisition of 3D is critical to assess the volume uncertainty and to mitigate risk.

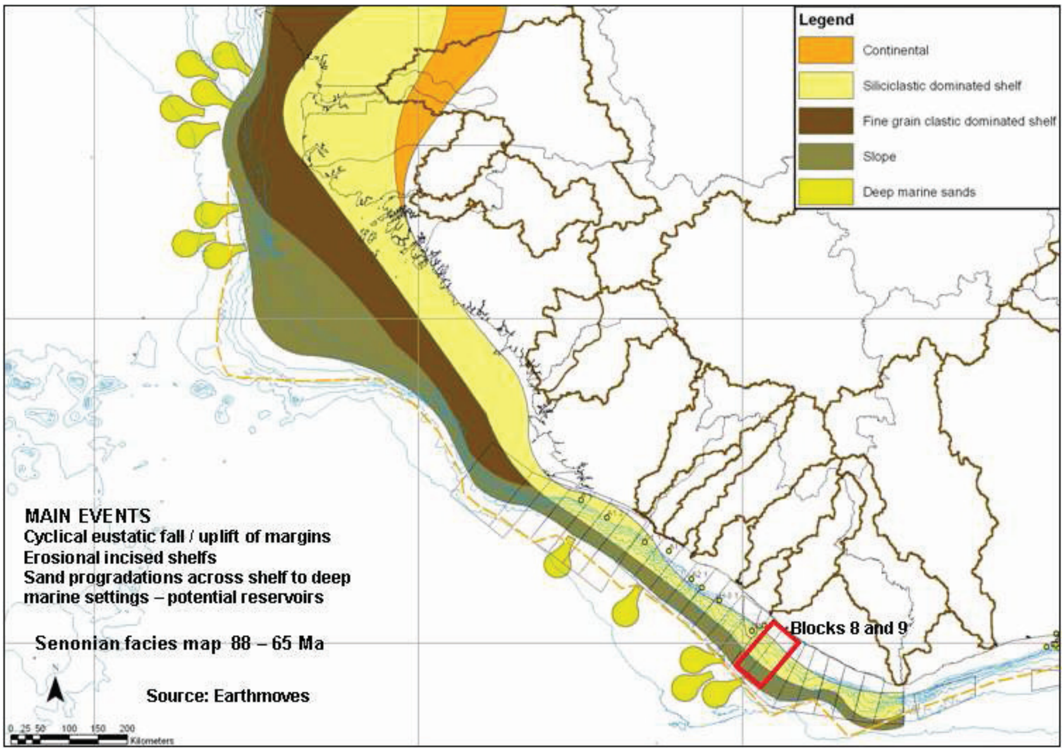


Figure 8: Senonian (Upper Cretaceous) play fairways and facies distribution in proximity of Blocks 8 and 9.

3.3 Source Rock Presence

The presence of source rocks in the Sierra Leone-Liberia Basin has been inferred for a number of years. Studies on exploration wells drilled from 1970-1985 indicated these often had organic rich shales that were approaching or had at least reached early maturity. This was also indicated by the presence of oil shows, including the three wells closest to Blocks 8 and 9. Even if reduced in thickness and potential in locations relative to the paleoshelf regions, all source rocks are likely to be better developed at depth in the outer deeper slope regions, under increased overburden and temperature to assist thermal cracking.

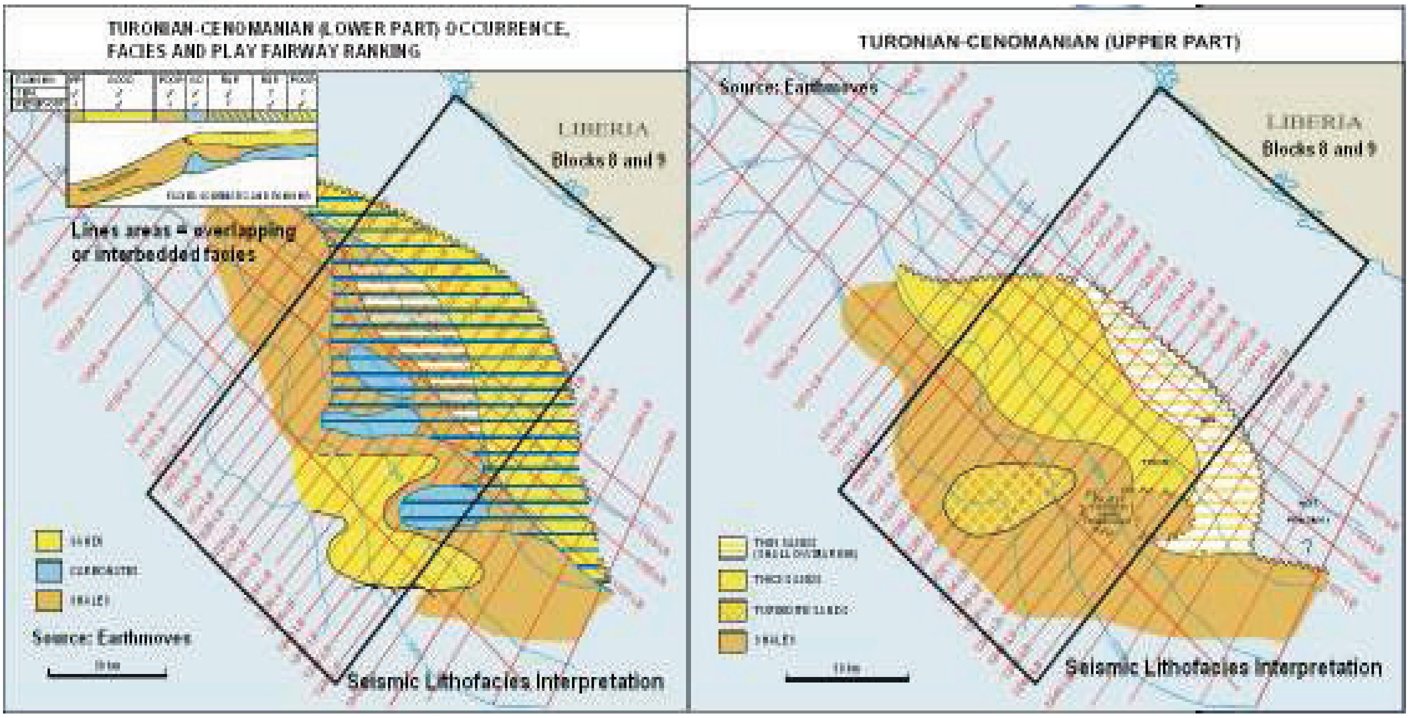


Figure 9:Lower and Upper Cetaceous source rock limits and maturity map over Block 8 and 9.

Three 'oil kitchen' sequences of anoxic organic rich sequences of lacustrine and marine shales are interpreted to exist:

a) Syn-rift Aptian-Albian lacustrine shales which were deposited and/or preserved locally. These are present in Cestos-1 (as rich terrestrial shales) and H3-1, which show moderate levels of Total Organic Carbon (TOC) of 2.6-0.35% and (HI) Hydrogen Indices of 110-631, making them likely to be more oil prone, especially as the wells are located in a higher palaeoslope location. By comparison, TOC levels in these shales in the Ivory Coast Basin average 2.1%.

b) Syn-rift deposition over extensive areas of the shelf and slope of Upper Albian transgressive shales. While these are not seen in the Liberian wells due erosion at the MCU, they would be expected to be preserved in significant thicknesses in deeper water. As a comparison, average TOC levels for the same shales penetrated off the Ivory Coast reach 6.5%, indicating significance oil potential.

b) Post-rift Cenomanian-Turonian anoxic marine shales. These are also missing from the shelf wells but are also expected to be thickly developed in deeper water. Organic content in comparable Ivory Coast shales also have high TOC average content of 6%. Kerogen content for marine shales is expected to be a mixture of Type II and II, whilst the Albian lacustrine shales are more likely to be Type I.

3.4 Source Rock Maturity

Oil window vitrinite reflectance data in shelf wells indicate an average value of 0.8%Ro at the top and 1.2%Ro at the base. This implies in general terms that in Cestos-1, S3-1, and H3-1 sidewall cores particularly, that the base of the Albian section is only marginally mature and that oil has migrated from more mature rocks at depth.

TOC levels are extremely favourable in comparison to other source rocks further afield, such as in parts of the North Sea. Average geothermal gradients are indicated to be 40ºC/km in the present upper slope ('inboard') areas, indicating an oil window from 2,500 (+/- top Turonian) to 3,700m below sea floor, although this gradient could cool slightly to around 35ºC/km further into the basin ('outboard'). This puts a large proportion of all three source rock sequences in the centre of Blocks 8 and 9 comfortably within the window at present day (Figure 10). The top window also varies along strike from 1,250-2,500m so that source rocks in some wells are thermally more mature, such as A2-1 and IIB-1 where top window is only 1250m below seabed. Projection of the window into the deeper offshore indicates it could straddle the Albian-Turonian at depths of between 5,500 and 7,000m, so that parts of the section have passed below it.

Data from wells along the Ivory Coast puts the top of this window at a slightly deeper depth, between 2,400-3000m, possibly influenced by the presence of wells penetrating the deeper offshore. Source rocks in the Ghana Tano basin also show evidence of tracking up the slope to shelf regions, where all Upper Cretaceous turbidite fans are comfortably enveloped in an area of mature source rocks. There are scant oil chemistry data for blocks 8 and 9 but regional information indicates that oil gravity is likely to be approximately 35-38º API.

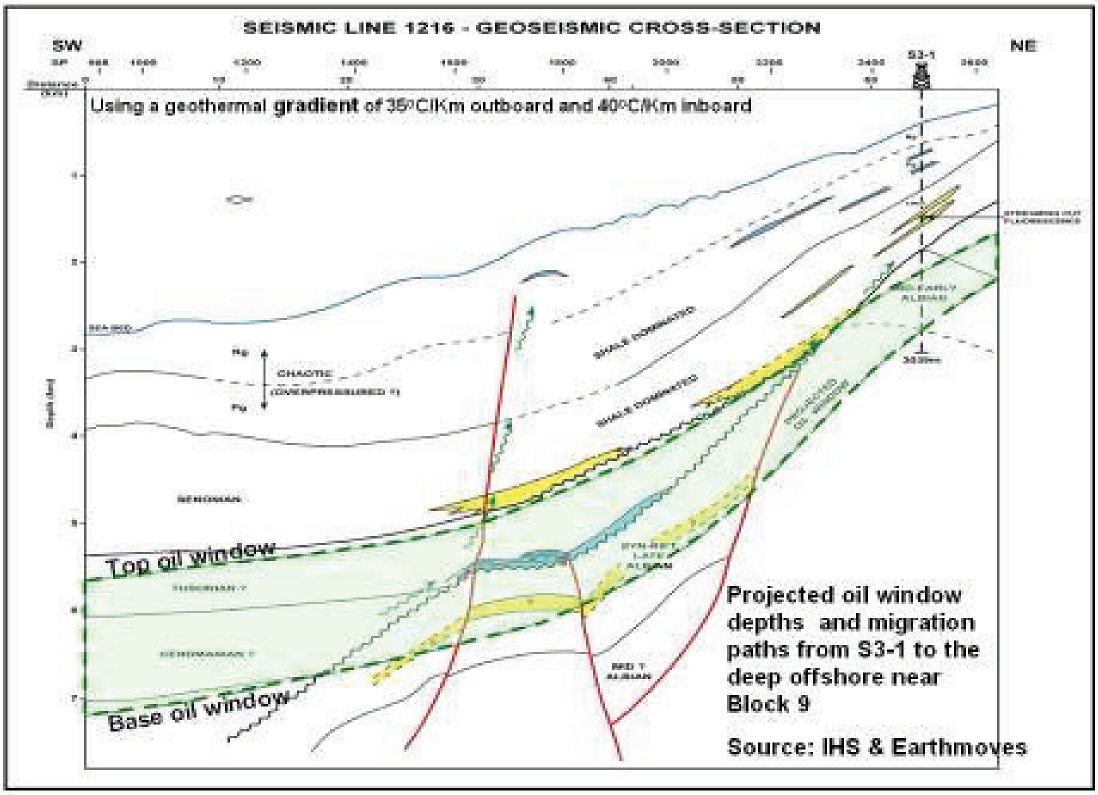


Figure 10: Interpreted migration paths towards and projected oil window near S3-1, bordering Block 9.

3.5 Migration

Migration of hydrocarbons into the sands on both Lower and Upper Cretaceous plays is dependent on expulsion from marine source rocks in the deeper basin oil kitchen within the oil window, where buried under sufficient overburden and subject to the correct temperatures to generate oil. Likely sources are Aptian, Albian, Cenomanian, Turonian and Santonian shales. As overburden built up during the Late Cretaceous and Tertiary, source rocks progressively entered the oil window and would most likely communicate with active carrier beds.

Primary migration is easily afforded by the large amounts of laterally continuous turbidite fan/channel systems as sand prone avenues in incised paleo channels, interpreted in the deeper basin and slope regions from seismic and identified in offset wells. Migration paths could exist from deeper marine shale source areas up the slope, possibly into the shelfal region into shallow marine and lacustrine sands (Figure 10). Where such carrier beds terminate, simple stratigraphic trapping occurs; if continuous, migration would continue to fill a variety of shallower traps. The presence of structures on or onlapping structural highs, act as a focus for concentrating oil leaving the kitchen, either via primary or secondary migration. water-washing is also possible, leaving heavy oil at depth, allowing lighter accumulations in shallower structures. Such activity is observed along the Ivory Coast area where there is a multivariate association of heavy to light oil and gas and condensate in varied trap styles.

In the Liberia basin area, the main expulsion phase is thought to have occurred during the late Oligocene to early Miocene (20-30 Ma). This was mainly along a predominantly SW to NE migration front, followed by secondary local movement up and along the shelf margin, depending on interruption by reservoir absence, encountering NW-SE sealing faults or structural relief. It is likely the main migration front was to the NE along the whole Liberia costal region, occasionally mixing, where local conditions allowed, with local lacustrine sources on the shelf.

Secondary migration is possible if either deeper primary stratigraphic seals are compromised by later faulting, or reactivation of existing WNW-ESE extension fault planes and ridges (Figure 10), to allow deviation of the migrating oil vertically. Where the Turonian and Cenomanian upper play intervals abut Lower Cretaceous fault ridges there is also potential for stepped vertical migration through successive reservoirs and non-sealing faults. Both primary and secondary mechanisms are proven to operate in the Ivory Coast Basin. A more detailed mapping of oil quality vs. reservoir age, when data are available, may help identify more specific patterns.

3.6 Blocks 8 and 9 Seismic Interpretation

The only available seismic data for interpretation are the 2001 TGS NOPEC lines The Lower Cretaceous has twice been interpreted on these original lines. The latest interpretation prior to reprocessing is from June 2006 and forms the basis of the current Top Lower Cretaceous structure. The focus of interpretation after the 2008 reprocessing has been the Base Tertiary and Upper Cretaceous markers using standard event correlation.

The main four markers identified and used for interpretation are:

a) Mid Cretaceous Unconformity-(Late Aptian-Early Cenomanian) (MCU)

b) Lower Intra-Cretaceous Marker 1 (Mid Cenomanian?)

c) Upper Intra-Cretaceous Marker 2 (Late Cenomanian-Early Turonian)

d) Base Tertiary

Cestos-1, the only well on the two blocks, is inshore of the end of the nearest seismic line LB-1220, while H3-1 lies 100 km NW of Block 8. Well S3-1 is the only tied well, on line LB-1216 (Figure 11), which allows ties to three of the main markers, Base Tertiary, Upper Intra-Cretaceous Marker 1 and MCU. The interval between the Upper Cretaceous and MCU is represented by a thinned transgressing sand package lying directly on Lower Aptian clastics. However, there appears to be good stratigraphic correlation with strike well H3-1 and updip Cestos-1, which bottomed in Late Jurassic (Volgian?) volcano-clastics.

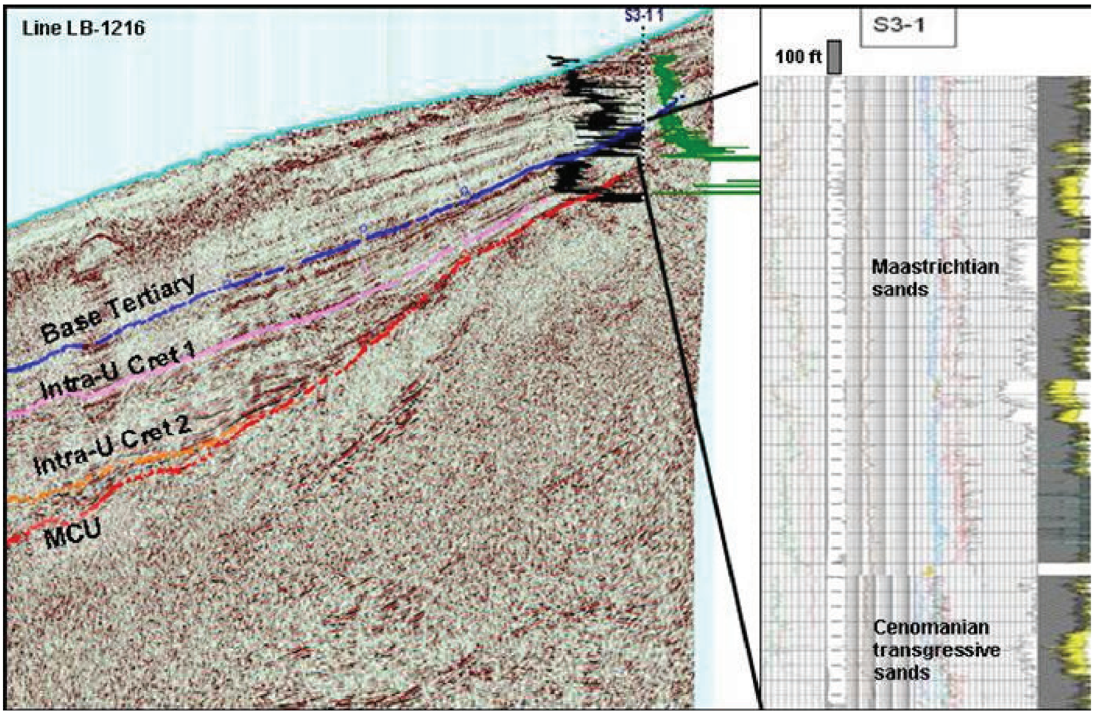


Figure 11: Reprocessed seismic line LB 1216 showing S3-1 well tie and Cretaceous log section (Source EH).

3.6.1 Description of key seismic markers

The four horizons have been interpreted and correlated using post stack migrated data, followed by re-correlation using a smaller set of Pre-Stack Time Migrated (PSTM) lines processed by Fugro in 2008. AVA responses representing high amplitude/energy are seen in the main Cretaceous prospective intervals. The presence of reduced frequency can partly be ascribed to gas migration, while gas chimneys can be interpreted above some of the major faults. Flat spots are also evident on some sections. Event interpretation was via auto-snapping to closest peak or trough, whichever was appropriate and checked for mis-ties. Manual smoothing and editing was then undertaken after filtering the data. Some event jumping and crossing however, is still evident and would require correction.

Using the reprocessed Fugro AVA seismic data, the markers were analysed for a variety of key seismic attributes including instantaneous frequency, filtering and amplitude extraction. The positive AVA responses are seen to correlate well with the good signal to noise areas, but poor areas need not yet be discounted. The upper, Tertiary interval can often be hard to interpret due to the chaotic nature of the seismic data and the signal to noise ratio. These shallower regions may be affecting energy and frequency levels in some of the underlying target areas. The markers are described below and their relationship illustrated in Figure 11.

Reconaissance seismic facies analysis was also been done on two dip (LB-1226/1228) and one strike sample lines (LB-1109). Interpretation is difficult in the deep water regions where a water wedge effect is recognisable. In general, while seismic noise is also apparent in the deeper parts of sections, mid sections show high energy, high frequency packages with fair to good event peak and trough resolution and alternation of stronger amplitudes.

Base Tertiary

The Base Tertiary is a major event, tied to well S3-1 and markedly visible on all lines with little evidence of major fault interruption. It can be traced far into the deeper basin and represents the base of a thick Tertiary quiet open marine sand and shale section filling the basin following major uplift of the African Plateau and shedding of sediment into the Sierra Leone-Liberia Basin. Small fault movements are visible on some lines in the some shallower updip shelf sections. However, for the most part, Tertiary sediments drape the reactivated syn-rift reactivated fault blocks, with some sag visible in the intervening graben and half graben. This is particularly noticeable in the upper Tertiary paleo-slope areas of Block 8.

Intra Upper Cretaceous Upper Marker 1

Within the Upper Cretaceous is a strong marker that can be interpreted over the seismic dataset as a clear event. This marker most likely equates to the early- to mid-Turonian and appears to sub-parallel the Base Tertiary over much of Blocks 8 and 9 by approximately 500 milliseconds, indicating a reduction of the major basin fill activity below this interval. However, the Base Tertiary-U Cret. Marker 2 interval does show thickening over the mid slope regions on several lines, mostly in Block 8, possibly representing sediment piling due to low energy depositional systems and reduced bypassing across the shelf at this point. This interval thins or condenses stratigraphically to the NE, where the Upper Marker 1 also exhibits updip onlap terminations to the MCU.

Intra Upper Cretaceous Lower Marker 2

This event, of probable Late Aptian- Early Cenomanian age, is interpretable over only parts of Block 8 and 9. Where identifiable, it is a strong clear event timed close to Late Cenomanian. It onlaps strongly to the NE onto the MCU surface, where it is largely absent due to non-deposition or erosion. This event onlap is the driving factor in providing a seal to large turbidite package plays in the lower slope regions, as illustrated in all lines with good data quality at this depth and typically on line 1236 (Figure 12). Unfortunately, the noise to signal ration is poor on several lines and the event is hard to interpret.

Mid Cretaceous Unconformity (MCU)

This event represents the base of the post-rift depositional section and is approximately dated to Late Aptian to possibly earliest Cenomanian and signifies a significant time gap that witnessed both non-deposition of earliest Upper Cretaceous and erosion of the Aptian syn-rift section in the upslope regions. On the current 2D seismic data it is poorly identified in the north of Block 9 due to poor data quality and amplitude resolution at depth, but better visualised over Block 8,

The Lower Cretaceous interval below the MCU exhibits a high degree of horst, graben and half-graben normal faulting resulting from early basin extension, which produces a very broken section that is often hard to fully interpret on the current seismic data set. Most of the faults are downthrown to the SW. The MCU also shows the effects of late post rift drift fault block reactivation of original Aptian-Albian fault blocks, due to rotation of the African massif during the Upper Cretaceous, Santonian. These movements have caused uplift of horsts and further sagging of the graben areas and has re-emphasised the rugged profile of the MCU.

Early Cretaceous Faulted surface

On some seismic lines (i.e. 1236-1242, particularly 1242) another older event is possible to see, which possibly represents a very early Cretaceous faulted surface above likely Jurassic volcanic basement. This surface is likely to be Barremian to earliest Aptian in age or even Latest Jurassic, but is too deep to confirm and there is currently no tie with shallow wells that penetrated the Upper Jurassic. For the most part, the section deep below the MCU is of poor resolution, with poor seismic data quality, strong noise, and multiple refractions that may be caused by Early Cretaceous fault planes.

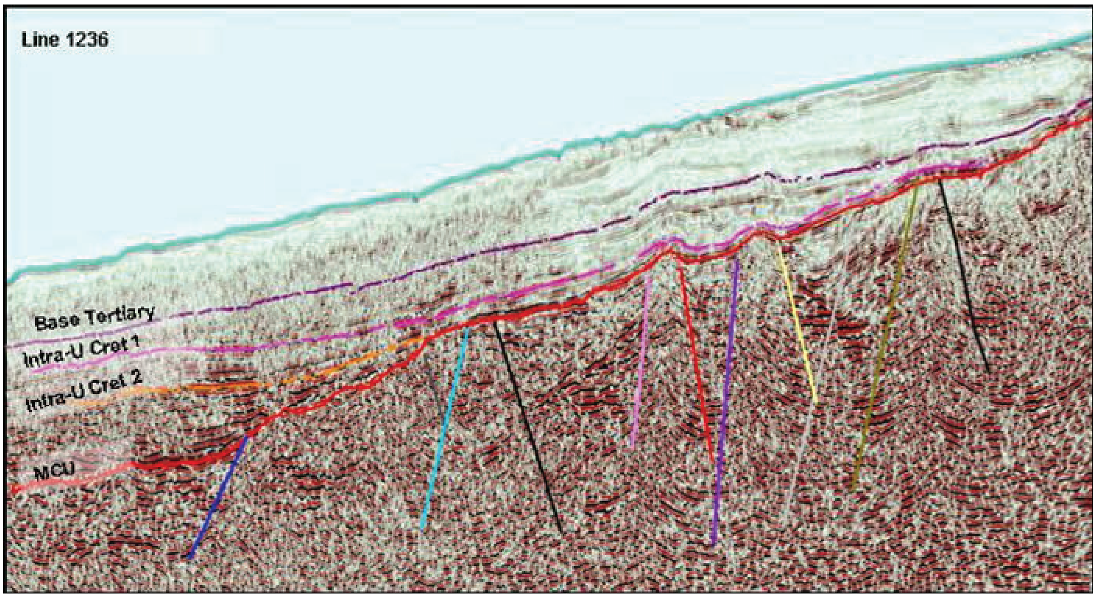


Figure 12: Structural illustration of the four interpreted seismic markers on Line 1236 (Source EH).

3.6.2 Depth Conversion

Depth conversion has been done using a simple layer-cake method involving three main intervals:

a) Water Thickness (surface to sea bed)

b) Post Rift Sequence (sea bed to Intra Upper Cretaceous 1)

c) Syn Rift Sequence (Intra Upper Cretaceous 1 to MCU)

Depths to different levels have been calculated using simple relationship assuming laterally consistent velocity. Sea bed has been taken as a base reference, with a workflow as indicated below. Velocities used in depth conversion were not apparently calibrated to specific wells, but taken from regional data. Velocities are also quoted as having some reasonable regional trends. Depth conversion also addressed the depth of the water wedge and shows that Vrms (root mean square velocity) slows in deeper water while the interval velocities in the post rift section above the MCU appear to conform to the section thickness. Velocity increases into the basin, possibly due to compaction effects.

Interval	Velocity (m/sec)	Process
Depth to Sea bed	1450	One way time interval velocity to SB
Depth to base Tertiary	2000	SB depth + (Base Tertiary Time-SB time)/2 x Vinterval Velocity
Depth to MCU	2450	SB depth + (MCU time - WB time)/2 X Vinterval velocity.

Intermediate velocities of 2000 m/s and 2300 m/s have also been utilised for U Cret. Markers 1 and 2, respectively.

3.6.3 Review of Seismic Interpretation and Data Quality

IHS independently reviewed the seismic data and key seismic interpretations used to define the Leads from Base Cretaceous to Base Tertiary. Due to data quality, it is difficult to place full confidence in the picks of the horizons. Whilst, the seismic suggests tilted fault blocks in the pre-rift and possible pinch-out and stratigraphic/fault plays, fans and ponded sediments it is difficult to go beyond lead or form-mapping in this data set due to uncertainty involved in picking and correlating the Cretaceous events. The supplied documentation suggests that Low Pass filtering should enable improved seismic correlation but with line spacing of 5 kms and line to line seismic response variations the dataset is not conducive to reliable seismic event correlation.

With regard to the attributes, there are indications of 'warm' amplitudes but no Prestack data has been provided to comment on the AVA aspects. Within the Upper Cretaceous, the seismic data show good indications of seismic anomalies with soft kicks (inversion, low Amplitude Impedance) coincident with structural closures, down-fault plays and stratigraphic/pinch-out plays. Line 1228 is taken as an example to highlight a few of the amplitude anomalies on the original processing as illustrated below:

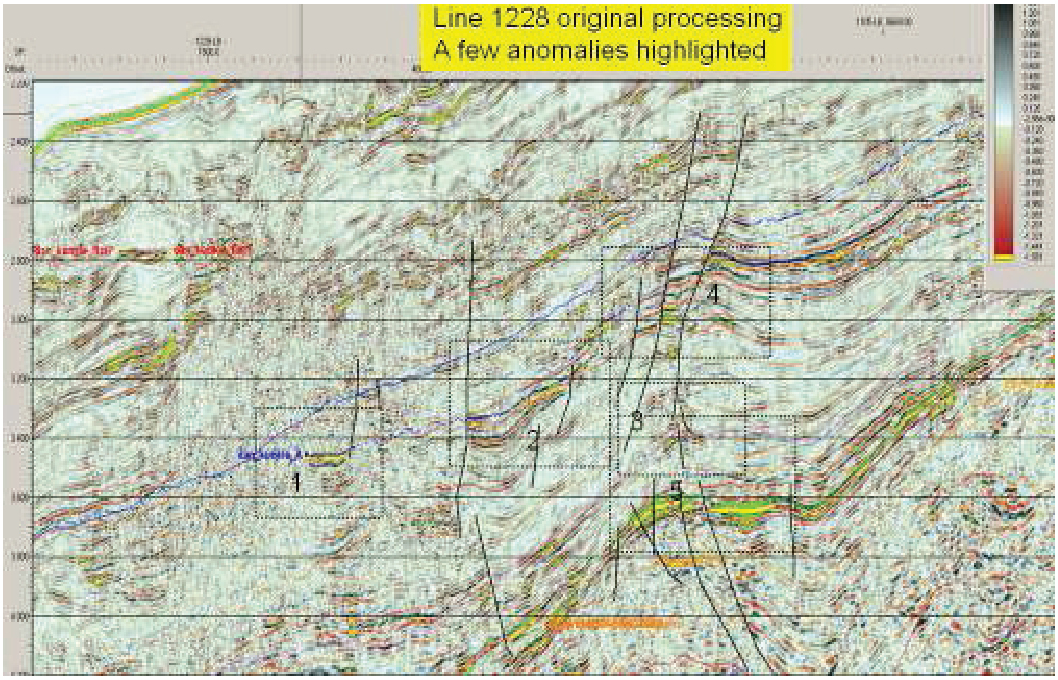


Figure 13: Line 1228 with examples of seismic anomalies (Source IHS from EH dataset)

Fault related anomalies are noted above in anomaly numbers, 1, 3 (downthrown) and 4 (upthrown). Elements of stratigraphic wedge with updip pinchout can be seen in anomaly 2 and a combination of stratigraphic thickening and structural closure is illustrated in anomaly 5.

Based on the reservoir parameters of porosity, depth etc, it is expected that one would be able to see AVO anomalies associated with hydrocarbons with good quality seismic data. The current leads are not however supported by anomalies. It would be expected that the Upper Cretaceous leads should exhibit anomalies once the 3D data set is acquired.

Because the sedimentary pile shows fair degree of faulting (soft sediment and transform fault related) it is expected that prospect size will depend on overlying Trapping Shale thickness to provide side seal & top seal and might NOT have the areal closures, however vertical stacking of individual channel bodies is likely.

The data quality in the Lower Cretaceous pre-MCU is poor. There are some areas showing/implying rotated blocks and horsts but they are difficult to define at present. In the interpretation, care has to be taken to be sure that there is no confusion between MCU vs. onlapping events vs. subcropping events.

Data Quality Issues:

Seismic imaging/gain is one of the main issues in the original data set, Processed Migrated(time) in the SMT project. The supplied documentation on the 7 lines Prestack time migrated by Fugro, show some improvement (SEGY data were not supplied) but still seem inadequate.

The seismic data is very poor in the upper layer in deeper waters demonstrating significant data deterioration caused by 'the chaotic layer' below the mudline. Detailed analysis of the layering and sea floor topography suggest that the 'chaotic' layer is mostly likely to be caused by overpressures in the sandier intervals between 300 to 500ms below the mudline not being released, rather than being a gas chimney. Outside the disturbed zone, particularly in the east where most of the leads are, shallow, listric faulting seems to have released the formation pressures, with minimal disturbance to layering, and hence improved seismic data quality.

The acquisition and processing parameters should be studied in detail to minimise the loss of data quality (source, streamer modelling using the 2D data; scatter noise cancellation) and it is agreed that both PSDM and PSTM should be considered as a part of 3D planning.

Summary of comments on seismic interpretation and data quality:

The 2D data show indications of the play types that worked in the neighbouring basins. The 2D data quality is such that any further work is unlikely to generate Advanced Leads/Prospects. The complexity of the overburden, the subtleties of the structural/stratigraphic definition in blocks 8 and 9 are such that 3D seismic acquisition is essential. However, the acquisition and the processing parameters need to be carefully designed to address the effects of sea floor rugosity and the shallow disturbed zones below the mudline. It is recommended that the 3D covers the block all the way to the block boundary in the deep water in the West. It is likely that 3D will be shot only once before any relinquishment and therefore there is the risk of 'good plays' being relinquished in the deep water.

3.6.4 Magnetic and Gravity Survey Data

Accurate resolution of fault trends and lineaments is difficult with such widely spaced 2D data, with several possible interpretations. Gravity and magnetic data are available for the Sierra Leone-Liberia Basin and have been utilised in recognising more distinct structural lineaments. Both the magnetic and gravity displays show similar features.

Magnetic survey data.

Magnetic data have been helpful in determining indicative fault lineaments. These mainly trend NW-SE across the survey with some E-W and N-S trends in the south. NW-SE trends are particularly evident and appear to reflect major strike slip transforms of the Sierra Leone Transform system including, from north to south, the Buchanan, Greenville and Liberia Hinge fault zones, as they intersect the Liberian shelf and Liberian high under Blocks 8 and 9. The trend effects of these faults are seen to varying extent in the fault patterns of the Lower Cretaceous.

Gravity survey data

A gravity display is shown in Figure 14 below. Data are more muted in response and do not show the NW-SE fault lineaments as strongly as magnetic data, due to the overprint by effects of higher gravity igneous basement and low gravity sedimentary wedges extending across the Liberian High into the deeper basin. Medium-low gravity areas occur in the SW of Blocks 8 and 9, possibly indicating sedimentary packages in the slope and base of slope regions, where there is a significant 'embayment' at the basin-ward side of the blocks.

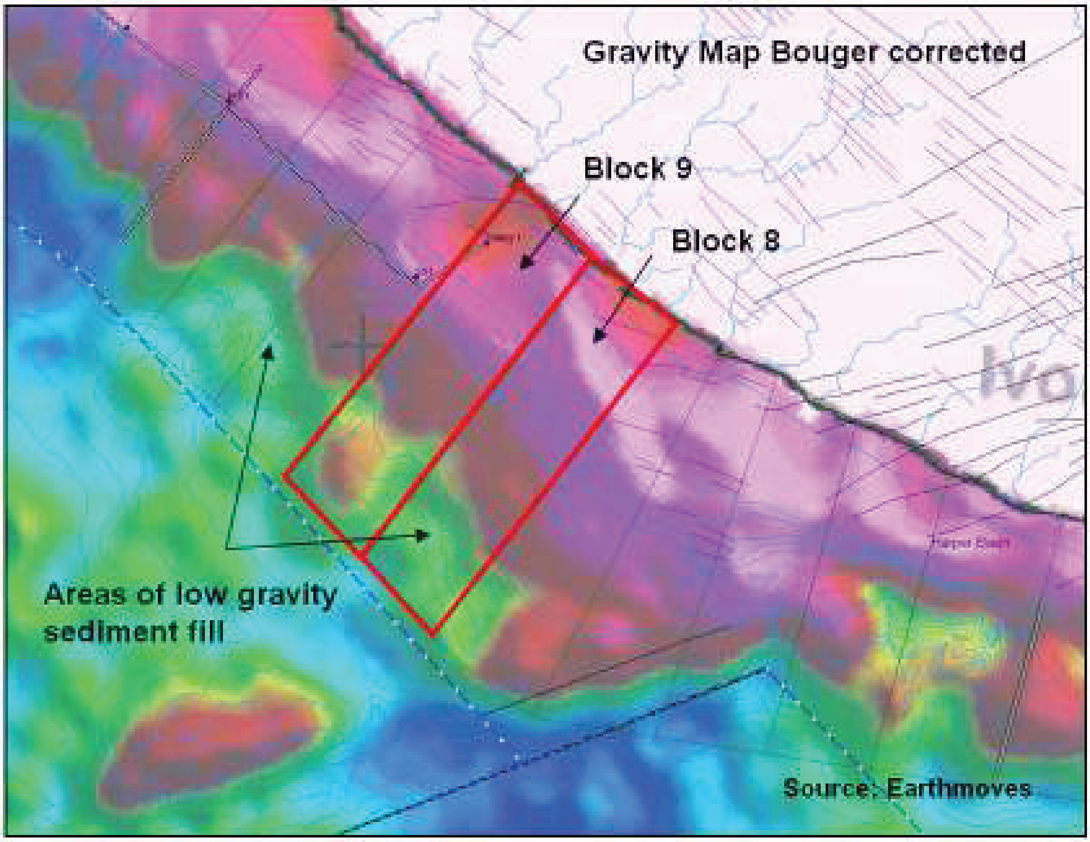


Figure 14: Corrected Free air Bouger gravity map of offshore southern Liberia.

The line of the shelf edge is pronounced, with some NNW-SSE elements. The Liberian High is seen as a south-westerly bulge and a wider shelf region SE of Block 8. The major element however, is the apparent WSW-ENE trend in the far south, reflecting the Grand Cess transform system which defines the Harper sub-basin south of Liberia. This transform, with others to the south (St Paul's, Chain etc), connects directly to the Mid Atlantic ridge.

3.7 Resources Evaluation of Structural Leads

A wide range of trap types comprising two largely mutually exclusive groups (structural and stratigraphic) have been identified and classified for the Lower and Upper Cretaceous. These are listed below and annotated in Figure 15.

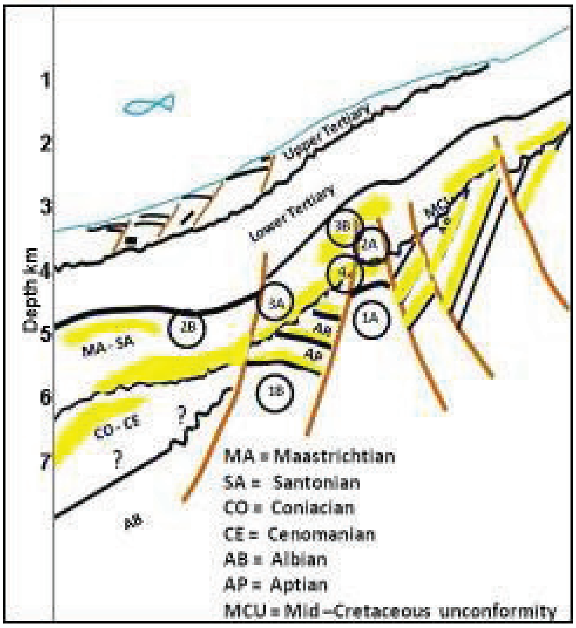


Figure 15 Typical Geoseismic section illustrating trap types.

Lower Cretaceous multiple structural traps:

1A Simple prominent horsts

1B Rotated fault blocks with or without dip closure

1B Fault terraces

Upper Cretaceous structures:

2A Transpressional reactivated syn-rift faults anticlinal drapes

2B Compaction drape over Early Cretaceous structures: low relief dip closures

Upper Cretaceous Stratigraphic traps

3A Onlap pinchouts

3B Deep water seismic mounds and channels (poorly defined)

3B Deepwater basin floor fans 3B

3B Ponded Turbidites

Shelf Carbonate build-ups

Upper Cretaceous/Tertiary Stratigraphic

4 Structural/stratigraphic traps

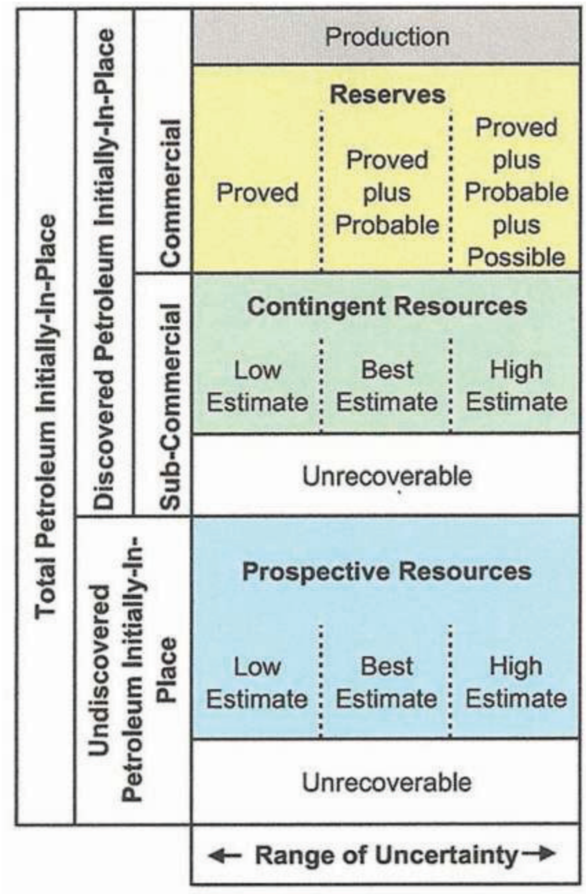
Volumetrics Standard Used for the Report

The resources evaluation was undertaken using generally accepted petroleum engineering and evaluation principles as set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers (SPE PRMS 2007).

The SPE resources classification system is presented in the diagram below. The quantities estimated to be initially-in-place are defined as “total petroleum” initially-in-place, “discovered petroleum” initially-in-place and “undiscovered petroleum” initially-in-place, and the recoverable portions are defined separately as “reserves”, “contingent resources”, and “prospective resources”. Reserves constitute a subset of resources, being those quantities that are discovered (i.e. in known accumulations), recoverable, commercial and remaining.

In this evaluation, all the resources are considered to be prospective resources which are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. Prospective resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be subclassified based on project maturity.

The range of uncertainty of the recoverable and/or potentially recoverable volumes may be represented by either deterministic scenarios or by a probability distribution. When the range of uncertainty is represented by a probability distribution, a low, best, and high estimate shall be provided such that: There should be at least a 90% probability (“P90”) that the quantities actually recovered will equal or exceed the low estimate. There should be at least a 50% probability (“P50”) that the quantities actually recovered will equal or exceed the best estimate. There should be at least a 10% probability (“P10”) that the quantities actually recovered will equal or exceed the high estimate.



IHS Volumetrics Strategy

IHS accepted that at this stage, volumetrics calculations on the main leads from the range of play types was an acceptable indication of the hydrocarbon potential of the block.

EH deterministic data of different vintages were provided as Maximum and Minimum cases for the Upper Cretaceous (2009) and Minimum (Min), Most Likely (ML) and Maximum (Max) data for the Lower Cretaceous (2006). IHS undertook its own adjusted volumetrics in the following way:

a) IHS recalculated areal closures. Calculated Gross Rock Volumes (GRV) using an Area/Depth relationship related to the minimum and maximum values as indicated on the Lead maps illustrated below.

b) As a cross-check, IHS also undertook new deterministic cases for both Upper and Lower Cretaceous leads.

c) Undertook a probabilistic estimation (Monte Carlo) of resources using revised structural closure and adjusted reservoir parameter ranges. These are presented below for each lead.

Simple calculation using all ‘minimum’ or ‘maximum’ values parameters for deterministic means for the relevant low or high cases is not entirely appropriate in terms of the value distributions of possible outcomes. Therefore a final probabilistic approach was performed. As a representative volume, all three mapped Upper Cretaceous leads and the two largest Lower Cretaceous leads were assessed and are outlined below. It is recognized that there are other leads in the blocks but those assessed here, and specifically in the Lower Cretaceous, are the largest and best defined.

3.7.1 Upper Cretaceous Stratigraphic-Structural Leads and Volumetrics

Upper Cretaceous structural stratigraphic leads consist of thick sedimentary packages of shallow to deep marine turbidite sands and shales, built up at the foot of and down the Upper Cretaceous paleo-slope, during several time intervals from Cenomanian to Turonian-Santonian. Sediment supply appears to be sourced via bypass routes across the wider shelf region from the adjacent Liberian part of the African massif and geographical hinterland.

The potential reservoir sequences represent the product of post rift drift sedimentation accompanying transform strike slip extension and seafloor spreading from early Cretaceous to the Tertiary and beyond. Older early Cretaceous turbidite plays are interpreted to gradually onlap the MCU surface in the SW of Blocks 8 and 9, while younger Turonian/Coniacian-Santonian turbidites form stratigraphic faulted combination traps plays updip to the NE against Early Cretaceous faults, as illustrated for the currently identified features in Figure 16.

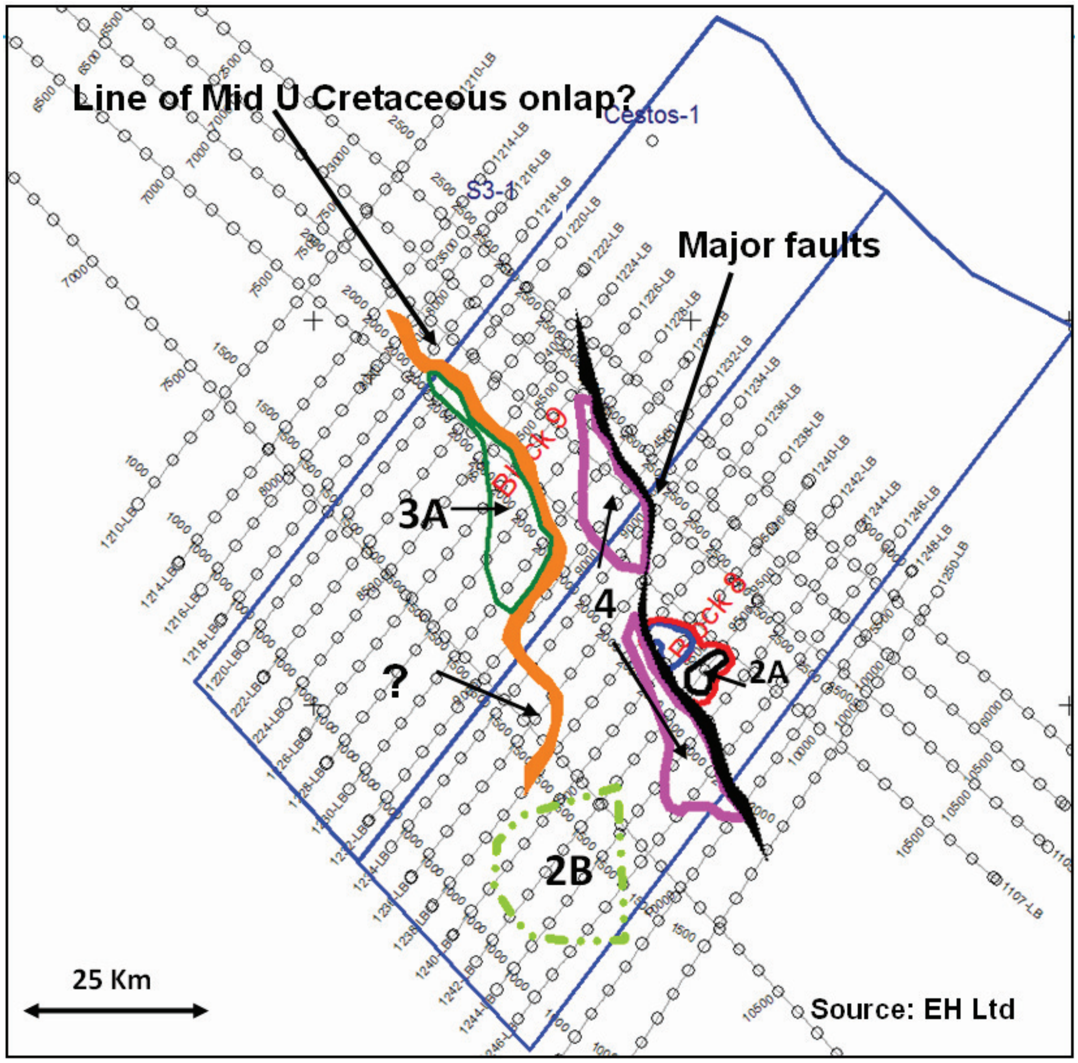


Figure 16: Block 8 and 9 seismic grid with locations of Upper Cretaceous Leads.

Trap 2A (Structural trap)

Trap type 2A appears as a simple anticlinal rollover with updip fault closure in the form of a thin drape of Upper Cretaceous Cenomanian sands updip of one of the Type 4 traps, as illustrated in Figure 17. Seismic line 1240 passes directly through the structure. The lead has a closure of between 16 and 39 km² and is approximately 10km long and 3 - 5km wide. Vertical closure ranges between 50m and 100m. Reservoir quality is expected to be moderate to very good, with net:gross ranging from 20-40% and high porosity from up to 30%.

This and other anticlines over which these thin sands are seen to drape are the result of Late Cretaceous fault reactivation in response to transpressional reactivation of existing syn-rift faults. This activity is likely to have been initiated during Late Cretaceous sea floor extension causing NW-SE orientated fault blocks to rotate due to spatial restriction, causing fault block uplift. Indicative resource estimations show this particular trap type to be of relatively minor volumetric significance.

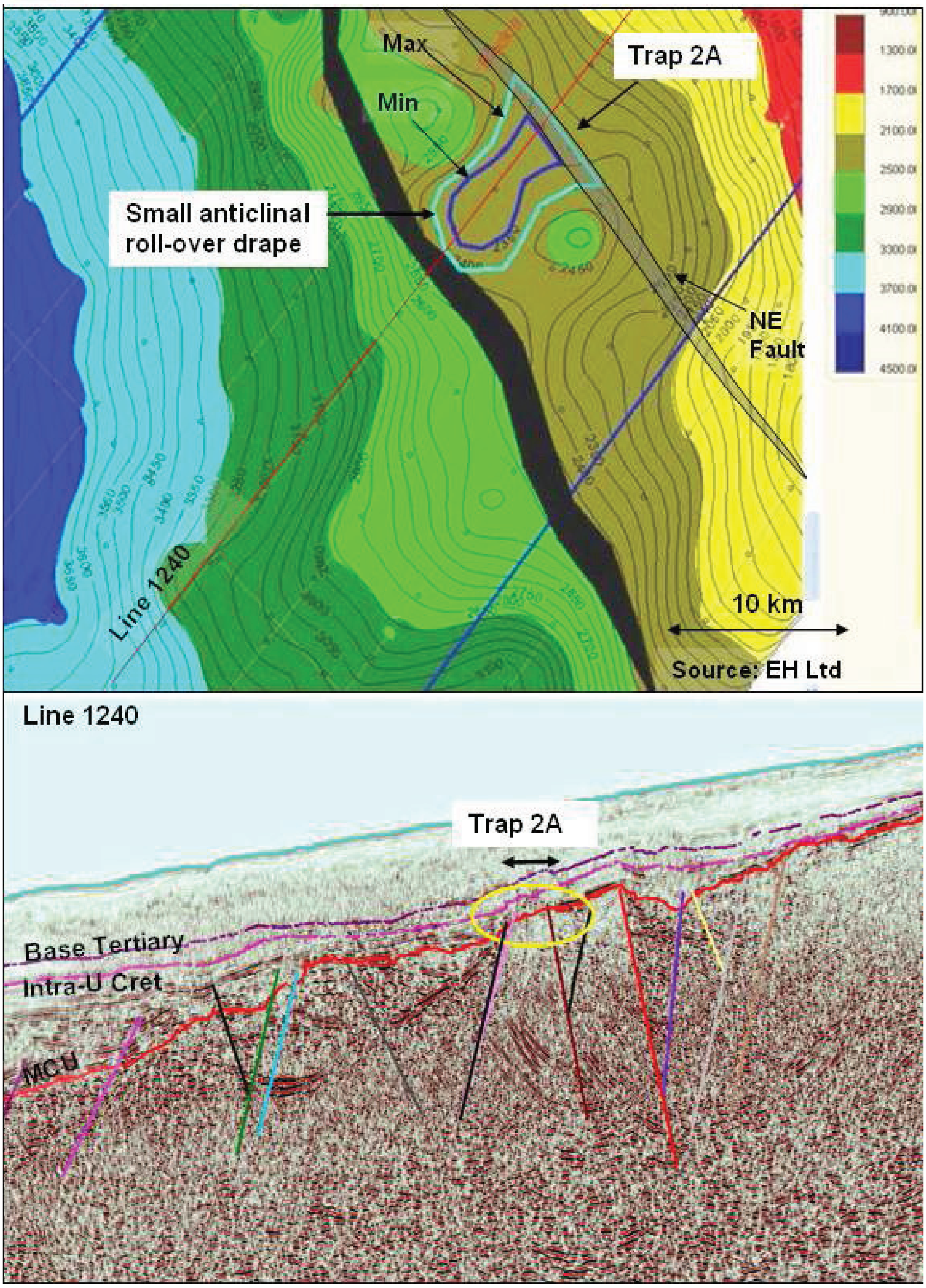


Figure 17: Structural map and seismic line 1240 across Upper Cretaceous Turbidite play Trap type 2A

INPUT RANGES	Minimum	Most Likely	Maximum
Gross Rock Volume (MMcm)	621	1206	1792
Net:Gross (%)	20	30	40
Porosity (%)	22	26	30
HC saturation (%)	60	65	70
Formation Volume Factor (FVF)	1.2	1.3	1.4
Recovery factor (%)	25	30	40

Table 2: Input parameters for indicative hydrocarbon volumetric calculation for Trap 2 type Lead

LEAD 2A MONTE CARLO RESULTS		
Probability	STOIIP MMbbls	Recoverable Oil MMbbls
P90	235	72
P50	331	105
P10	474	152

Table 3: Indicative Probabilistic Prospective Resources Trap 2A type Lead

Trap 3A Lead (Stratigraphic onlap trap)

Trap type 3A consists of a thinning turbidite-like seismic package which is observed to pinchout via onlap gradually from SW to NE onto the SW dipping Middle Cretaceous Unconformity (MCU) as seen in Figure 18. The feature represents the proximal (up-current) part of a large deep sea base of slope fan extending into the basin. with a vertical relief of up to 350m across the crest of the feature on seismic line 1230 and an areal closure between 36 and 132 km² as illustrated in Figure 18. Areal extent is approximately 15km wide and 30km long. Reservoirs are expected to comprise Upper Cretaceous Cenomanian turbidite sands interbedded with shales, re-deposited across the Cretaceous shelf via input channels, down the paleo slope as stratigraphic fan developments.

The lead appears un-faulted and is mapped with a structural closure to the NW and SE, which may be a function of local fan geometry combined with compaction differences. The reservoirs may also be subject to lateral facies changes to shales also to the NW and SE, indicating the possibility that the limit of the trap may extend beyond the current maximum mapped spill point (as has been found at Jubilee). Other onlap elements exist as smaller features along the same line of onlap, along strike to the NW and SE, as separate minor leads of 15 and 36 km² respectively.

Reservoir quality and parameters are expected to be moderate to good with porosities from 18-28% and net: gross from 20-40%, similar to other turbidite sequences of the same age range present in the Ivory Coast-Ghana Basin to the east. A better visualisation of this Trap play can be seen in a grey scale display (Figure 19 below) which shows the turbidite package occupying the interval between the MCU and intra Upper Cretaceous events and the stronger amplitude layering in the yellow envelope between them.

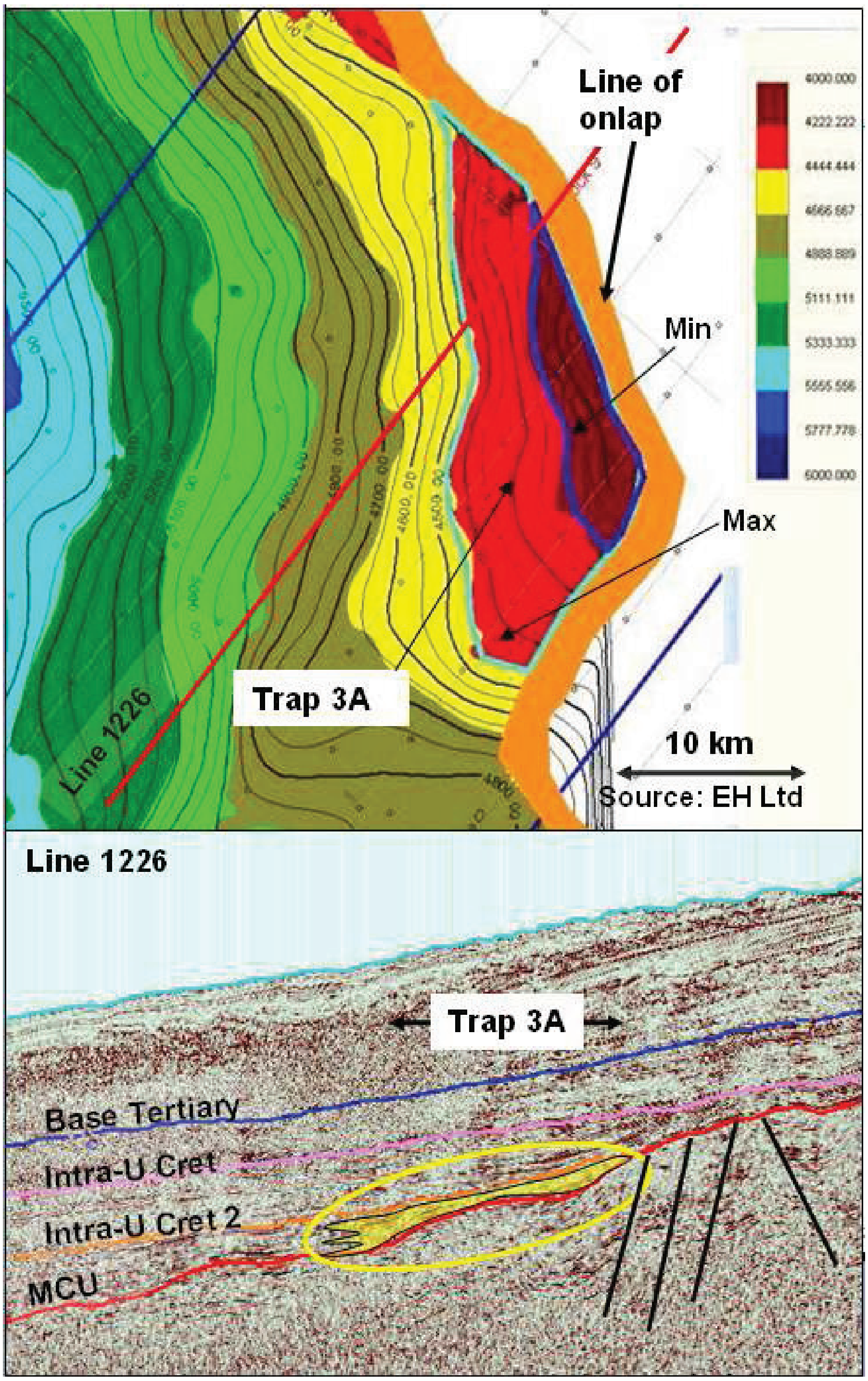


Figure 18: Structural map and seismic line 1226 across Turbidite play Trap type 3A.

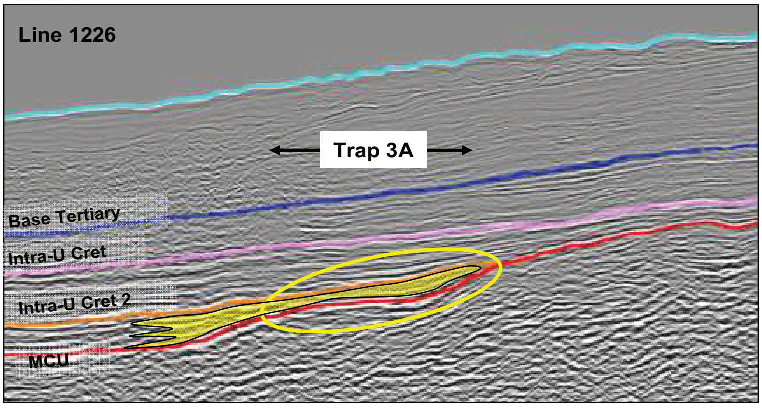


Figure 19: Seismic line 1226 in grey scale showing definition across Turbidite play Trap type 3A

INPUT RANGES	**Minimum**	**Most Likely**	**Maximum**
Gross Rock Volume (MMcm)	2433	12787	23142
N:G (%)	20	30	40
Porosity (%)	18	23	28
HC saturation (%)	60	65	70
Formation Volume Factor (FVF)	1.2	1.2	1.2
Recovery factor (%)	25	30	40

Table 4: Input parameters for indicative hydrocarbon volumetric calculation for Trap 3A type Lead

LEAD 3A MONTE CARLO RESULTS		
Probability	STOIIP MMbbls	Recoverable Oil MMbbls
P90	1694	528
P50	3199	1013
P10	5196	1660

Table 5: Probabilistic Prospective Resources for Trap 3A Lead

Trap 4 Lead (Combination faults-stratigraphic trap)

Trap style 4 is the major play in the area and is cited as a close analogy to the Jubilee discovery in Ghana and is located in the south of Block 9. The trap is one of two large combination structural-stratigraphic features involving a thick basal Upper Cretaceous package of likely Cenomanian age turbidite sands, akin to those proposed for Trap 3A lead. However, seismic event mapping indicates that the Trap 4 lead sequence is younger than Trap 3A lead, as it lies updip and above the lower Intra-Cretaceous marker. The sequence forms a thinning wedge occupying the interval between the younger Upper Intra-Cretaceous event and the MCU events. This southern structure has a relief of between 75 and 250m and the current mapped closure measures 35km long and 10 km wide. In the maximum case, a lateral facies change is required to provide strat closure to the SE. It is believed that closure of this kind is actually present in the Jubilee field.

The package tracks northeast along the MCU event before becoming downfaulted against a major NW-SE fault with a displacement of several hundred metres. The play is visible to varying degrees on seismic lines 1226 to 1246, with the main mapped southern structure illustrated with seismic line 1240 in Figure 20 below. A grey scale display is also inserted in Figure 20, showing the interval between the Upper Cretaceous and MCU, which again shows stronger amplitude layering in the yellow envelope.

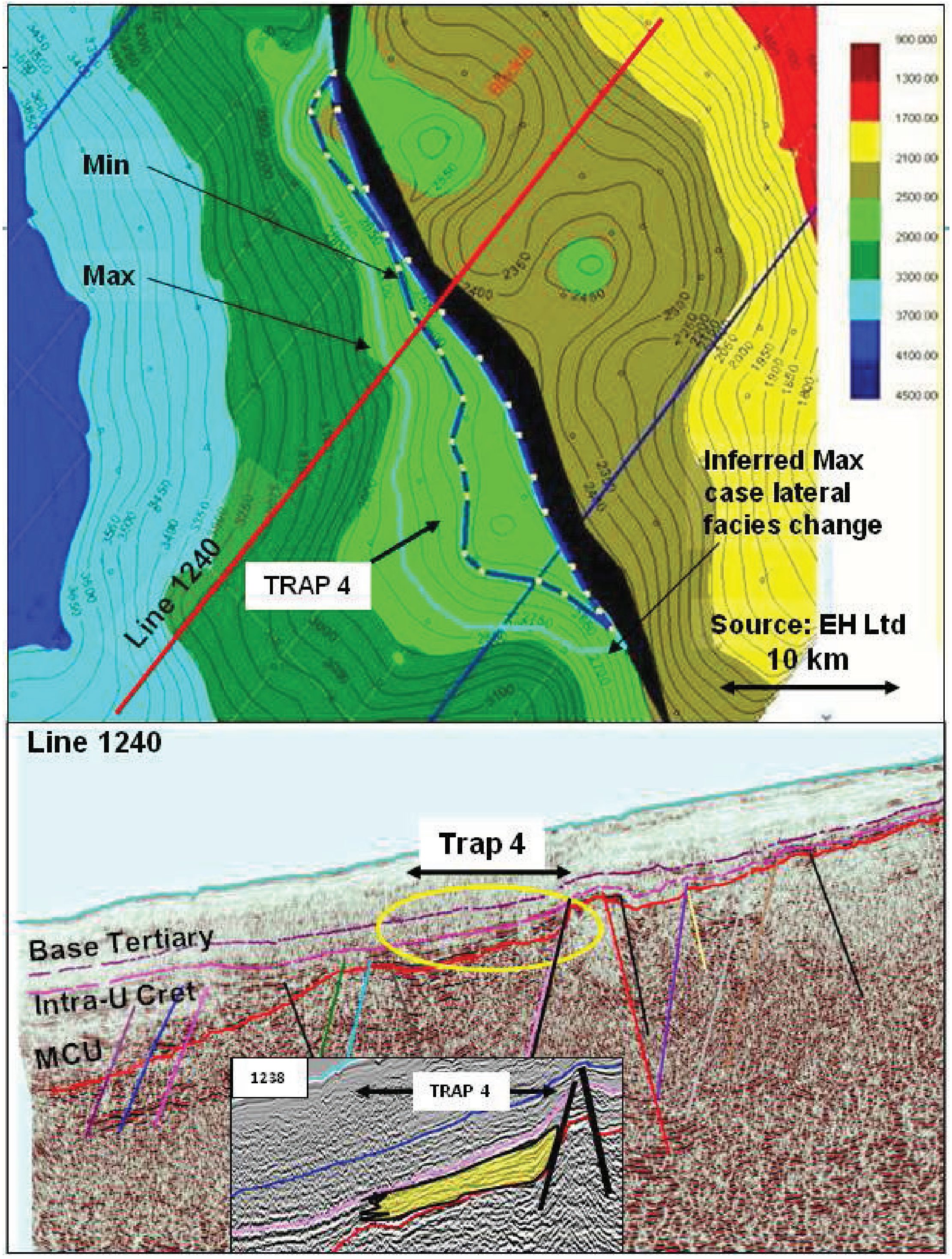


Figure 20: Structural map and seismic line 1240 across turbidite play Trap type 4, Jubilee analogue

The reservoir section is again likely to contain turbidite sand packages with interbedded shales similar to Trap 3A, with similar reservoir quality (net:gross of 20-40% and porosity at 18 -28%). Sands are likely to have been introduced into the basin along bypass routes across the Upper Cretaceous paleo-shelf, deposited down the slope and banked up against the main NW-SE fault. The Maximum closure requires a facies change to the south east. Reactivation history of Lower Cretaceous syn-rift faults also suggests that the upper parts of the section may have been uplifted by fault block movement and eroded.

An additional opportunity that can be evaluated once 3D seismic has been acquired is a similar northern feature (Figure 16) related to Play type 4 which has not yet been fully mapped, but indications are that it is of a similar areal closure to the mapped feature; between 120 and 150 km2, with a similar vertical relief and thus potential volume.

Both trap plays 3A and 4 have also been investigated using seismic AVA - AVO amplitude extraction and numerous filtering methods to reduce seismic noise visualisation. Results reveal a variety of strong event layering within these turbidite packages, likely to be the result of possible Direct Hydrocarbon indicators (DHI's). Other minor trap styles in the area also appear to contain 'flat spots', which are horizontal events within the seismic possibly reflecting fluid contacts. The overall structural style pervading the Upper Cretaceous and Lower Tertiary is quite muted, compared to the complexity of the underlying Lower Cretaceous leads.

INPUT RANGES	Minimum	Most Likely	Maximum
Gross Rock Volume (MMcm)	2264	10092	17921
N:G (%)	20	30	40
Net pay (m)	30	40	50
Porosity (%)	18	24	28
HC saturation (%)	60	65	70
Formation Volume Factor (FVF)	1.2	1.2	1.2
Recovery factor (%)	25	30	40

Table 6: Input parameters for indicative hydrocarbon volumetric calculation for Trap 4 type Lead

LEAD 4 MONTE CARLO RESULTS		
Probability	STOIIP MMbbls	Recoverable Oil MMbbls
P90	1103	345
P50	2396	757
P10	3853	1231

Table 7: Probabilistic prospective resources for Trap 4 type Lead

3.7.2 Lower Cretaceous Structural leads and Volumetrics

The eight leads identified by EH in the Lower Cretaceous section are a product of syn rift sedimentation followed by syn rift tectonics which produced a wide range of structural features in response to early rift-drift extension and plate movements. Multiple trap structures include horst blocks, half and full graben, fault terraces and sand drapes over these structures which are mapped at the top Middle Cretaceous Unconformity Level. Due to the wide spaced seismic grid and the lower quality of the data below the MCU, there is certainly a risk that the faults are not mapped correctly between the seismic lines. It is to be expected that the fault mapping will change substantially once 3D seismic has been acquired and interpreted. Therefore the leads identified are certain to change in shape and size. A fill factor has been applied to these two leads to take into account the structural risk.

There is the possibility that the blocks may have undergone Late Cretaceous rejuvenation that may have compromised the fault traps. Eight fault-related leads are currently identified, most in Block 8, in water depths of 500-1700m (Figure 21). These plays are comparable with those in the Ivory Coast-Ghana Basin to the east but of much smaller sizes except for Leads 6 and 7, the two addressed in this report. The top Lower Cretaceous structure map also indicates additional fault traps of variable size are likely to be present.

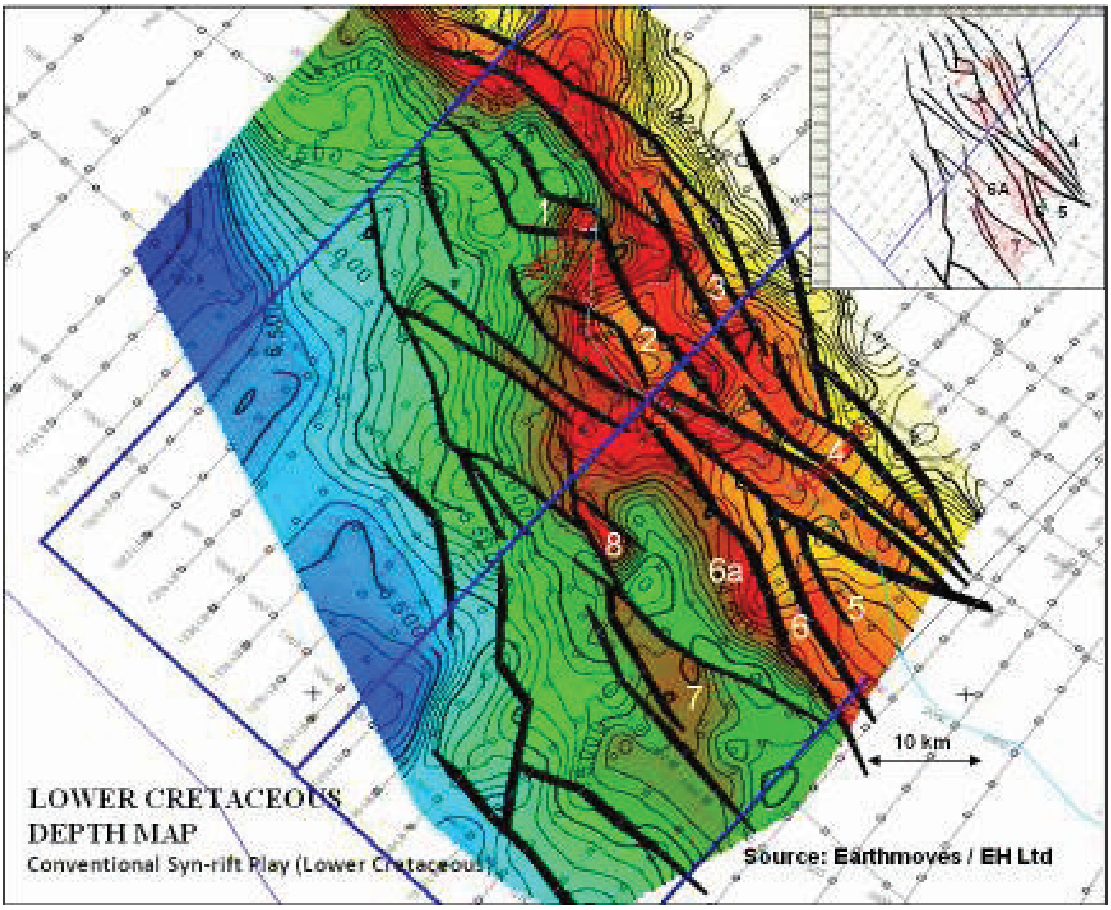


Figure 21: Top Lower Cetaceous structure map with locations of Leads 1 to 8

Reservoirs are likely to be fluvial and shallow marine sand dominated, interbedded with shales, with wider range of net:gross (30-50%) and poorer porosities between 12% and 18%. Some thin carbonates may also be found within the Lower Cretaceous section which are considered here to be non reservoir. Nominal gross thicknesses of 75m, 150m and 225m have been adopted for reservoir thickness since there is no well stratigraphic reference for the Lower Cretaceous section. The structural-sedimentary setting enables contained reservoirs to be sourced by the dominant Lower Cretaceous Albian and Aptian source rocks deeper in the basin, via communicating carrier beds. There is also the possibility of carbonates within the section, although these are not considered at this stage. The less dense seismic coverage imposes a degree of uncertainty in the overall trap size, amount of vertical closure, fault definition, lineaments and merging/divergence. Fault displacements are generally quite large.

Structures 6 and 6A

Structure 6: Structure 6 consists of a linear, narrow horst block trending NW-SE, approximately 40km long and 2-4 km wide. It has vertical closure of approximately 500m and a maximum area of closure of some 69 km². Closure is affected to the north and south within the horst and lateral seal by the NW-SE normal faults with throws of 200-250m to the NE and 400-500m to the SW.

The trap is expected to contain shallow marine and fluviatile sands of Albian-Aptian age and reservoirs are expected to be lower quality with porosities from 12-18% and a wider range of net: gross than the Upper Cretaceous (30-50%). Gross reservoir thickness is estimated at between 75 and 225m. As an indication of structure risk and fault seal, a fill factor has been applied to the Lower Cretaceous leads.

Structure 6A: Structure 6A forms a three-way downfaulted faulted closure against the SW normal fault defining structure 6, also orientated NW-SE. It has 450m of vertical closure and covers approximately 35 km2 and forms an elongate half dome geometry. In areal extent it is approximately 14km long and 3-4 km wide. Dip closure is to the NW, SW and SE, with lateral seal updip against the major structure 6 horst. The trap is expected to contain the same sequences as structure 6, with comparable reservoir parameters.

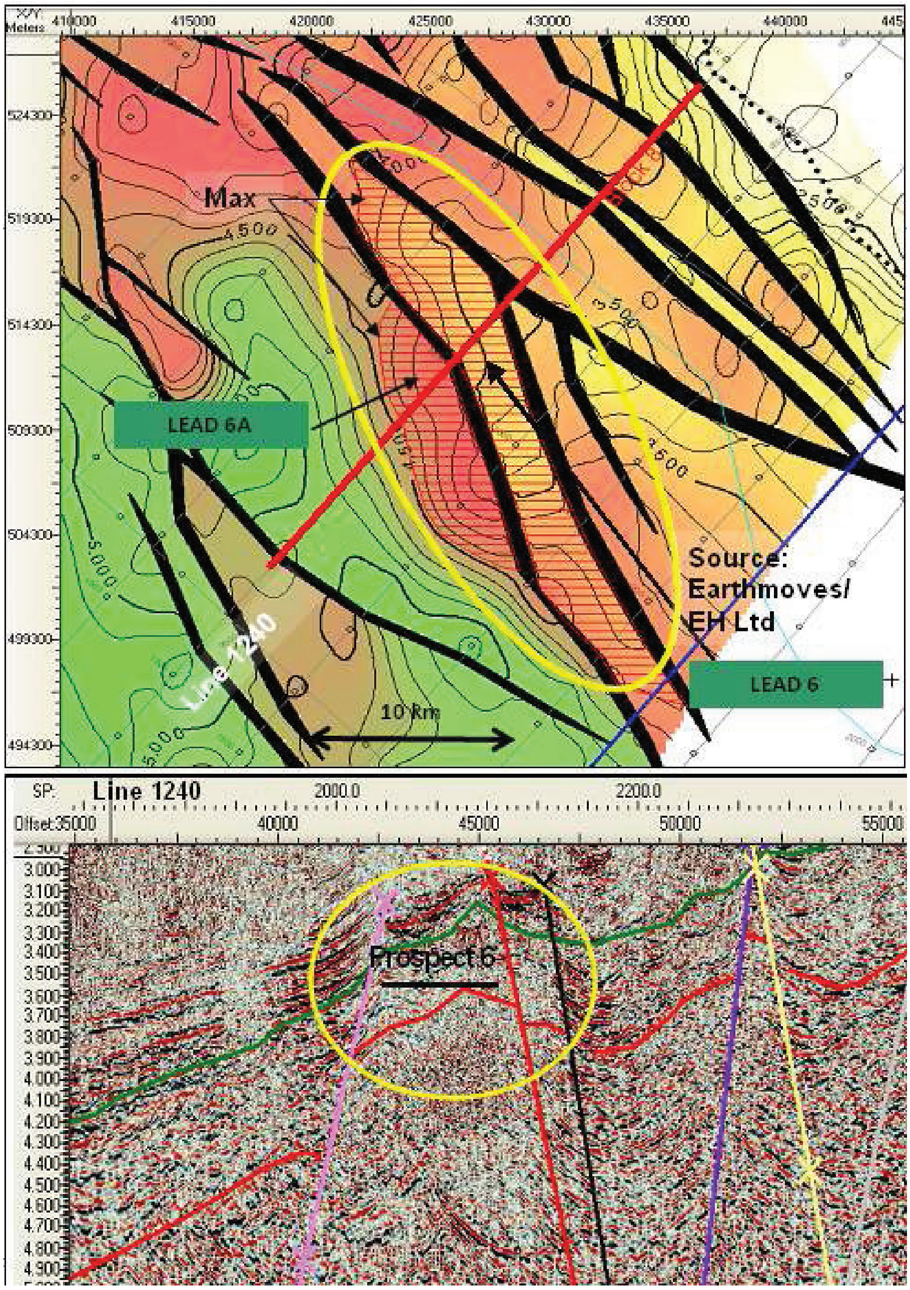


Figure 22: Structural map and seismic line 1240 across Leads 6 and 6A

INPUT RANGES	Minimum	Most Likely	Maximum
Gross Rock Volume (MMcm)	6346	11206	14796
N:G (%)	30	40	50
Degree of Fill (%)	50	75	100
Porosity (%)	12	15	18
HC saturation (%)	60	70	75
Formation Volume Factor (FVF)	1.2	1.3	1.4
Recovery factor (%)	20	35	30

Table 8: Input parameters for hydrocarbon volumetric calculation for Lead 6 and 6A (combined)

LEAD 6 & 6A MONTE CARLO RESULTS		
Probability	STOIIP MMbbls	Recoverable Oil MMbbls
P90	799	209
P50	1461	386
P10	2225	593

Table 9: Probabilistic prospective resources for Leads 6 and 6A combined

Structure 7

Structure 7 comprises a triangular fault block to the SW of structures 6 and 6A. The trap is formed by a NW-SE normal fault thrown to the NE and two echelon normal faults orientated NNW-SSE, downthrown to the WSW. The structure is dip closed to the SE at its widest extent while the NW part of the trap between the en echelon faults forms a small dip closed nose.

Vertical closure is approximately 500m, a maximum area of 145 km2 and areal extent of 15km wide at the SE closure and 25 km long along the crest. Throws range from 150-500m to the NE and of 200-400m to the WSW. The trap is expected to contain the same Albian-Aptian reservoir sequence and parameters as 6 and 6A. Gross reservoir thickness is again anticipated to be between 75 and 225m. An unmapped low relief dip-closed faulted terrace is also observed to the SW of structure 7, downfaulted against the NNW-SSE structure 7 defining fault.

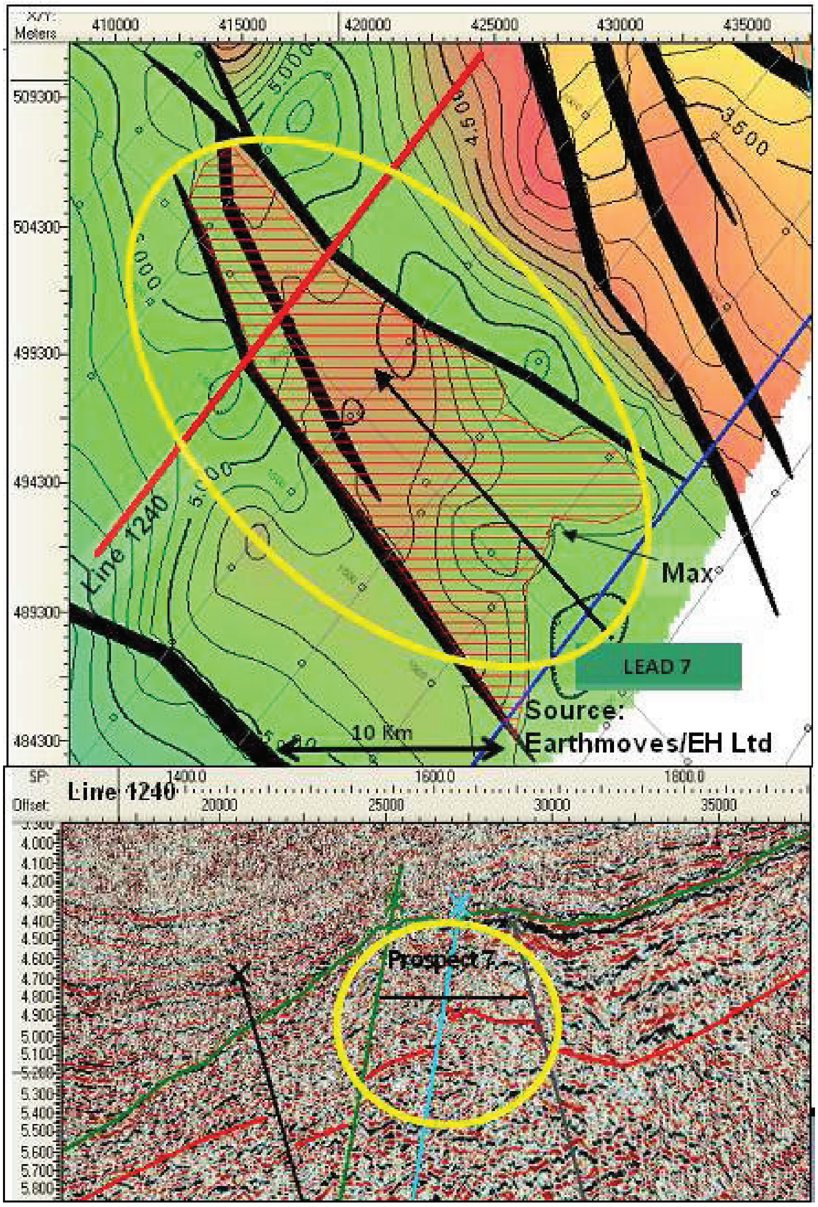


Figure 23 Structural map and seismic line 1240 across Lead 7

INPUT RANGES	**Minimum**	**Most Likely**	**Maximum**
Gross Rock Volume (MMcm)	9257	16005	22402
N:G (%)	30	40	50
Degree of Fill (%)	50	75	100
Porosity (%)	12	15	18
HC saturation (%)	60	70	75
Formation Volume Factor (FVF)	1.2	1.3	1.4
Recovery factor (%)	20	25	30

Table 10: Input parameters for indicative hydrocarbon volumetric calculation for Lead 7

LEAD 7 MONTE CARLO RESULTS		
Probability	STOIIP MMbbls	Recoverable Oil MMbbls
P90	1199	296
P50	2125	529
P10	3230	812

Table 11: Probabilistic indicative prospective resources for Lead 7

3.8 Summary

Blocks 8 & 9 are located in an attractive but largely unexplored section of the West African deepwater margin. Six of the seven wells drilled on the shelf and upper slope had oil shows, suggesting the presence of a viable petroleum system. Prospects lead and play diversity in the Sierra Leone - Liberia basin suggests low mutual risk dependency of system elements.

As at this stage of the exploration cycle, the leads identified are in the prospective resource category and so are not at the stage where there is sufficient clarity, especially in the structural closure, to be able to give each lead a risk factor. However, now that Anadarko has made a non-commercial discovery in the basin with its Sierra Leone Venus-1 well, the play risk has decreased in the basin.

IHS has looked at the range of plays and leads identified and for indicative purposes, has made probabilistic reserve calculations for five of the most interesting leads, that represent the main targets. Table 12 below summarises these indicative resource estimates.

Lead	Recoverable Prospective Resources Gross mmb oil & liquids			Recoverable Prospective Resources Net mmb oil & liquids attributable to EH *			Risk	Operator
	Low Est.	Mid Est.	High Est.	Low Est.	Mid Est.	High Est.		
Upper Cretaceous								
Lead 2A	72	105	152	45	65	94	na	EH
Lead 3A	528	1013	1660	327	628	1029	na	EH
Lead 4	345	757	1231	214	469	763	na	EH
Lower Cretaceous								
Lead 6/6A	209	386	593	130	239	368	na	EH
Lead 7	296	529	812	184	328	503	na	EH
Indicative Total	1450	2790	4448	899	1730	2758		

Table 12: Summary Table: Indicative Prospective Resources (gross and net MMbbls attributable to EH) for main leads in Blocks 8 and 9.

**The Net prospective resources attributable to the group will vary depending on the production flow rate of the field as defined in the terms of the production sharing contract but is taken as an average of 62%.*

In view of the relative immaturity of the exploration of the blocks it was agreed between EH and IHS that no risk factor would be applied to the leads in the block. It is expected that following the acquisition of 3D seismic data, the structures will be better defined and a risk factor can then be more clearly determined.

Post rift Summary: An extensive thickness of Upper Cretaceous clastics was deposited in the syn-rift section from Cenomanian to Maastrichtian. A wide range of trap settings have been identified in the deep offshore region but the major plays comprise turbidite sand and shale packages with possible excellent reservoir quality, in stratigraphic, structural-stratigraphic combination and drape anticline settings. Although seismic data are poor quality, it does convey the possible existence of positive AVA indicators, flat spots and strong amplitude events associated with hydrocarbons.

The main petroleum system elements are indicated to be present: Regional presence of effective and excellent oil-prone source rocks at various stratigraphic levels at depth (most are eroded on the upper slope or above the oil window); thickly developed clastics with some thin carbonates on the shelf and very thick turbidite sequences along/down the slope/base of slope; many identified trap types and sufficient transgressive shales to provide seals at all depths; high probability of migration along carrier beds from depth. These factors are particularly significant after the recent Venus discovery has significantly reduced risk on the Upper Cretaceous plays.

At least four turbidite plays have been identified, two of which are of significant size. These are similar to the sizeable discoveries such as Jubilee Field in the Tano sub-basin in Ghana. A fourth trap has not been fully mapped by EH Ltd but is of similar size and volume to the two large ones and offers significant future potential. The three plays mapped have been evaluated and un-risked resources are estimated to range from 945 to 3043 MMbbls, with a P50 of 1875 MMbbls. Risked resources are not presented due to the uncertainty in the accuracy of the interpretation of trap size, closure and STOIIP calculations. However, it should be noted that the technical success of Anadarko's Venus B-1 well in the north of the basin has effectively reduced Upper Cretaceous play risk.

Syn-rift Summary: All elements of a viable Lower Cretaceous petroleum system appear to be present to varying degrees, although sourcing from Upper Cretaceous source rocks is also a possibility. There is a strong analogy with the same successful play type in productive discoveries in the Ivory Coast-Ghana Basin, including Baobab and Espoir (Ivory Coast) and Saltpond (Ghana); the last one involving a Devonian reservoir in the same fault setting.

Eight identified fault block related leads, located in water depths of 500-1600m have been reviewed. All leads appear to have had immediate communication with oil mature Albian-Aptian source rocks. Although Albian-Aptian shales in the fault blocks are above the oil window and significantly condensed in thickness, the structures are assumed to be in contact with similar aged source rocks at depth in the deeper parts of the basin and have been charged via suitable carrier beds up the slope into the leads. Sand quality is expected to be low, due to nature of deposition of the fluvial and shallow marine sections with lower porosity, under 20%. The traps are defined by faults with throws from 100-500m and two are of significant size.

From the eight leads, the largest two, 6/6A and 7, have been evaluated. Un-risked prospective resources for these two together are estimated to range from 505 to 1405 MMbbls, with a P50 of 915 MMbbls. As mentioned above, there is inherent uncertainty in the accuracy and range of trap size, closure, fault lineaments, STOIIP and reserves, due to poor quality, widely spaced 2D data. Risked resources are thus not presented.

4 Professional Qualifications

This Competent Persons Report was carried out by IHS Global's consulting group, which is a technical consultancy specialising in the valuation of assets for acquisition and divestiture with expertise in geology, geophysics, petrophysics, petroleum engineering and economic analyses. IHS consulting has been undertaking reserves reporting and valuation functions for over ten years and all its personnel involved in such exercises have at the very minimum a second degree in geoscience or petroleum engineering and many have doctorates. All personnel involved in this project have a minimum of ten years relevant valuation experience.

IHS has acted independently in the preparation of this Report. This company and its employees have no direct or indirect ownership in the properties appraised or the area of study described, or own any publicly or privately traded stock of the Client.

IHS is contracted to produce this report for a fixed fee that is not dependent on the amount of resources estimated.

The data for this review was sourced from European Hydrocarbons Limited and consists of their own original material plus that supplied to them by their contractors. We believe that these data represent a comprehensive dataset for the situation on 31 October 2009. This report is reporting prospective resources for the most clearly defined leads for each play type calculated on a probabilistic basis.

All interpretations and conclusions presented herein are therefore opinions based on inferences from these geological, geophysical, engineering or other data. IHS has accepted without independent verification the completeness and validity of such data.

The report represents the IHS's team's professional judgement and should not be considered a guarantee or prediction of future results. In order to fully understand the nature of the information and conclusions contained within this report it is strongly recommended that it should be read in its entirety.

All three of the technical team members satisfy the Professional Qualifications of Reserves Auditors, as published by the Society of Petroleum Engineers (SPE).

Tim Hemsted BA, MSc (Petroleum Geology, Imperial College 1987).

Project Managing Consultant

IHS Global Limited

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Appendix 1: Glossary

Abbreviation	Meaning
$MM	Million US Dollars
API	American Petroleum Institute
AVO	Amplitude versus Offset
AVA	Amplitude versus Angle
bbl	Barrel
b/d	Barrels Per Day
Bscf	Billion standard cubic feet (gas)
CALM	Catenary Anchor Leg Mooring (offloading system)
CAPEX	Capital Expenditure
DRILLEX	Drilling Expenditure
E&A	Exploration and Appraisal
EMV	Expected Monetary Value
EPC	Engineering Procurements & Construction
FEED	Front End Engineering & Design
FOD	First Oil Date
FPSO	Floating Production Storage and Off-loading
ft	Foot
FVF	Formation volume factor
G&G	Geology & Geophysics
GIIP	Gas Initially In Place
GIP	Gas In Place
GOR	Gas-oil Ratio
kbpd	Thousand barrels per day
kbwpd	Thousand barrels water per day
Km	Kilometres
m	Metres
MMbbl	Million barrels
MMcm	Million cubic metres
MMScf/d	Million Standard cubic feet per day

Scf	Standard Cubic feet
MMScf	Million Standard Cubic feet
MMstb	Million Stock Tank Barrels
NPV	Net Present Value
N:G	Net To Gross
OPEX	Operations Exependiture
POS	Probability of success
PSDM	Pre-stack depth migration
PSTM	Pre-stack time migration
RF	Recovery Factor
Scf/bbl	Standard cubic feet per barrel
SPE Standards	Society of Petroleum Engineers Standards
sq km	Square kilometre
STOIIP	Stock Tank Oil Initially in Place
Swi	Initial Water Saturation
tcf	Trillion cubic feet
TVDSS	True Vertical Depth SubSea

Appendix 2: Company Background

IHS Strategy and New Ventures Consulting Group

IHS is a global company that is listed on the New York Stock Exchange with 3,800 employees in 22 countries. In November 2009 its Market Capitalisation was US$3.4 billion and Annual revenue for 2008 was US$844 million. IHS customers include 48% of the United States Fortune 1000 and 76% of the Global Fortune 500.

IHS Global's consulting practices provide a fully integrated range of technical support services to the international E&P industry with clients that include governments and multi-national companies to smaller companies and technical professionals in more than 180 countries.

We provide support to Petroleum Industry clients through all phases of their assets' lifecycles: from Due diligence, Asset Valuation, Reserves Certification, Screening of Acquisition Opportunities to Initial Field Development Concept Evaluation and Selection, Facilities Design, Construction/Commissioning, Operations/Maintenance, Expansion Projects and Decommissioning.

- IHS's consulting practice is an independent group, without association or industry ties, and can guarantee to provide EH an impartial and objective service.
- Industry Knowledge and Experienced Technical Personnel – we are able to expertly resource the project using a combination of:
- In-house personnel with expertise in surface and subsurface technical disciplines. Our Consultants have a wide ranging collective experience in the petroleum industry. Ranging from exploration and development geological and interpretation disciplines to economics, commercial and deal making expertise. On the engineering side, we have specialist experience in conceptual design, detailed design, construction/commissioning and operations/maintenance on world class offshore and onshore projects.
- Alliances/strategic agreements with other independent expert consultants.
- Proprietary software specifically designed for application to the petroleum industry with which our consulting team is uniquely qualified.
- A wide range of Petroleum Industry standard software packages.

11. LIBERIAN LEGAL REPORT

The International Group of Legal Advocates & Consultants

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Legal Report on Liberia Blocks 8 and 9

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Grand Cayman
Cayman Islands
KY1-1103

15th May 2010

Dear Sirs,

LIBERIA BLOCKS 8 AND 9

The International Group of Legal Advocates and Consultants, is acting as legal adviser in Liberia to European Hydrocarbons Limited (**EHL**) (which is incorporated and registered in England and Wales with registered number 04819033) and its wholly owned subsidiary, Regal Liberia Limited (**RLL**) (which is incorporated and registered in England and Wales with registered number 5434246) in respect of EHL and RLL's interest in Liberian Block 8 and 9. It is intended that EHL will become a wholly owned subsidiary of African Petroleum Corporation Limited (**APCL**) (which is incorporated and registered in the Cayman Islands with company registration number TB-234498).

We are instructed that Global Iron Limited (a company incorporated pursuant to the laws of Australia with Australian Company Number 125 419 730) (**Global Iron**) has entered into a share sale agreement with EHL, APCL and the shareholders of EHL (which at completion of the share sale agreement, will be the shareholders of APCL and EHL will be a wholly owned subsidiary of APCL).

We have prepared this legal report in connection with:

(a) a proposed acquisition by Global Iron of at least 95% of the issued share capital of APCL (the **Acquisition**); and

(b) an offer (by way of a placing or otherwise) of ordinary shares in the capital of Global Iron by way of a prospectus lodged at the Australian Securities and Investments Commission in May 2010 (the **Capital Raising**).

The Acquisition and the Capital Raising are referred to together in this letter as **Proposals**.

We understand that this report is required for the purposes of the prospectus to be issued in relation to the Capital Raising and shall be included in the Prospectus to be lodged by Global Iron with the Australian Securities and Investments Commission in late May 2010 for the offer of up to 418,181,818 fully paid ordinary shares in the capital of Global Iron at $0.55 per share to raise up to $230,000,000 (the **Prospectus**). The International Group of Legal Advocates and Consultants gives its consent for the inclusion of this report in the Prospectus, and the references in the Prospectus to this report, in the form and context in which they appear..

We also understand that the directors of Global Iron, EHL and APCL will be relying on this opinion for the purposes of deciding whether to proceed or not with the Proposals and in respect of due diligence for the Prospectus.

For the purposes of this opinion, we have reviewed the documents, more particularly described in Schedule 1 to this opinion (the **Documents**) which include inter alia the Act of Legislature ratifying the Production Sharing Contract (the **Act**) with the Addendum for Offshore Liberia Blocks LB-8 & 9 (the **Addendum**) signed by the Republic of Liberia represented by the National Oil Company of Liberia (**NOCAL**), RLL and EHL. The referenced Act which is also a Statutory Law of Liberia authorises the Contractors (as defined in the PSCs), RLL and EHL to carry out the necessary Petroleum Operations (as defined below) in and with respect to the Delimited Area (as defined below) on an exclusive basis (Article 2, section 2 of the Act). No further licenses and/or permits are required.

Definitions:

Liberia Blocks 8 and 9: means the areas which are the subject areas of the PSCs as more particularly described in Appendix 1 to the relevant PSC.

PSCs mean the Production Sharing Contracts as more particularly described in Schedule 1 to this opinion.

Delimited Areas mean the area in respect of which NOCAL under the PSC grants to the Contractor (as defined in the PSC) RLL and EHL exclusive exploration and exploitation rights.

Petroleum means crude oil and natural gas.

Petroleum Costs means all expenditures actually incurred and paid by EHL/RLL for the purposes of the Petroleum Operations under the PSCs.

Petroleum Operations means all Petroleum exploration, appraisal, development, production, transportation and marketing operations, and more generally, any other operations directly associated therewith carried out under the PSCs.

In considering the Documents, we have made the following assumptions:

(a) That the authenticity of all documents submitted to us as originals, conforms with the originals of all documents submitted to us as copies or drafts;

(b) That the genuineness of all signatures and seals; and

(c) That the accuracy of any and all representations of fact expressed in or implied by any of the documents we have examined.

This opinion is restricted to the laws of Liberia. We have not investigated, nor do we seek to express or imply any opinion on the laws of any other jurisdiction. Having examined the Documents, legislations and regulations as we have considered relevant, and having regard to the laws of and in Liberia to the extent that they are applicable to EHL and/or RLL, we are of the opinion that:

1. **Validity**

1.1 Each of the Documents constitutes a legal, valid and binding obligation of EHL and/or RLL (as the case may be) and is enforceable in accordance with its terms and would be so treated in the courts of Liberia and each of the Documents is in proper form for its enforcement in such courts.

1.2 Liberia Block 8 is registered in the name of EHL/RLL and Liberia Block 9 is registered in the name of EHL/RLL. No other person or entity is noted as having any interest in Liberia Blocks 8 and 9.

1.3 Each of EHL and RLL has taken all necessary action to authorise its entry into the Documents by signing the PSCs which have also been signed by the authorized representatives of the Government of the Republic of Liberia (the **Government**) including the Minister of Justice & Attorney General and the President of the Republic of Liberia and subsequently enacted into law by the national legislature of Liberia (the **Legislature**) ratifying the PSC. Each Document constitutes a legal, valid and binding obligation of the parties to the PSC and is enforceable in the courts of Liberia.

2. **No violation of law**

2.1 The entry into and performance of each of the Documents and the Proposals do not in our opinion violate any present law or regulation of or in Liberia and complies with all applicable legislations and regulations. The Act ratifying the PSCs is in conformance with the Constitution of Liberia and all other statutory laws.

2.2 We are not aware of any proposed changes in relevant laws or regulations which might have an impact on the business or trading prospects or the activities of EHL and RLL in Liberia or on the existence or enforceability of the Documents or the Proposals.

3. **Necessary consents**

No consent, authorisation, license or approval of or registration with, or declaration to any governmental or public bodies or authorities or courts is required to authorise or is required in connection with the execution, delivery, validity, enforceability or admissibility in evidence of the Documents or is required to authorise the performance by EHL and/or RLL of its obligations under the Documents. The Act ratifying the PSCs with the Addendum for Blocks LB 8 and 9 constitutes the authorisation required and therefore no additional act is required for its enforcement.

4. **Exploration and Exploitation Rights**

4.1 Each of EHL and RLL has the legal status and power under the laws of Liberia to hold and acquire under the PSCs, assets including the exploration rights and exploitation rights granted under the PSCs and to perform their obligations under the PSCs and they have all authorizations necessary to carry on business as an explorer for and developer of Petroleum.

4.2 Each of EHL and/or RLL is the sole legal and beneficial owner of the exploration rights and exploitation rights granted to it pursuant to the PSCs entitling it to the exclusive rights to carry out exploration and exploitation works in connection with the Petroleum deposits in Liberia Blocks 8 and 9 in accordance with the provisions of the PSC Act of the Legislature as listed in Schedule 1 to this legal opinion.

4.3 There are no restrictions on a company incorporated outside of Liberia being the registered holder or counterparty of a Liberian exploration or exploitation license or agreement or owning the legal and beneficial title to such exploration or exploitation license or agreement.

4.4 The exploration rights set out in and granted by the PSCs entitle EHL and/or RLL (as the case may be):

(a) to take samples of Petroleum within Liberia Blocks 8 and 9 in order to carry out analyses or industrial assays in the laboratory or plant of the relevant company's choice;

(b) to obtain an exploitation right for all or part of the Petroleum, and the associated substances within the areas covered by the exploration rights if EHL and/or RLL discovers a deposit which can be economically and/or commercially exploited;

(c) to remove and use the surface soil, mature timber, clay, sand, limestone, gypsum, stones and other similar materials which may be necessary for the performance of the Petroleum Operations;

(d) to build and maintain above and below the ground, the facilities necessary for the petroleum operation and to use in accordance with the applicable laws, any railroad, tramway, road, airport, landing strip, canal, river, bridge, waterway and any telephone or telegraph network in Liberia whether owned by the State or by any private enterprise.

4.5 The exploitation rights entitle the EHL and/or RLL to:

(a) use, transport and sell products from the area which is the subject of the exploitation rights;

(b) proceed with the extraction of the Petroleum from the area which is the subject of the exploitation rights;

(c) build, use, operate and maintain all the Petroleum storage and transportation facilities which are necessary for the production, transportation and sale of Petroleum produced pursuant to the conditions specified in the PSCs;

(d) determine the route and location of any pipeline inside Liberia which is necessary for the Petroleum Operations, provided that EHL and/or RLL shall submit plans to NOCAL for approval prior to the commencement of work; any pipeline crossing or running alongside roads or passageways (other than those used exclusively by EHL/RLL) shall be built so as not to hinder the passage on those roads or passageways; and

(e) export freely at the export point selected for that purpose, free of all duties and taxes and at any time, the portion of Petroleum to which EHL/ RLL is entitled in accordance with the provisions of the PSCs after all deduction of all deliveries made to the Government and/or NOCAL.

4.6 Subject to paragraph 4.7, each of EHL and RLL has obtained all authorizations required by law from the competent authorities that have a material effect on EHL and/or RLL's ability to carry out their business.

4.7 At least three (3) months before the beginning of each Calendar Year or for the first year, within two months from the effective date of Petroleum Operations, EHL/RLL shall prepare and submit for approval to NOCAL an annual work program and budget in respect of the entire Delimited Area, specifying the Petroleum Operations that EHL/RLL proposes to perform during that calendar year and their costs. However, upon the commencement of exploration of Petroleum Operations in Liberia, EHL/RLL shall provide to NOCAL:

(a) daily reports on drilling operations;

(b) weekly reports on seismic operations;

(c) a report on the Petroleum Operations carried out together with a detailed statement on Petroleum Costs for the quarter; and

(d) an annual report on the Petroleum Operations carried out together with a detailed statement on Petroleum Costs for the preceding calendar year.

4.8 EHL and RLL shall be responsible for the preparation and performance of the Annual Work Programs which shall be carried out in the most appropriate manner in the observance of good international petroleum industry practice. Further, EHL and RLL undertakes to furnish NOCAL with a precise description and a map showing the details of the surrendered areas and those retained, together with a report specifying the work carried out in the surrendered areas from the Effective Date and the results obtained.

4.9 As of the date of this opinion, each of the exploration rights and exploitation rights are valid, exclusive, subsisting and enforceable by EHL and/or RLL, in full force and effect, have not been suspended and are not subject to any application or proceedings for their revocation or modification.

4.10 The Act ratifying the PSCs was signed on behalf of all authorised government bodies of Liberia required to ensure their full validity and effect, being the Vice President of the Republic of Liberia/ President of the Senate, Secretary of the Liberian Senate, Speaker of the House of Representatives and Chief Clerk of the House of Representatives. The PSCs were signed on behalf of all authorised government bodies of Liberia required to ensure their full validity and effect, being the President/CEO of NOCAL, Chairman of the Board of NOCAL, the Minister of Lands, Mines and Energy, the Minister of Finance, and the Chairman of the National

Investment Committee. The Act ratifying the PSCs was published by the Ministry of Foreign Affairs in Monrovia, Liberia and became effective upon its publication.

4.11 We undertook a search at the offices of NOCAL to ascertain whether or not there are any liens or mortgages or security interest of any kind on the PSCs. The search established that, in relation to the exploration rights/exploitation rights, at the date of this opinion, the exploration rights/exploitation rights are free and clear of any liens, mortgage or security interest of any kind.

4.12 There are no special conditions placed on the exploration rights/exploitation rights other than the general conditions applicable to all exploration rights/exploitation rights pursuant to the provisions of the Production Sharing Contract Act of Liberia. All the provisions of the Act are standard.

4.13 There are no other searches which can be undertaken or public registry in Liberia available for inspection which might disclose details of any claim to ownership or occupation of land or other surface or access rights which are the subject of the exploration rights/exploitation rights which are or might be adverse to or in conflict with any of the exploration rights/exploitation rights.

5. Additional consents

Each of EHL and RLL has obtained the requisite authorization from the appropriate governmental authorities which include the Legislature, the Executive Branch of Government and its functionary, NOCAL, and does not require any additional licenses, consents or other authorities from any governmental or other regulatory authority within Liberia to carry on the operations contemplated by the Documents including for the avoidance of doubt the exploration, production, distribution, sale and export of Petroleum. This information is correct in so far as our research revealed.

6. Taxes and other fees

6.1 EHL and RLL shall in respect of its Petroleum Operations be subject to the laws generally applicable and the regulations in force in Liberia concerning taxes which are or maybe levied on incomes or determined thereto. EHL and RLL shall in respect of its net profit arising from Petroleum Operations, be liable to corporate income tax under the laws and regulations in force in Liberia. Income tax rate applicable to Petroleum Operations carried out under this Contract shall be thirty (30%) percent which shall be paid directly by EHL and RLL to the Government.

6.2 Notwithstanding the above, the Government grants to EHL and RLL a tax holiday (waiver) on its corporate income tax for ten (10) consecutive years from the day of the first commercial production.

6.3 EHL and RLL under Article 10 of the PSCs shall have the right to use, in accordance with the applicable laws, any railroad, tramway, road, airport, landing strip, canal, river, bridge, waterway and any telephone or telegraph network in Liberia whether owned by the STATE or by any private enterprise, subject to the payment of fees then in effect or mutually agreed upon which will not be in excess of the prices and tariff charged to third parties.

7. Termination

7.1 There are circumstances which might allow for termination of the PSC in keeping with Article 32a of the Addendum.

Termination Rights:

Termination by EHL and/or RLL: during the exploration and exploitation periods EHL and/or RLL by giving not less than sixty (60) days notice to NOCAL may surrender all of its rights and obligations hereunder in respect of all or any part of the Delimited Area, and shall be relieved of all obligations to NOCAL in respect of the area surrendered except those obligations arising out of or related to the surrender.

Termination by NOCAL: NOCAL shall have the right to terminate the PSCs in the event of the following events of default (**"Events of Default"**):

(a) where EHL/RLL fails to make any of the payments in keeping with the PSCs;

(b) where EHL/RLL fails to comply with its work commitments and conditions in keeping with the PSCs and such failure is not cured within ninety (90) days after notice by NOCAL or within such longer periods as may be specified in said notice;

(c) where the EHL/RLL shall: i) voluntarily dissolve, liquidate or wind up its affairs, or make an assignment of all or substantially all of its assets for the benefit of creditors other than an assignment made to secure indebtedness incurred in the ordinary course of business; ii) file a petition or application to any tribunal for the appointment of a trustee or receiver; iii) commence any proceedings for its bankruptcy, reorganization, arrangement, insolvency or readjustment of debt; or iv) if any order is entered appointing any such trustee or receiver, or adjudicating the EHL/RLL bankrupt or insolvent, or approving the petition in any such proceedings, and provided that EHL/RLL shall fail to take corrective measures to have such order removed or lifted within sixty (60) days; and

(d) where the Contractor (as defined in the PSCs) shall fail to carry out exploration as required by Article 4 of the PSCs or ceases exploration for a period of twelve (12) consecutive months or ceases production in all of Liberia Blocks 8 & 9, for a period of twenty four (24) consecutive months, unless such failure or cessation is consented to by NOCAL or is caused by a state of force majeure.

7.2 In the case of an alleged Event of Default, NOCAL, before taking any further action, shall provide notice to RLL and/or EHL of the alleged Event of Default and shall offer EHL/RLL a fair opportunity to consult with NOCAL to resolve the matter. If, after a reasonable period of time of consultation, NOCAL is of the reasonable opinion that the matter cannot be resolved by further consultation, NOCAL may then send to EHL/RLL notice of NOCAL's intention to terminate the PSCs. If the Event of Default is not cured within ninety (90) days after the notice is given, or within such longer period as may be necessary to allow a reasonable period of time to effect such cure, then the PSCs will terminate.

7.3 Other than as set out above, there are no circumstances which would allow any person to terminate, require the divestiture of, impose material restrictions on and prevent the performance of (in whole or in part) or cancel any of the Documents whether as a result of the Proposals (or any of them) the change of control of EHL/RLL or otherwise.

7.4 We are not aware of any actions nor have any steps been taken nor any legal, governmental or administration proceedings been started or threatened to revoke, withdraw, cancel or materially restrict or prevent the performance of (in whole or in part) any of the Documents.

8. **Filings**

8.1 Each of the Documents listed in Part 1 of the Schedule has been ratified, signed and published into handbill which has ensured its legality, enforceability, validity and admissibility into evidence of such Documents– in each case as of the date set opposite such Documents as listed in Part 1 of the Schedule.

8.2 It is not necessary or mandatory to ensure the legality, validity, enforceability or admissibility in evidence of the Documents listed in Part 2 of the Schedule that they be filed, recorded, registered, notarised or enrolled in any court, public office or elsewhere in Liberia.

8.3 The Civil Procedure Law of Liberia provides that interest shall be at the rate of six percent per annum except where otherwise prescribed by statute or by agreement between the parties (1LCLR, Sec 45.63). Other than this law, there is no applicable usury or interest limitation law in Liberia which would restrict the recovery of payments or the performance by EHL and/or RLL of its obligations or exercise of its rights under the Documents.

8.4 There are no government controls or exchange controls in relation to the observance by EHL and/or RLL of its obligations under the Documents.

8.5 No stamp or registration duty or similar taxes or charges are payable in Liberia in respect of any of the Documents. However and unless otherwise provided for in the PSCs, the Contractor (as defined in the PSCs) shall, in respect of its Petroleum Operations, be subjected to the laws generally applicable and the regulations in force in Liberia concerning taxes which are or may be levied on income, or determined in relation thereto.

9. **Immunity**

The counterparties to EHL and/or RLL under each Document do not enjoy any right of immunity from suit, judgment, set-off, execution on a judgment, attachment or other legal process in respect of any of its obligations under such Document. The Government through NOCAL is not immune from lawsuits in respect of any of its obligations under the Documents.

10. **The Documents**

10.1 *Production Sharing Contracts* (Liberia: Blocks 8 & 9)

Scope of Work: In the PSCs, the area of work is exploration of and exploitation of Petroleum Operations. The Documents detail exactly what EHL/RLL is authorized to do and what EHL/RLL is expected to do with respect to the exploration and exploitation of Petroleum Operations in Liberia and EHL and RLL is authorised to carry out the necessary Petroleum Operations.

Expiration Date: The PSCs including the Addenda thereto are for a period of eight (8) consecutive years defined by three (3) consecutive periods as follows: first exploration period of four (4) years; a second exploration period of two (2) years; and a third exploration period of two (2) contract years. Thereafter, the duration of an exclusive exploitation period is twenty (25) years with an additional period of no more than ten (10) years. If at the end of the additional period of ten years, commercial exploitation remains possible, EHL/RLL may be authorised by NOCAL to continue the exploitation.

Exploration Work Commitments: Article 4 provides that the Contractor (as defined in the PSCs), EHL and RLL shall commence the geological and seismic work within three months from the effective date of the PSCs. EHL/RLL during the first, second and third exploration periods shall carry out the following minimum work:

(a) shoot, process and interpret one thousand five hundred (1500) square kilometres of seismic survey;

(b) drill one (1) exploratory well in the first exploration period (contingent on the successful seismic programme);

(c) drill one (1) exploratory well in the second exploration period; and

(d) drill one (1) exploratory well in the third exploration period.

Each of the exploratory wells referred to above shall be drilled to a minimum depth of 2000 meters, after deduction of the water depth. In order to carry out the exploration work, the EHL/RLL undertakes to spend the following minimum amounts:

(a) Eight Million Dollars ($8,000000) during the first exploration period;

(b) Ten Million Dollars ($10,000.000) during the second exploration period; and

(c) Ten Million Dollars ($10,000.000) during the third exploration period.

Arbitration Jurisdiction: The arbitration jurisdiction shall be London, England. However, the laws and regulations in force in the Republic of Liberia and the provisions of international law as may be applicable to international oil and gas activities shall apply to RLL and/or EHL, to the PSCs and to the Petroleum Operations which are the purpose thereof, unless otherwise provided by the PSCs.

Date of Registration: The PSCs with the Addenda for the Offshore Liberia Blocks LB-8 & 9 was signed by the President on March 11, 2008, approved by an Act of the Legislature on June 11, 2008 and published by the Ministry of Foreign Affairs on June 23, 2008. The PSCs became law on June 23, 2008 when it was published in handbill. Under Liberian law, a law ratified becomes law on the day it is published in handbill by the Government and not the date of ratification.

10.2 *Joint Operating Agreements*

There are presently no Joint Operating Agreements between EHL/RLL and other entities.

10.3 *Sales Agreements*

There are presently no Sales Agreements between EHL/RLL and other entities.

We are of the opinion that each of EHL and RLL has the right to carry out Petroleum Operations in Liberia Blocks 8 and 9.

11. **The National Oil Company of Liberia (NOCAL)**

NOCAL is a legal entity, duly incorporated, validly existing under the laws of Liberia and had, and continues to have, the legal right, power and authority to enter into the PSCs and the Addenda thereto and to perform such agreements.

12. **Material litigation**

So far as we are aware (having made due and careful enquiry), there are no governmental, legal or arbitration proceedings or governmental or other investigations affecting either APCL, EHL or RLL in relation to the Documents and so far as we are aware, no such proceedings or investigations are pending or threatened.

13. **Environmental and land rights issues**

So far as we are aware (having made due and careful enquiry), there are no environmental or land rights issues affecting Liberia Blocks 8 and 9. However, under the Addendum to the PSCs, Article 6.5 the EHL or RLL undertakes to carry out all Petroleum Operations in accordance with the Environmental Protection and Management Laws of Liberia and all international environmental protocols.

14. **Performance of exploration obligations**

We understand that:

(a) in 2008, FUGRO Seismic Imaging Limited, at the request of EHL, carried out the input digital reprocessing and display of approximately 417 kilometres of 2D seismic data from offshore Liberia. The data had been acquired by EHL from TGS-NOPEC Geophysical Company ASA, a Norwegian company which provides geophysical and geological data and services to oil and gas exploration companies (**TGS**), who undertook 2D seismic surveying of an area of 5,050 kilometres of offshore Liberia (such area including the 417 kilometres of 2D seismic data for reprocessing) in 2000 and 2001;

(b) TGS submitted EIS in respect of all offshore blocks in Liberia on behalf of all operators including EHL;

(c) EHL paid its annual licence obligation of US$ 1,114,071.60 for the period 08/09 in 2009;

(d) EHL's annual licence obligation for the period 09/10 is US$ 1,114,071.60 and is to be paid by instalments commencing 28 February 2010 and ending on 31 August 2010;

(e) EHL has engaged TGS at a cost of US$ 25.75 million to conduct a 3D seismic survey of the same area of 5,050 kilometres of offshore Liberia which commenced on 20 January 2010 and EHL will take a licence of this data and arrange for it to be processed; and

(d) EHL expects to drill an exploratory well in the first quarter of 2011.

15. Material risks

In common with other companies operating in the oil and gas industry sector APCL, EHL and RLL (the **Companies**) are engaged in activities that may involve a high degree of risk. Material risks that may affect the Companies in relation to Liberia Blocks 8 and 9 and their obligations under the PSCs (and any other key contracts in relation to Liberia Blocks 8 and 9) include:

Development and operational risks

The Companies will be exposed to general exploration and hydrocarbon appraisal and development risks. The production phase by its nature also involves significant risks and hazards, including environmental hazards, industrial incidents, labour disputes, discharge of toxic chemicals, fire, drought, flooding and other occurrences outside the control of the Companies.

Oil and gas drilling is speculative

Drilling oil and gas wells is by its nature highly speculative, may be unprofitable and may result in a total loss of the investments made by the Companies. In particular, completed wells may never produce oil or gas, or may not produce sufficient quantities or qualities of oil and gas to be profitable or commercially viable.

Requirements for permits and licences

The operations of the Companies require licences, permits and in some cases renewals of existing licences and permits from various governmental authorities. However, the ability of the Companies to obtain, sustain or renew such licences and permits on acceptable terms is subject to change in regulations and policies and to the discretion of the applicable governments.

Increase in drilling costs and the availability of drilling equipment

The oil and gas industry historically has experienced periods of rapid cost increases. Increases in the cost of exploration and development would affect the ability of the Companies to invest in prospects and to purchase or hire equipment, supplies and services. In addition, the availability of drilling rigs and other equipment and services is affected by the level and location of drilling activity around the world. The reduced availability of equipment and services may delay or prevent its ability to exploit reserves and adversely affect the Companies' operations and profitability.

Environmental risks

The Companies' operations are subject to the environmental risks inherent in the exploration and production industry. There are certain risks inherent to the activities of the Companies, such as accidental spills, leakages or other circumstances that could subject the Companies to extensive liability.

Decommissioning costs

The Companies shall be responsible for costs associated with abandoning and reclaiming wells, facilities and pipelines which it may use for production of oil and gas (Article 20 of the PSCs).

The risks above do not necessarily comprise all those faced by the Companies and are not intended to be presented in any assumed order of priority.

16. **Liberian Laws potentially affecting Global Iron, APCL, EHL, RLL and Liberia Blocks 8 and 9 are:**

a) The Production Sharing Contract Act of Liberia with Addenda

b) The Associations Law of Liberia (Business Corporations Act)

c) Revenue and Finance Law of Liberia

d) The Mining Laws of Liberia

This opinion is rendered for your benefit and the benefit of your legal counsel in connection with the Proposals only. It may not be relied upon by any other party or for any other purpose but a copy may be disclosed (but not relied upon) as required by law, regulation, by the addressee's respective insurers or by legal, regulatory or judicial process or as otherwise required by an addressee in order to establish a defence in any legal or regulatory process.

Under our jurisdiction, Professional Indemnity insurance coverage is not a requirement or is it mandatory for providing legal opinions and hence we are unable to make such a confirmation.

Kind regards,

Yours faithfully

E.B. James

Emmanuel B. James
COUNSELLOR-AT-LAW
The International Group of Legal Advocates and Consultants
Mary J. Brisbane Corporate Building
3rd Floor, 4 Clay Street, Crown Hill
Monrovia, Liberia
Tel: +231-6 818 982 / 6 549 684

Schedule

Documents

Part 1

Documents

1. ***The Act Ratifying the Production Sharing Contracts relating to Liberia Blocks LB-8 & 9 signed between the Republic of Liberia represented by the National Oil Company of Liberia (NOCAL) and Regal Liberia Limited and European Hydrocarbons Limited. Approved June 11, 2008 and Published by Authority, Ministry of Foreign Affairs, Monrovia, Liberia, June 23, 2008***

2. ***The Production Sharing Contract relating to Liberia Block LB-8***

3. ***The Production Sharing Contract relating to Liberia Block LB-9***

4. ***The Addendum for Offshore Liberia Block LB-8***

5. ***The Addendum for Offshore Liberia Block LB-9***

Part 2

Searches

6. ***The firm conducted research at the National Archives of Liberia and the offices of the National Oil Company of Liberia (NOCAL) in Liberia on November 10 & 11, 2009 respectively.***

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West Perth WA 6872

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ACN 065 389 497

24th May 2010

The Directors,
Global Iron Limited,
18, Oxford Close,
Leederville,
WA 6007.

The Directors,
Stantons International Securities,
Level 1, Havelock Street,
West Perth,
WA 6005.

The Directors,
European Hydrocarbons Limited,
12, St. James Square,
London SW1Y 4LB,
United Kingdom.

Dear Sirs,

We understand that Global Iron Limited (Global Iron) has entered into a Share Sale Agreement with African Petroleum Corporation Limited (APCL) and that European Hydrocarbons Limited (EHL) is a wholly owned subsidiary of APCL. EHL is the 100% licencee of exploration Blocks LB-8 and LB-9, offshore Liberia.

Global Iron has requested RISC to review the costs associated with oil exploration activities offshore Liberia. These activities are licencing 5050 km2 3D seismic data, currently being acquired by TGS-Nopec over Blocks 8 and 9, and the future drilling of an exploration well in either Block 8 or 9, planned in 2011.

RISC is an independent consultancy and has no pecuniary interest, other than to the extent of the professional fees receivable for the preparation of this report, or other interest in the assets evaluated, that could reasonably be regarded as affecting our ability to give an unbiased view of these costs.

This review has been prepared in accordance with the 2005 VALMIN Code supervised by Mr. William Pulsford, a Chartered Engineer and member of the Institute of Mechanical Engineers. Mr. Pulsford is a Partner and Director of RISC Pty Ltd (ABN 752 494 08310) and has over 18 years' experience in the petroleum industry in Europe and Australia.

RISC has undertaken this evaluation based on existing geological interpretations and assessments, as supplied by Global Iron, making adjustments as necessary to reflect our own views. RISC has not undertaken reinterpretation of data.

RISC has sighted the signed Production Sharing Contracts for LB-8 and LB-9 noting that the minimum work programme for each block is US$ 8 million including a seismic survey of at least 1500 km2 and drilling one exploration well for each Block.

RISC has sighted a signed copy of the Supplementary Agreement for License of Geophysical Data between TGS-NOPEX Geophysical Company ASA and European

Hydrocarbons Ltd. specifying a cost of US$ 25,750,000 for License and Survey Management fees for 5050 km2 non-exclusive multiclient 3D seismic data to be acquired and processed over Liberia Block LB – 8 and -9.

It is RISC's opinion that charges for licencing seismic are not generally published and are a result of a commercial negotiation between the Licensor and Licensee. The Licence costs paid by EHL are less than the cost of acquiring an exclusive survey, and on this basis RISC considers this charge to be reasonable.

RISC has estimated the cost of drilling an exploration well to a target depth of 4500m in Block 8 or 9, in 2011. This amounts to US$ 37 million. RISC estimates an additional cost of US$ 5 million in the event it is decided to test the well. RISC's estimate is based on a rig rate of US$ 450,000/d. Costs are broken down as follows:

Drilling Activity	Costs, US$ MM (2010)
mob/demob	4.5
basic rig hire	13.4
site survey/positioning	0.5
drilling service/support	9.3
drilling material	4.4
logging/testing fees	0.5
Time Related Contingency	4.5
Testing	**5.0**
Total Programme Cost (MMUS$)	**42.0**

RISC has used data from recent wells, Venus-1 and South Grand Lahou in preparing this estimate.

In addition, Licence fees for 2010 and 2011 of approximately US$ 1.1 p.a., so the total funds estimated for operations amounts to US$ 69.9 million, at 100% participation level, as shown below:

	US$ MM
Seismic Licensing fees	25.7
Drilling and testing	42
Licence fees	2.2
Total	**69.9**

The total of US$ 69.9 million converted at an exchange rate of 0.8 A$/US$ is A$ 87 million for a minimum commitment. The estimate increases to US$ 112 million, or A$ 140 million if a second well is drilled to fully satisfy the minimum work requirements of the Production Sharing Contract at 100% participation.

Yours sincerely,

Will Pulsford
Director

13. ADDITIONAL INFORMATION

13.1 Rights attaching to Shares

The following is a summary of the more significant rights attaching to the Company's securities. This summary is not exhaustive and does not constitute a definitive statement of the rights and obligations of shareholders in the Company. To obtain such a statement, persons should seek independent legal advice.

Shareholders will be asked to adopt a new constitution at the General Meeting to ensure compliance with the listing rules of both the ASX and NSX. The Offer is conditional (inter alia) on the passing of this resolution.

Full details of the rights attaching to Shares are set out in the Company's Constitution to be adopted, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) **General Meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

(i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend Rights**

The Directors may from time to time declare a dividend to be paid to shareholders entitled to the dividend. The dividend shall (subject to Clause 6.5 of the Company's Constitution and to the rights of any preference shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividends) be payable on all shares in accordance with the Corporations Act. The Directors may from time to time pay to the shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

(d) **Winding-Up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, shares classified as restricted securities by its applicable exchange and which are subject to escrow restrictions at the time of the commencement of the winding up shall rank in priority after all other shares.

(e) **Transfer of Shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or applicable Listing Rules.

(f) **Changes to Capital Structure**

The Company may by ordinary resolution and subject to the Corporations Act and applicable Listing Rules:

(i) increase its share capital by the issue of new shares of such amount as is specified in a resolution;

(ii) consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares;

(iii) sub-divide all or any of its shares into shares of smaller amount than is fixed by the Constitution, but so that in the sub-division the proportion between the amount paid and the amount (if any) unpaid on each such share of a smaller amount is the same as it was in the case of the share from which the share of a smaller amount is derived; and

(iv) cancel shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or have been forfeited and reduce its share capital by the amount of the shares so cancelled.

(g) **Variation of Rights**

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

13.2 Terms and Conditions of Existing Options

The term of the Options currently on issue are:

(a) each Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with the terms and conditions of the Options;

(b) the Options will expire at 5:00 pm (WST) on 31 July 2010 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date;

(c) the amount payable upon exercise of each Option will be $0.20 (**Exercise Price**);

(d) the Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion;

(e) an Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:

  (i) a written notice of exercise of Options specifying the number of Options being exercised; and

  (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

  (**Exercise Notice**);

(f) an Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds;

(g) within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice;

(h) all Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares;

(i) the Company will not apply for quotation of the Options on an exchange at this stage. Once spread requirements are satisfied, the Company may apply to quote the Options it considers appropriate.

However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on an exchange within 10 Business Days after the date of allotment of those Shares;

(j) if at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the applicable Listing Rules at the time of the reconstruction;

(k) there are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(l) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

The Company will need to negotiate with the holders of the existing Options to vary their terms such that Shares issued on the exercise of them will be quoted on NSX rather than ASX.

13.3 Terms and Conditions of Proposed Options

The Options to be issued to brokers in consideration for the raising under this Prospectus (but subject to Shareholder approval at the General Meeting) entitle the holder to subscribe for Shares on the following terms and conditions:

(a) each Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with the terms and conditions of the Options;

(b) the Options will expire at 5:00 pm (WST) on that date 3 years after the date of issue (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date;

(c) the amount payable upon exercise of each Option will be $0.55 (**Exercise Price**);

(d) the Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion;

(e) an Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:

  (i) a written notice of exercise of Options specifying the number of Options being exercised; and

  (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised,

(**Exercise Notice**);

(f) an Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds;

(g) within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice;

(h) all Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares;

(i) the Company will not apply for quotation of the Options on ASX or NSX at this stage. Once spread requirements are satisfied, the Company may apply to quote the Options it considers appropriate. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX or NSX (as the case may be) within 10 Business Days after the date of allotment of those Shares;

(j) if at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and applicable Listing Rules at the time of the reconstruction;

(k) there are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue;

(l) an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

13.4 Directors' and Controllers Interests

Directors are not required under the Company's Constitution to hold any Shares. As at the date of this Prospectus, the Directors have relevant interests in Shares as set out in the table below:

Director	Shares	Options
Tony Sage[1]	1,998,383	-
Mark Gwynne[2]	20,530	Nil
Timothy Turner[3]	11,993	-

Notes:

1. 1,880,825 Shares are held by Mr Sage as trustee for the Egas Superannuation Fund in his own right, 107,558 Shares are held by Okewood Pty Ltd, a company controlled by Mr Sage, and 10,000 are held by Anthony Paul William Sage ATF the Sage Family Trust, a company in which Mr Sage has a relevant interest.

2. These Shares are held by Mrs Cheryl Gwynne, the wife of Mr Gwynne.

3. 10,682 Shares are held by Shepperton Holdings Pty Ltd as trustee for the Shepperton Unit Fund, a company in which Mr Turner has a relevant interest. 1,311 Shares are held by Timothy Turner and Marianne Turner as trustees for the Woody Superannuation Fund.

Following completion of the Acquisition the Directors and Proposed Directors will have a relevant interest in the following Shares and Options:

Director	Shares	Options
Tony Sage	4,216,883	-
Timothy Turner	11,993	-
Frank Timis	630,816,987	-
Mark Ashurst	Nil	-
Karl Thompson	Nil	-
Gibril Bangura	Nil	-
Alan Watling	Nil	-
Anthony Wilson	Nil	-

Notes:

1. Upon completion of the Acquisition and capital raising under this Prospectus, Sarella (an entity controlled by Mr Frank Timis) will hold an interest in 52.70% of the Company (assuming the minimum subscription is raised) and 46.99% of the Company (assuming the maximum subscription of $230,000,000 is raised). All Consideration Shares issued to Sarella will be escrowed in accordance with the Listing Rules and will be restricted in voting in the manner described in Section 3.3. Sarella has confirmed to the Company that on the basis of information available to it, Sarella:

   (a) has no intention of making any significant changes to the business of the Company other than as indicated in this Prospectus;

   (b) does not intend to redeploy any fixed assets of the Company;

   (c) does not have any present intention to inject further capital into the Company;

   (d) does not intend to transfer any property between the Company and any of the African Petroleum Shareholders or any person associated with either of them;

   (e) has no current intention to change the Company's existing policies in relation to financial matters or dividends in a manner that may be detrimental to Shareholders;

   (f) has no current intentions regarding the future employment of the present employees of the Company; and

   (g) has no current intention to change the Board.

   A profile of Mr Timis is included in Section 8.2.

The Constitution of the Company provide that the Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, where notice of the amount of the suggested increase and the maximum sum that may be paid shall have been given to shareholders in the notice convening the meeting. The aggregate remuneration for non executive Directors has been set at an amount not to exceed $150,000 per annum.

$358,450 for the year ended 30 June 2009, $326,500 for the year ended 30 June 2008 and $244,417 from 1 July 2009 to the date of this Prospectus has been paid by the Company by way of remuneration for services provided by the Directors, companies associated with the Directors or their associates in their capacity as consultants or advisers. Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

The table below sets out the remuneration paid to the Directors of the Company and their associated companies during the last financial year prior to the date of this Prospectus and the remuneration the Directors have received during the current financial year as at the date of this Prospectus, inclusive of directors fees and consultancy fees.

Director	**Remuneration Received by Directors**	
	Year Ended 30 June 2009 ($)	**Current Financial Year ($)**
Tony Sage	262,500*	160,417*
Mark Gwynne	Nil	Nil
Timothy Turner	48,000	40,000

* Mr Sage has elected to have a portion of his Director fees deferred. Accordingly, as at 30 June 2009 and 30 April 2010 $87,500 and $145,833 respectively has been accrued by the Company as owing to Mr Sage.

Mark Ashurst and Karl Thompson will both be appointed as executive Directors at completion of the Acquisition. As at the date of this Prospectus, the executive services agreement for each of Messrs Ashurst and Thompson with the Company are still being negotiated and finalised.

Hewitt Turner and Gelevitis (**HTG**), an entity related to Mr Turner, was engaged as the Company's accountants and tax agents in January 2008. The services provided by HTG included the preparation of half yearly financial reports, quarterly ASX cashflow reports, year end general purpose financial reports for disclosing entities, interfacing with the auditors during the half year and year-end audits, taxation returns, depreciation schedules and other supporting schedules, election notices and consolidations, business activity statement, instalment activity statement and bookkeeping on standard and commercial terms. These services were terminated in April 2009 and HTG is currently utilized by the Company for the preparation of its annual Income Tax and Fringe Benefits Tax returns. During the 24 months preceding lodgement of this Prospectus with the ASIC, an aggregate amount of $88,464 has been paid or is payable to HTG for the provision of the services described above.

13.5 Fees and Benefits

Other than as set out below or elsewhere in this Prospectus, no:

(a) Director or Proposed Director;

(b) person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus;

(c) promoter of the Company; or

(d) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

has, or had within 2 years before lodgement of this Prospectus with the ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the offer of Shares under this Prospectus; or

(c) the offer of Shares under this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons as an inducement to become, or to qualify as, a Director of the Company or for services rendered in connection with the formation or promotion of the Company or the offer of Shares under this Prospectus.

Stantons International Securities has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Section 9 of this Prospectus. The Company estimates it will pay Stantons International Securities a total of $20,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Stantons International Securities and its affiliates has received fees from the Company in the amount of $30,000.

The International Group of Legal Advocates and Consultants has acted as the Company's Liberian solicitors in relation to the Offer and has prepared the Liberian Legal Report which is included in Section 11 of this Prospectus. The Company estimates it will pay The International Group of Legal Advocates and Consultants a total of $14,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, The International Group of Legal Advocates and Consultants has not received any other fees from the Company.

IHS Global Limited has acted as Competent Person and has prepared the Competent Person's Report which is included in Section 10 of this Prospectus. The Company was not required to pay any fees to IHS Global Limited for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, IHS Global Limited has not received any fees from the Company.

RISC Pty Ltd has acted as Independent Expert on Cost Estimates and has prepared the Independent Expert's Report on Cost Estimates which is included in Section 12 of this Prospectus. The Company estimates it will pay RISC Pty Ltd a total of $6,000 (excluding GST) for these services (with a further $24,000 payable for other services). During the 24 months preceding lodgement of this Prospectus with the ASIC, IHS Global Limited has not received any fees from the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin a total of approximately $80,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has received fees from the Company in the amount of approximately $165,000.

13.6 Consents

Each of the parties referred to in this Section:

(a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and

(b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Stantons International Securities has given its written consent to consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 9 of this Prospectus in the form and context in which the information and report is included. Stantons International Securities has not caused or authorised the issue of this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

The International Group of Legal Advocates and Consultants has given his written consent to being named as the Company's Liberian solicitors in this Prospectus and to the inclusion of the Liberian Legal Report in Section 11 of this Prospectus in the form and context in which the report is included. The International Group of Legal Advocates and Consultants has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

IHS Global Limited has given his written consent to being named as Competent Person in this Prospectus and to the inclusion of the Competent Person's Report in Section 10 of this Prospectus in the form and context in which the report is included. IHS Global Limited has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

RISC Pty Ltd has given its written consent to being named as Independent Expert on Cost Estimates and to the inclusion of the Independent Expert's Report on Cost Estimates in Section 12 of this Prospectus in the form and context in which the report is included. RISC Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

13.7 Estimated Expenses of Offer

The estimated expenses of the Offer are as follows:

Item	**Minimum Subscription $**	**Maximum Subscription$**
NSX Fees	163,000	148,000
ASIC Fees	2,010	2,010
Broker Commissions	11,500,000	7,500,000
Legal Expenses	94,000	94,000
Independent Expert's Fees in relation to cost estimates	6,000	6,000
Investigating Accountant's Fees	20,000	20,000
Print and Mailing Expenses	10,000	10,000
Miscellaneous	5,000	5,000
Total	**11,800,010**	**7,785,010**

13.8 Restricted Securities

Certain existing security holders may be required to enter into agreements which restrict dealings in securities held by them. Additionally, the Consideration Shares will be escrowed for such time as prescribed by the applicable Listing Rules. These agreements will be entered into in accordance with applicable Listing Rules.

13.9 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the Company's ASX announcements website at www.asx.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

13.10 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

As outlined elsewhere, the Company has appealed the 19 May Decision by ASX If the Company is not successful with its submissions, and the Company elects to complete the Acquisition and all approvals are passed at the General Meeting, the Company may delist from ASX.

The Company has also reserved its rights in respect of any action it may have against ASX as a result of the ASX Decision. However, as at the date of this Prospectus, no litigation has commenced.

13.11 Financial Forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

14. DIRECTORS' AND PROPOSED DIRECTORS' CONSENT

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors and Proposed Directors.

In accordance with Section 720 of the Corporations Act, each Director and Proposed Director has consented in writing to the lodgement of this Prospectus with the ASIC.

Mr Tony Sage
EXECUTIVE CHAIRMAN
FOR AND ON BEHALF OF
GLOBAL IRON LIMITED

15. DEFINITIONS

Acquisition means the proposed acquisition by the Company of all the issued Shares of African Petroleum pursuant to the Share Sale Agreement.

African Petroleum or **APCL** means African Petroleum Corporation Limited, a company incorporated pursuant to the laws of the Cayman Islands with Registration Number TB-234498.

African Petroleum Share means a fully paid ordinary share in the capital of African Petroleum.

African Petroleum Shareholders or **APCL Shareholders** means the holders of an African Petroleum Share.

Applicant means an investor that applies for Shares using an Application Form pursuant to this Prospectus.

Application Form means the application form either attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASTC Settlement Rules means the operating rules of ASTC.

ASX means ASX Limited (ABN 98 008 624 691).

ASX Listing Rules means the listing rules of ASX.

ASX Announcement means the announcement made by the Company on 9 February 2010.

AUD$, Dollar or **$** means Australian dollars.

Business Day means a day on which trading takes place on the stock market of ASX.

Closing Date means the closing date for receipt of Application Forms under this Prospectus as set out in Section 3.2 (unless extended or closed early by the Company).

Company or **Global Iron** means Global Iron Limited (proposed to be renamed African Petroleum Corporation Limited (ABN 87 125 419 730).

Competent Person means IHS Global Ltd.

Competent Person's Report means the Competent Person's Report prepared by the Competent Person included in Section 10 of this Prospectus.

Consideration Shares means the Shares issued in consideration for the acquisition by the Company of all the issued capital in African Petroleum.

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means directors of the Company at the date of this Prospectus.

EHL means European Hydrocarbons Limited (a company incorporated and registered in England and Wales with registered number 04819633).

Existing Options means the Options currently on issue on the terms set out in Section 13.2.

General Meeting means the meeting of Shareholders to be held on 3 June 2010 (or any adjournment thereof).

Hydrocarbon Development Fund means a fund managed by NOCAL to assist the Liberian Government with energy sustainability.

Independent Expert's Report on Cost Estimates means the Independent Expert's Report on Cost Estimates prepared by RISC included in Section 12 of this Prospectus.

Investigating Accountant's Report means the Investigating Accountant's Report included in Section 9 of this Prospectus.

Liberian Legal Report means the Liberian Legal Report included in Section 11 of this Prospectus.

Liberian Project and **Blocks 8 and 9** means the blocks covering approximately 7,200km^2 in the Sierra Leone – Liberian basin offshore Liberia, West Africa and more particularly described in Section 5.2 (and **Block 8** means a reference to that block on the Liberian Project and **Block 9** means a reference to that block on the Liberian Project).

Listing Rules means the Listing Rules of ASX or NSX (as applicable).

NOCAL means National Oil Company of Liberia.

Notice of General Meeting means the Notice of General Meeting dated 30 April 2010.

NSX means the National Stock Exchange of Australia.

NSX Listing Rules means the listing rules of NSX.

Offer means the offer of Shares referred to in the "Details of the Offer" section of this Prospectus.

Official Quotation means quotation on the official list of NSX.

Opening Date means the opening date for receipt of Application Forms under this Prospectus as set out in Section 4.2.

Option means an option to acquire a Share.

Proposed Directors means the directors of the Company post completion of the Acquisition as identified in Section 8.2.

Prospectus means this Prospectus.

Regal Liberia means Regal Liberia Limited (a company incorporated and registered in England Wales with registered number 5434246).

RISC means RISC Pty Ltd.

Sarella means Sarella Investments Limited.

Securities means Shares and Options.

Shares means the Shares the subject of the Offer.

Share means a fully paid ordinary share in the capital of the Company and where the context permits means the Shares the subject of the Offer.

Share Sale means the sale the subject of the Share Sale Agreement.

Share Sale Agreement means the agreement entered into between the Company, African Petroleum, the Shareholders of African Petroleum and EHL on or about 8 February 2010 as summarised in Section 7.1 of this Prospectus.

TGS means TGS-NOPEC Geophysical Company ASA.

US$ means the currency of the United States of America.

VALMIN means the code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports, 2005 Edition.

WST means Western Standard Time.