5 May 2010

Company Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Via e lodgement

NOTICE OF GENERAL MEETING

Global Iron Limited (ASX code: GFE) advises that a General Meeting of shareholders will be held on **Thursday 3 June 2010**.

The Company has dispatched to shareholders the Notice of Meeting, a copy of which is enclosed.

Since printing the enclosed Notice of Meeting, the following important changes have been made:

Revised date and time	**11.00 am WST on Thursday 3 June 2010**
Revised venue	**Function Centre** **Kailis Bros Fish Market and Café** **101 Oxford Street, Leederville, Western Australia 6007**
Cut off for lodging proxy form for General Meeting	**11.00 am on 1 June 2010**
Snapshot date for eligibility to vote at General Meeting	**Opening of Business on 1 June 2010**

As a result of the change to the meeting date, the following dates have also changed:

Completion of acquisition of African Petroleum Corporation Limited	3 June 2010*
Anticipated date for listing on NSX	17 June 2010*

* These dates are indicative only and are subject to change

Yours faithfully

Tony Sage
Executive Chairman
Global Iron Limited

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GLOBAL IRON LIMITED

ABN 87 125 419 730

NOTICE OF GENERAL MEETING

TIME: 10.00 am (WST)

DATE: 31 May 2010

PLACE: City West Function Centre
45 Plaistowe Mews
West Perth, Western Australia 6005

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

<u>Important</u>: The Independent Expert has determined the acquisition of African Petroleum Corporation Limited (and issue of the Shares in consideration for the acquisition) is NOT FAIR BUT MAY BE CONSIDERED REASONABLE to non-associated Shareholders. Please refer to the Independent Expert's Report attached to this Notice of Meeting as Appendix A.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9388 0744.

CONTENTS

CRITICAL DATES FOR SHAREHOLDERS

Event	**Date**
Announcement of Share Sale Agreement	9 February 2010
Lodgement of Prospectus	10 May 2010
Cut off for lodging proxy form for General Meeting	29 May 2010
Snapshot date for eligibility to vote at General Meeting	29 May 2010
Closing Date of Prospectus	29 May 2010
General Meeting	31 May 2010
Completion of acquisition of African Petroleum Corporation Limited	31 May 2010
Anticipated date the suspension of trading of Shares is lifted and the relisting of GFE on ASX and/or listing on NSX (trading as African Petroleum Corporation Limited)	14 June 2010

* The dates set out above are indicative only and subject to change

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.00 am (WST) on 31 May 2010 at:

City West Function Centre, 45 Plaistowe Mews, West Perth, Western Australia 6005

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return:

(a) in person to Computershare Investor Services Pty Limited, Level 2, 45 St George's Terrace Perth, Western Australia 6000;

(b) by post to Computershare Investor Services Pty Ltd, PO Box 242 Melbourne, Victoria 3001or in the self addressed envelope provided; or

(c) by facsimile to Computershare Investor Services Pty Ltd on facsimile number 1800 783 447 (inside Australia), +61 3 9473 2555 (outside Australia),

so that it is received not later than 10.00 am (WST) on 29 May 2010.

Proxy Forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders will be held at 10.00 am (WST) on 31 May 2010 at City West Function Centre, 45 Plaistowe Mews, West Perth, Western Australia 6005.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement, annexures and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at close of business on 29 May 2010.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

2. RESOLUTION 1 – DELISTING FROM ASX

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, subject to:

(a) approval of Resolutions 2 to 5 and completion of the acquisition of African Petroleum Corporation Limited occurring; and

(b) the appeal of the ASX Decision being unsuccessful, or successful but conditions and relisting deemed by the Board to be unachievable or not in the best interests of Shareholders,

for all purposes, the Directors be authorised to seek the delisting of the Company as a listed entity on the Australian Securities Exchange."

3. RESOLUTION 2 – ACQUISITION OF AFRICAN PETROLEUM CORPORATION LIMITED

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.1, ASX Listing Rule 10.11, ASX Listing Rule 11.1.2, ASX Listing Rule 7.1 and Section 611 (item 7) of the Corporations Act and for all other purposes, approval is given for:

(a) the Directors to allot and issue up to 906,250,050 Shares to the parties referred to in the Explanatory Statement in consideration for the acquisition by the Company of between 95% and 100% of the fully paid ordinary shares in African Petroleum Corporation Limited; and

(b) the increase in the voting power of the parties referred to in the Explanatory Statement as a result of the issue of Shares under paragraph (a) of this Resolution,

on the terms and conditions set out in the Explanatory Statement."

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by Stantons International Securities for the purposes of the Shareholder approval required under Section 611 Item 7 of the Corporations Act and ASX Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the acquisition of African Petroleum Corporation Limited to the non-associated Shareholders in the Company. The Independent Expert has determined the acquisition of African Petroleum Corporation Limited (and issue of the Shares in consideration for the acquisition) is **NOT FAIR BUT MAY BE CONSIDERED REASONABLE** to the non-associated Shareholders of the Company.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any party to the transaction, any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons, if the Resolution is passed. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 3 – ISSUE OF SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes approval is given for the Directors to issue up to 418,181,818 Shares at $0.55 per Share to raise up to $230,000,000 on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 4 – CHANGE OF NAME OF COMPANY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, subject to the passing of Resolution 2 and completion of the acquisition of African Petroleum Corporation Limited occurring, pursuant to Section 157(1) of the Corporations Act and for all other purposes, the name of the Company be changed to "African Petroleum Corporation Limited".

6. RESOLUTION 5 – ISSUE OF OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes and subject to completion of the acquisition of African Petroleum Corporation Limited occurring,

the Directors be authorised to issue up to 12,545,455 Options on the terms and condition set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 6 – ADOPTION OF A NEW CONSTITUTION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, pursuant to Section 136(2) of the Corporations Act, and for all other purposes, the Company adopts a new constitution in the form as signed by the Chairman of the General Meeting for identification purposes, in lieu of the existing constitution of the Company, at the close of the General Meeting."

DATED: 30 APRIL 2010

BY ORDER OF THE BOARD

TONY SAGE
CHAIRMAN
GLOBAL IRON LIMITED

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 10.00 am (WST) on 31 May 2010 at City West Function Centre, 45 Plaistowe Mews, West Perth, Western Australia 6005.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. GENERAL

1.1 Background

As announced to ASX on 9 February 2010 (**ASX Announcement**), the Company has entered into a share sale agreement (**Share Sale Agreement**) with African Petroleum Corporation Limited (**African Petroleum**), European Hydrocarbons Limited (**EHL**) and each of the shareholders of EHL which at the time of settlement will represent 100% of the shareholders of African Petroleum (**African Petroleum Shareholders**), pursuant to which the African Petroleum Shareholders will sell, and the Company will acquire, between 95% and 100% of the fully paid ordinary shares in the capital of African Petroleum (**Transaction**).

A summary of the material terms of the Share Sale Agreement is set out in Section 1.2.

Delisting from ASX and Application to NSX

On 9 February 2010, the Company announced that it had entered into the Share Sale Agreement. 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 between 95% and 100% of the issued capital in, and controlling the business of, African Petroleum.

If the acquisition of African Petroleum pursuant to the Transaction was approved by Shareholders, quotation of the Company's Shares on ASX would be suspended under ASX Listing Rule 11.3 pending satisfaction by the Company of ASX Listing Rule 11.1 which includes satisfaction of ASX Listing Rule 11.1.3 that the Company meets the requirements under Chapters 1 and 2 of the ASX Listing Rules.

Following the ASX Announcement, ASX advised the Company in an unprecedented decision, that in the event Shareholders approved the Transaction, the Transaction completed and the Company was suspended from trading, the Company would not be re-instated to quotation on 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 (refer to Sections 9.6 and 9.7 for details of his shareholding post completion of the Share Sale Agreement) and Non-Executive Chairman (refer to Section 7.11 for a summary of Mr Timis), will have on the Company's ability to comply with its continuous disclosure obligations following completion of the Transaction. Please refer to Section 7.12 for details of the Company's proposed corporate governance policy relating to continuous disclosure.

The Company is appealing the ASX Decision which was heard on 30 April 2010.

If the Appeal is:

(a) successful and all Resolutions are passed, the Company will:

(i) consider the conditions imposed by ASX on the Company to be reinstated to quotation post completion of the Transaction and determine whether it is in the best interests of Shareholders (and possible) to seek to complete the Transaction whilst maintaining a listing on ASX. This decision will also be considered in light of whether the Company is successful in its application to list on NSX (and any conditions imposed on such listing);

(ii) once a decision is made in respect of (i) above, the Company:

(A) will release an announcement advising Shareholders of the decision (and outlining the associated reasons) as to which exchange(s) the Company will be listed on; and

(B) will undertake the Capital Raising according to the relevant exchange(s), following which the Transaction will be completed and the Company's existing Shares on issue may be reinstated to quotation on ASX (subject to the conditions imposed by ASX) or admitted to quotation on NSX (subject to the conditions imposed by NSX)or the Company may be dual listed on ASX and NSX (subject to the conditions imposed by ASX and NSX);

(b) unsuccessful, all Resolutions are passed, the Capital Raising is successfully completed and the Company:

(i) receives conditional approval to list on NSX, then subject to the conditions imposed by NSX, the Transaction will be completed and the Company may delist from ASX which will result in the Company being listed only on NSX. In this situation, and as part of the application to list the Company on NSX, the Company will apply for all existing Shares on issue to be quoted on NSX and the Company will need to vary the terms of the Options on issue such that upon exercise, the Shares issued will be listed on NSX as opposed to ASX; or

(ii) does not receive approval to list on NSX, the Transaction will not complete and the Company will be re-instated to quotation on ASX and the Company will seek an alternative transaction. Accordingly, Shareholders will NOT be placed in a position of holding Shares in a company that is not listed on ASX or NSX.

For the reasons set out in this Notice of Meeting, the Board considers the Transaction to be beneficial to the Shareholders and accordingly, seeks approval from Shareholders at the General Meeting to approve the Transaction even though the impact of the ASX Decision and the outcome of the Appeal may result in the Company's securities not being re-instated to quotation on ASX.

The Company also seeks approval to delist from ASX if the Appeal is unsuccessful and to apply to list the Company on NSX.

NSX

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. 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/**.

Pursuant to the listing rules of NSX, if a company seeks listing on NSX of a certain class of securities and none of the securities in that class are already listed, the application must relate to all securities in that class, whether already issued or proposed to be issued. This means that if the Company seeks a listing on NSX and quotation of its Shares, it must apply for all Shares on issue to be quoted. The Company will advise Shareholders prior to the Meeting whether it has been successful in the Appeal (and able to satisfy any conditions imposed if the Appeal is successful) and whether the Capital Raising will be to achieve an NSX listing or an ASX listing.

Possibility of Dual Listing and Continuous Disclosure Obligations

In the event that the Company maintains its listing on ASX (subject to satisfying any requotation conditions imposed by ASX) and is successful in its application to list on NSX (subject to satisfying any prequotation conditions imposed by NSX), the Company will be listed on both ASX and NSX. As a result, the Company will need to comply with the listing rules of both exchanges and satisfy their respective disclosure obligations. If any waivers are necessary in order to comply with such obligations, the Company will apply for any relevant waivers as and when they may be required.

Relevantly, both ASX and NSX require the continuous disclosure of all price sensitive information. In the event that the Company is dual listed, the Company will ensure that all announcements are made to both NSX and ASX contemporaneously. At no time will an announcement be made to the company announcement platform of ASX without the same announcement being made to NSX and vice versa.

1.2 Share Sale Agreement

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

(a) (**Conditions Precedent**): Settlement of the Share Sale Agreement 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 ASX Listing Rules in relation to the Share Sale Agreement;

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

(vii) the Company completing a placement of Shares to raise not less than $130,000,000 and up to $230,000,000 (refer to Resolution 3); and

(viii) 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 ASX and/or NSX imposed escrow restrictions) subject to standard conditions, acceptable to the Company(and those conditions being satisfied),

(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 African Petroleum Shareholders for 100% of the African Petroleum Shares;

(c) (**Escrow**): the Consideration Shares will be escrowed for such time as prescribed by the applicable listing rules; and

(d) (**Settlement**): settlement of the Share Sale Agreement is to occur on that date which is 5 business days after the satisfaction or waiver of the last of the Share Sale Conditions.

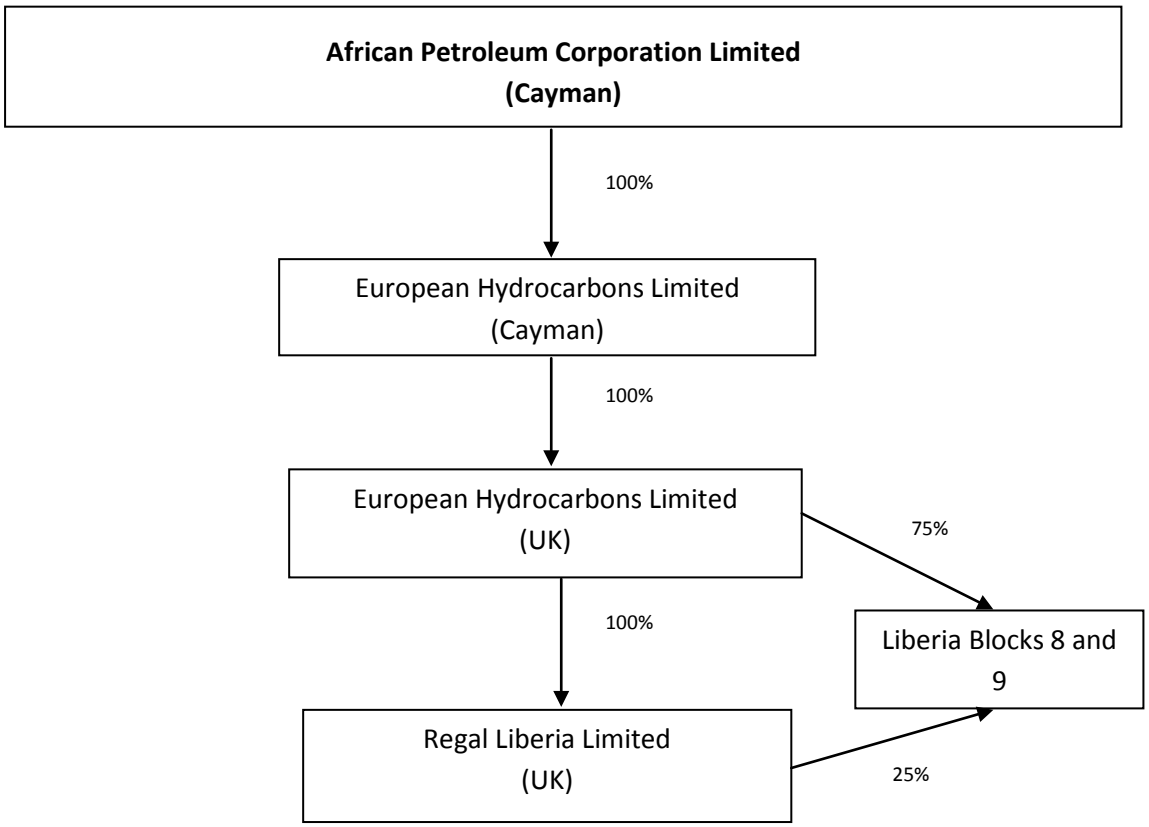
The African Petroleum Shareholders have provided standard warranties and representations in relation to African Petroleum, its subsidiaries and its interests in the Liberian Project in the Share Sale Agreement in favour of the Company. The Share Sale Agreement otherwise contains other standard clauses typical for an agreement of this nature.

1.3 Overview of African Petroleum and the Liberian Project

African Petroleum is a company registered in the Cayman Islands.

At completion of the Transaction, African Petroleum will have six directly wholly owned and five indirectly owned subsidiaries. African Petroleum's only operating subsidiary at settlement, European Hydrocarbons Limited (**EHL**) has a 100% interest in 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**). Blocks 8 and 9 were acquired from the National Oil Company in Liberia in 2004 as part of an international bidding round. EHL has exclusive exploration authorisation over Blocks 8 and 9 until 2016.

Outlined below is the group structure of African Petroleum (and its relevant subsidiaries) as at completion of the Transaction:



Republic of Liberia

Geographical

The Republic of Liberia is situated in West Africa with a population of 3.35 million, nearly half of which reside in the capital, Monrovia. Liberia has an impressive geography, made up of beautiful coast lines, rolling hills and extensive rainforests. 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. Liberia, like many other African countries, is rich in profitable minerals including timber, gold, diamonds, iron ore and rubber.

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

Political

The Republic 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. In the past, the economy flourished on the basis of the country's extensive natural resources. Unfortunately, the civil war had a negative impact on the production and export of these natural resources.

The current gross domestic product (**GDP**) for Liberia is $926 million. This is the highest GDP figure since 1988. A lift of export sanctions has meant the GDP real growth rate was 7.5% in 2008. The International Monetary Fund has projected Liberia's economy to grow an average of 11% per year over the next five years. These predictions are based on reconstruction projects and foreign investment boosting growth, as well as a revival in mining, forestry and agriculture.

History of Blocks 8 & 9

The Republic of Liberia, represented by the National Oil Company of Liberia (**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 Limited (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 Liberia Blocks 8 and 9 indirectly through its acquisition of Regal Liberia Limited.

On 16 June 2005, EHL and Regal Liberia Limited entered into two production sharing contracts (**PSCs**) with NOCAL relating to Blocks 8 and 9 respectively. The PSCs were not ratified until they received the countersignature of the President of Liberia on behalf of the Republic of Liberia on 11 June 2008. On 11 June 2008, addenda amending certain core terms of the PSCs were issued and the PSCs were ratified. The PSCs became law on 23 June 2008 when they were published by the Ministry of Public Affairs in Liberia.

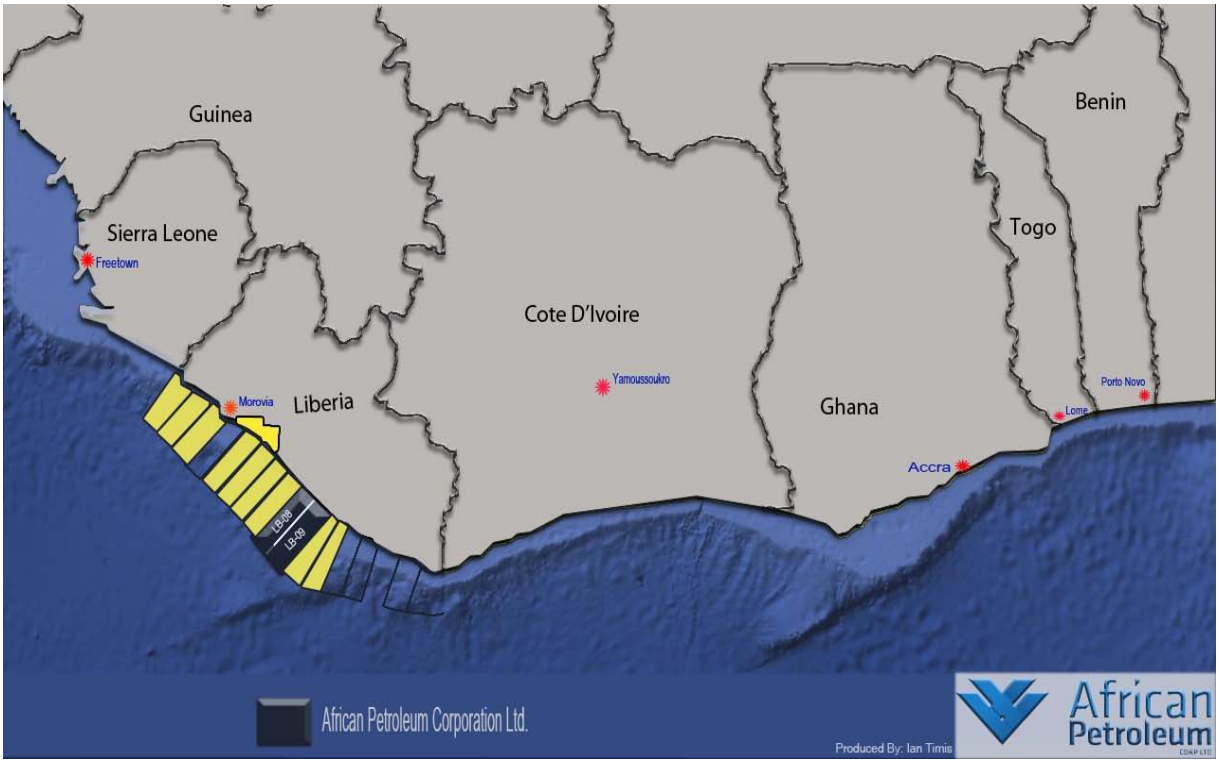
Summary of Work during 2008/2009

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 offshore Liberia. The data had been acquired by EHL from TGS-NOPEC Geophysical Company ASA, a Norwegian company *w*hich 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.

EHL has engaged TGS to conduct a 3D seismic survey of the same area of 5,050 kilometres of offshore Liberia which commenced in January 2010. African Petroleum has also engaged a fully integrated geological team from Synergy (GB) Limited to support African Petroleum in completing a full 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.

African Petroleum is 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



Production Sharing Contracts

On 16 June 2005, EHL and Regal Liberia Limited entered into two PSCs with **NOCAL** in relation to Blocks 8 and 9 respectively for the exploration and development of all mineral oil and gas in each of Block 8 and Block 9 offshore Liberia. Blocks 8 and 9 cover an area of approximately 7,300 square kilometres off the coast of Liberia. The PSCs were ratified on 11 June 2008 upon receiving the signature of the President of Liberia and became effective on 23 June 2008 when they were published by the Ministry of Foreign Affairs in Monrovia, Liberia.

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

Under the terms of the PSCs, EHL and Regal Liberia Limited (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. 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 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.

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 programmes at the University of Liberia, to social and welfare concerns, to training and to environmental research.

Appendix B contains a technical report on the Liberian Project titled “A Resource evaluation of Liberia Blocks 8 and 9” which Shareholders are encouraged to read.

Management of the Liberian Project

As set out in this Notice of Meeting, on successful completion of the Transaction, the Company will hold between a 95% and 100% interest of African Petroleum, the owner and manager of the Liberian Project.

Outlined below is a table setting out the current directors of African Petroleum and its relevant subsidiaries and the directors of those entities as at completion of the Transaction:

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

African Petroleum is responsible for the day to day management of the Liberian Project including executing the proposed exploration program. As detailed in Section 7.11, upon completion of the Transaction, 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 Non-Executive Chairman, Mr Mark Ashurst as Chief Financial Officer, 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 project. Mr Tony Sage will become Deputy Chairman (and lead independent director) and Mr Timothy Turner will remain as a non executive Director with Mr Rob Catena stepping down as non executive Director. Further details of all the Board and key personnel are set out in Section 7.11. The Company is also proposing to retain independent consultant RISC to advise the Board on exploration programs and expenditure, interpretation of exploration results and refinement of the exploration program based on success.

Following completion of the Transaction, the Board will have all the expertise relevant to an oil and gas project in Liberia and accordingly, the Company will be substantially reliant on the expertise and abilities of Mr Karl Thompson (as Chief Operating Officer), its key technical consultants (Mr Carlos Guzman and Dr Berend Van Hoorn) and independent contractor Senergy in overseeing the day-to-day operations of the Liberian Project. Details of Senergy are outlined below.

As indicated in Section 7.11, Mr Timis will not have an integral role in the day-to-day operations of the Liberian Project.

Senergy

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, petrophysicists, 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.

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, as Chief Financial Officer (further details of who is set out in Section 7.11) will take overall responsibility for the preparation of monthly management accounts for the Company and its subsidiaries. These management accounts will include an analysis of actual cash spent compared to budget, with supporting explanations.

Mr Ashurst will submit the 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. Mr Ashurst 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.

1.4 Indicative Timetable

Subject to the ASX Listing Rules (and/or the NSX Listing Rules) and Corporations Act requirements, the Company anticipates completion of the Transaction in accordance with the following timetable (which is subject to change by the Company):

Event	**Date**
Lodgement of Prospectus for Capital Raising	10 May 2010
Snapshot date for eligibility to vote at the General Meeting	29 May 2010
Closing of Prospectus	29 May 2010
General Meeting	31 May 2010
Satisfaction/waiver of all conditions in Share Sale Agreement	31 May 2010
Settlement of Share Sale Agreement	31 May 2010
Requotation/quotation of Shares on ASX and/or NSX	14 June 2010

1.5 Pro Forma Balance Sheet

An unaudited pro forma balance sheet of the Company following completion of the Transaction and Capital Raising is set out in both the Independent Expert's Report and Appendix C annexed to this Explanatory Statement.

1.6 Impact of Transaction and Capital Raising on Capital Structure

The effect of the Transaction and the Capital Raising (on an undiluted basis) on the capital structure of the Company (assuming the full $230,000,000 is raised under the Capital Raising) can be summarised as follows:

Shares	**Number**
Shares on issue as at the date of this Notice	18,125,002
Shares to be issued to African Petroleum Shareholders (Resolution 2)	906,250,050
Capital Raising (Resolution 3)	418,181,818
Total Shares	**1,342,556,870**

Options	
Options on issue[1]	12,500,000
Placement Options (Resolution 5)[2]	12,545,455
Total on completion of Share Sale Agreement	**25,045,455**

Notes:

1. Exercisable at $0.20 on or before 31 July 2010.

2. Issued on the terms set out in Section 12.3.

1.7 Impact of the Transaction on the Company

Settlement of the Share Sale Agreement will result in the Company acquiring African Petroleum and its interests in the Liberian Project. The proposed Transaction will result in various advantages and disadvantages to the Company which Shareholders should consider prior to exercising their vote.

If the Transaction completes, the Company will consider what it will do with its then non-core assets (being iron ore rights on various tenements) and most likely either continue to farm out or dispose of those rights.

1.8 Advantages of Transactions

The Directors consider that the key advantages to the Company and non-associated Shareholders of completing the Share Sale Agreement are as follows:

(a) at present the Company does not have a significant mineral asset. If the Transaction is completed, the Company will be recapitalised with between $130,000,000 and $230,000,000 raised (being a condition precedent to completion of the Share Sale Agreement) and the Company will be a new oil and gas company concentrating on the Liberia Project. The funds raised under the Capital Raising will be applied to exploration programs on the Liberian Project and as set out in Section 9.9;

(b) Shareholders will be given the opportunity to sell their Shares prior to the Meeting. Given that the current Share price is closer to the Share price under the Capital Raising and significantly higher than the average share price over the previous 12 months, those Shareholders who consider the risk of oil and gas exploration in Liberia to be too high may wish to sell their shareholding in the Company;

(c) by changing the focus and making this clear, there will be no confusion in the market of the focus of the Company; and

(d) the Transaction represents a significant opportunity to the Company. According to the technical work carried out to date, five leads have been identified on Blocks 8 and 9 that estimate a potential resource of between 1.45bn gross barrels and

4.4bn gross barrels of oil. Given the fact that EHL owns 100% of Blocks 8 and 9, any actual reserve number that becomes proven in this order of magnitude would result in substantial upside to Shareholders.

1.9 Disadvantages of Transactions

The Directors consider that the key disadvantages to the Company and non-associated Shareholders of completing the Share Sale Agreement are as follows:

(a) the Company will be changing the nature of its activities to become a company focused on oil and gas exploration which may not be consistent with the objectives of existing Shareholders;

(b) if the Appeal of the ASX Decision is unsuccessful, (or successful but relisting is subject to conditions deemed to be not in the best interests of Shareholders) the Company may be listed only on NSX and delisted from ASX. NSX is a smaller exchange and there is likely to be less liquidity for Shareholders in selling their Shares on NSX compared to ASX;

(c) there are a number of risk factors associated with the change in nature of the Company's activities (refer to Section 7.10 for further details);

(d) the Liberian Project may not turn out to be commercially viable and thus losses may be incurred;

(e) there is no guarantee the GFE Shares will increase in value; and

(f) there will be a significant dilution of interest of Shareholders (see section 7.6). The exact dilution will depend on the level of the Capital Raising the subject of Resolution 3.

1.10 Use of funds raised from the Transaction

The Company intends to apply funds raised pursuant to the Capital Raising (up to $230,000,000) as follows:

Use	**Maximum Subscription Funds**	**Minimum Subscription Funds**
3D Seismic on Blocks 8 and 9	29,000,000	29,000,000
Exploration work programs and Licence Fees	174,000,000	84,000,000
Capital Raising expenses	11,912,010	6,887,010
Working Capital, administration expenses and expenses of Transaction	15,000,000	10,000,000
Total	**$230,000,000**[1]	**$130,000,000**

Notes:

1. Other than the expenses related to the Capital Raising, amounts shown in the table are rounded up or down to millions.

2. Costs relating to exploration work programs and licence fees include the costs of drill target selection, engaging a drill contractor and drilling exploratory well(s) in Blocks 8 and 9 together with Licence Fees on Blocks 8 and 9 and other potential blocks acquired.

3. It should be noted that the allocation of funds will be subject to modification based on the outcome and success of the exploration programs.

1.11 Risks – Change of Activities

Shareholders should be aware that if the Resolutions are approved, the Company will be changing its activities from an ASX listed exploration company focused on the exploration of iron ore in Australia to an oil and gas company that may be listed only on NSX with interests in Liberia which is subject to various risk factors. Based on the information available, a non exhaustive list of risk factors are as follows:

Delisting from ASX

As outlined elsewhere in this Notice, on 9 February 2010, the Company released an ASX Announcement advising Shareholders that it had entered into a Share Sale Agreement pursuant to which the Company will acquire, between 95% and 100% of the fully paid ordinary shares in the capital of African Petroleum.

Following the ASX Announcement, ASX advised the Company that, in the event Shareholders approved the Transaction, the Transactions 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 9.6 and 9.7 for details of his shareholding post completion of the Share Sale Agreement) and Non-Executive Director (refer to Section 7.11 for a summary of Mr Timis), will have on the Company's ability to comply with its continuous disclosure obligations post the Transaction. Please refer to Section 7.12 for details of the Company's proposed corporate governance policy relating to continuous disclosure. The Company is appealing the ASX Decision which was heard on 30 April 2010.

As set out in Section 1.1, if the Company is not successful in its Appeal of the ASX 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 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 Transaction or Capital Raising and will remain listed on ASX, albeit without a main asset and the Company will need to look for an alternative transaction.

Further details on NSX are set out in Section 1.1 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 78.08% (if the minimum subscription is raised pursuant to the Capital Raising) and 67.50% (if the full $230 million is raised pursuant to the Capital Raising) of the Company.

Additionally, Sarella Investments Limited, an entity controlled by Mr Frank Timis (**Sarella Investments**) will hold between 54.35% (if the minimum subscription is raised pursuant to the Capital Raising) and 46.99% (if the full $230 million is raised pursuant to the Capital Raising). Therefore in respect of all resolutions that only require a majority vote (ie 50%) to be carried and which Sarella Investments is permitted to vote on, if the minimum is raised pursuant to the Capital Raising, the resolution would be passed.

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

Risks relating to Oil and Gas Project

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. 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.

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 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.

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.

Reserves and Resource Estimates

Reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which 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.

Environmental Risks

The Company's activities will be subject to the environmental risks inherent in the oil and gas industry. 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.

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.

Regulatory

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

General Economic and Political Risks

Changes in the general economic and political climate in Liberia, other West African countries, Australia 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 and domestic security which may affect the value and viability of any oil and gas activity that may be conducted by the Company.

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.

Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

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.

Oil Reserves and Commercial Oil Flow

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

Commodity Price Volatility and Exchange Rate Risks

If the Company achieves success leading to mineral 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 precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

General Company Risks

Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, 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 programmes as the case may be.

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.

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.

Reliance on Key Management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

Investment Speculative

The above list of risk factors ought 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.

1.12 Board of Directors and Key Management

Upon completion of the Transaction, the Board will change to introduce a highly experienced executive team from African Petroleum who 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 Chairman, Mr Mark Ashurst as Chief Financial Officer, 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 Deputy Chairman and Mr Timothy Turner will remain as a non executive Director with Mr Rob Catena stepping down as non executive Director. Further details of the proposed Board are set out below.

Tony Sage (49)

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 14 years. Mr Sage is currently the Executive Chairman of ASX listed companies, International Petroleum Limited and Cape Lambert Resources Ltd, and Non-Executive Chairman of listed company, Fe Limited. Mr Sage is a Non-Executive Director of listed companies, Corvette Resources Limited and Cauldron Energy Limited. Mr Sage will be the Lead Independent Director on the Board and will assume the chairman role at such times as Mr Timis is conflicted from his non independence (due to significant shareholding).

Timothy Turner (51)

Mr Timothy Turner is a senior partner with accounting firm Hewitt Turner & Gelevitis. Mr Turner specialises in domestic business structuring, corporate and trust tax planning and corporate secretarial. He 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, a Fellow of CPA Australia and a Fellow of the Taxation Institute of Australia. Mr Turner is also a director of currently listed International Petroleum Limited (ASX: IPO), Cape Lambert Resources Limited (ASX: CFE) and Legacy Iron Ore Limited (ASX: LCY).

Frank Timis (46)

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.

In 2007, Mr Timis was Executive Chairman of an AIM listed company that released two announcements to AIM which were subsequently determined to contain misleading and unrealistically optimistic statements about the prospects and the 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 against the company.

He was Executive Chairman and a director of Regal Petroleum plc (**Regal**) 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 for breaches of AIM Rules (the **Regal Decision**) relating to Regal'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 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 during the Relevant Period.

Further, 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, an assault charge and a charge for failing to store explosives correctly. In the first narcotics offence, Timis was convicted in 1990 for heroin sell or supply and fined $10,000. In the second narcotics offence, 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 disclosure 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 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 Timis' request for TSX to reconsider the unsuitability of Timis as a director of a TSX listed entity.

Given the matter set out above and Mr Timis' proposed appointment to the Board of the Company upon completion of the Transaction, the Company recognises the need to balance the benefits of Mr Timis' knowledge of African Petroleum's project in Liberia with the interests of investors in light of the recent Regal Decision and the ASX Decision. While the current Board acknowledges Mr Timis' intimate knowledge of the oil and gas industry in Liberia and 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. This role will be carried out by Mr Thompson in conjunction with Mr Carlos Guzman, Dr Berend Van Hoorn and Senergy (as set out in Section 7.2). As non-executive chairman of the Company, Mr Timis will be involved in the negotiation of potential corporate transactions forming and securing high level governmental and national oil company relationships in respect of the Liberian Project. Any securing of the contracts would require the consultation and approval by the board of the Company.

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 7.12).

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

Mark Ashurst (51)

Mr Ashurst graduated from Sheffield University with a degree in law and is a qualified Barrister and Chartered Accountant. He is a fellow 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 IPO's, 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 (53)

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 Middle East working with major multinational companies and new start up AIM exploration companies as well NOC's. He holds an MSc in Geophysics from Imperial College London and BSc in Geology from University College London.

Gibril Bangura (50)

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 (56)

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, where he was Chief operating Officer. He is now Chief Executive Officer of African Minerals Limited.

Anthony Wilson (59)

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 latterly 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 Securities Institute.

Technical Consultants

Carlos Guzman (56)

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.

Dr Berend Van Hoorn (65)

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 Ph.D in Earth & Natural Sciences (Geology) both from Leiden University in the Netherlands.

1.13 Corporate Governance

Detailed below are the policies which the Company has or will have in place to deal with concerns raised by ASX in the ASX Decision, specifically the Company's continuous disclosure regime and the exclusion of Frank Timis in the preparation and release of ASX announcements.

In accordance with the Company's existing corporate governance policies, the Company proposes to establish a Continuous Disclosure Committee (comprising the non-executive Directors of the Company) which will prepare (in conjunction with other relevant parties, in particular Senergy in relation to the interpretation of seismic and drill results and the preparation and composition of technical material comprising related announcements) and recommend all announcements that are then finally approved and signed off by the NOMAD and Mr Sage (Deputy Chairman of the Company) before being released to the relevant exchange. This committee and the NOMAD will complement and strengthen the continuous disclosure policy currently in place for the Company.

If the Company seeks a listing on NSX, in accordance with the NSX listing rules, the Company proposes to appoint Steinepreis Paganin as its nominated adviser (**NOMAD**). It is proposed that the NOMAD will be consulted and advise on announcements issued by the Company that are price sensitive.

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 the NOMAD and Mr Sage. 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 for the Company is 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 the Company's nominated advisor and 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.

1.14 Plans for the Company if the Transaction does not proceed

If the Transaction does not complete, the Company will continue with the farming out or exploration of its iron ore rights on a number of tenements. The Company would continue to look for an alternate transaction or acquisition to add value to the Company.

1.15 Directors Recommendations

The Directors (other than Mr Sage who holds 1,000,000 African Petroleum Shares, representing 0.245% of African Petroleum) do not have any material interest in the outcome of the Resolutions other than as a result of their interest arising solely in the capacity of Shareholders of the Company.

Each of the Directors (other than Mr Sage (or his associates) who will not vote his shareholding in the Company) intends to vote their Shares in favour of the Resolutions. Based on the information available, all of the Directors consider that the proposed Transaction is in the best interests of the Company (even though the impact of the ASX Decision and the outcome of the Appeal may result in the Company's securities not being re-instated to quotation on ASX) and recommend that the Shareholders vote in favour of the Resolutions. The Directors have approved the proposal to put the Resolutions to Shareholders.

2. RESOLUTION 1 – DELISTING FROM ASX

Resolution 1 seeks approval from Shareholders to delist the Company from ASX if:

(a) Shareholders approve the Resolutions and completion of the Transaction occurs; and

(b) the Company's appeal of the ASX Decision is unsuccessful (or the Appeal is successful but the Board considers that the conditions imposed to re-quotation are not in the best interests of Shareholders).

If the appeal of the ASX Decision is successful, and the Company is successful in its application to list on NSX, the Company will be dual listed.

As detailed in Section 1.1, ASX has advised that in the event Shareholders approve the Transaction, the Transaction completes and the Company was suspended from trading on ASX, the Company will not be re-instated to quotation on ASX.

Therefore, as detailed in Section 1.1, if the Company is unsuccessful in its Appeal (or is successful in the Appeal but the Board considers the conditions imposed on relisting on ASX are not in the best interest of the Shareholders), all Resolutions are passed, the Capital Raising is successfully completed and the Company receives conditional approval to list on NSX, then subject to the conditions imposed by NSX, the Transaction will be completed and the Company may delist from ASX which will result in the Company being listed only on NSX.

The Board considers that the Transaction has the potential to deliver significant value to Shareholders through exploration and development of the Liberian Project (even though the impact of the ASX Decision and the outcome of the Appeal may result in the Company's securities not being re-instated to quotation on ASX). Each of the Directors proposes to vote in favour of the Resolution in respect of their shareholding in the Company.

Shareholders will be advised (prior to the Meeting) of the outcome of the Appeal and what that means for the Company moving forward.

3. RESOLUTION 2 – ACQUISITION OF AFRICAN PETROLEUM

3.1 General

Resolution 2 seeks Shareholder approval for the issue of the Consideration Shares to acquire

between 95% and 100% of the shares in African Petroleum in accordance with:

(a) ASX Listing Rule 11.1.2 for a change in the nature and scale of the activities of the Company;

(b) ASX Listing Rule 10.1 and 10.11 for the issue of Consideration Shares to Mr Tony Sage (a Director and substantial shareholder) in respect of this shareholding in African Petroleum;

(c) ASX Listing Rule 7.1 for the issue of the Consideration Shares in consideration for the acquisition by the Company of between 95% and 100% of the shares in African Petroleum; and

(d) Item 7 of Section 611 of the Corporations Act for the acquisition of a relevant interest in voting shares of the Company by African Petroleum Shareholders and their respective associates in circumstances which would otherwise contravene Chapter 6 of the Corporations Act.

3.2 ASX Listing Rule 10.1

The Independent Expert has concluded that the proposed transaction is NOT FAIR BUT MAY BE CONSIDERED REASONABLE to the non-associated Shareholders.

ASX Listing Rule 10.1 provides that an entity (or any of its subsidiaries) must not acquire a substantial asset from, or dispose of a substantial asset to, inter alia, a related party or a substantial holder (if

the person and the person's associates have a relevant interest, or had a relevant interest at any time in the 6 months before the transaction, in at least 10% of the total votes attached to the voting securities).

An asset is substantial if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the company as set out in the latest accounts given to ASX under the ASX Listing Rules.

Based on the Company's December 2009 half year accounts lodged with ASX, the Company's equity interests were $1,152,477. As a result, an asset is "substantial" if it is valued at $57,624 or more. Mr Sage holds 1,000,000 African Petroleum Shares and accordingly, on completion of the Transaction, in accordance with the terms of the Share Sale Agreement he will receive 2,218,500 Shares. Based on the Capital Raising issue price of $0.55 per Share, the Shares issued to Mr Sage represent $1,220,175. As at 28 April 2010 the Share price is $0.45 and accordingly, Mr Sage's Consideration Shares represent $998,325. Based on either calculation, the Consideration Shares received by Mr Sage constitutes a substantial asset for the purposes of ASX Listing Rule 10.1.

For the purposes of ASX Listing Rule 10.1, Mr Sage is a related party of the Company by virtue of him being a Director. Mr Sage is also a substantial shareholder of the Company as he currently holds 11.03% of the Shares in the Company.

Accordingly, Shareholder approval is being sought for the purposes of ASX Listing Rule 10.1 in respect of the Consideration Shares to be issued to Mr Sage pursuant to the terms of the Share Sale Agreement. It should be noted that Mr Sage currently holds approximately 11.03% of the Company but post completion of the Transaction he will hold no more than 0.36% of the Company.

Shareholder approval sought for the purpose of ASX Listing Rule 10.1 must include a report on the proposed acquisition from an independent expert. Accompanying this Explanatory Statement is an Independent Expert's Report prepared by Stantons International Securities concluding that the proposed Transaction is **NOT FAIR BUT MAY BE CONSIDERED REASONABLE** to the non-associated Shareholders. As detailed in the Independent Expert's Report, the valuation of petroleum block interests and the future profitability and cash flows are extremely subjective as they involve assumptions regarding future events that are not capable of independent substantiation. Since the Independent Expert cannot determine a fair value for the Blocks 8 and 9 offshore Liberia, the Independent Expert has concluded that it is unable to determine whether the Transaction is fair. Under ASX guidelines, the Independent Expert was required to state that under these circumstances, the Transaction is not fair. Shareholders are encouraged to read the Independent Expert's Report in its entirety, particularly in relation to the advantages and disadvantages associated with the transaction.

3.3 ASX Listing Rule 11.1

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the scale of its activities, it must provide full details to ASX as soon as practicable. ASX Listing Rule 11.1.2 provides that, if ASX requires, the entity must get the approval of shareholders and must comply with any requirements of ASX in relation to the notice of meeting.

Due to the significant change in the nature and the scale of activities of the Company, upon completion of the acquisition of African Petroleum, the Company will be required to:

(a) obtain the approval of Shareholders; and

(b) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

For this reason, Resolution 2 seeks Shareholder approval for the Company to change the nature and the scale of its activities under ASX Listing Rule 11.1.

3.4 ASX Listing Rules 7.1 and 10.11

ASX Listing Rule 7.1 provides that the prior approval of the shareholders of a company is required for an issue of equity securities if the securities will, when aggregated with the securities issued by the company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

One circumstance where an issue is not taken into account in the calculation of the 15% threshold is where the issue has the prior approval of shareholders in general meeting.

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in the ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

Mr Sage is a related party of the Company as he is a Director. He is a holder of African Petroleum Shares and will therefore receive Shares under the Share Sale Agreement in consideration for his African Petroleum Shares. Accordingly, approval is sought under ASX Listing Rule 10.11 to issue Shares to Mr Sage pursuant to the terms of the Share Sale Agreement.

The effect of Resolution 2 will be to allow the Directors to issue up to 906,250,050 Shares during the period of 3 months after the General Meeting (or a longer period if allowed by ASX) and 1 month after the General Meeting in respect of the issue of 2,218,500 Shares issued to Mr Sage (or such longer period permitted by ASX), without using the Company's 15% placement capacity.

In compliance with the information requirements of ASX Listing Rules 7.3 and 10.13, Shareholders are advised of the following particulars in relation to the proposed issue pursuant to Resolution 2:

(a) the maximum number of securities to be issued pursuant to Resolution 2 is 906,250,050 Shares;

(b) the Shares will be issued as consideration for the acquisition by the Company of all of the fully paid ordinary shares in the capital of African Petroleum as detailed in Section 9.6 of this Explanatory Statement;

(c) the Consideration Shares will be allotted and issued to the African Petroleum Shareholders in proportion to their respective shareholding as set out in Table 1 of Section 9.6 of this Explanatory Memorandum. Mr Sage is the only African Petroleum Shareholder that is a related party of the Company and he will be issued 2,218,500 Shares;

(d) the Shares will be issued on the same terms as the existing fully paid ordinary shares in the Company other than the fact the Shares will be escrowed for 12 months from the date of issue and 24 months in respect of Mr Sage's Shares;

(e) the Shares will be issued for nil cash consideration as they are being issued in consideration for the acquisition of between 95% and 100% of the Shares in African Petroleum;

(f) the Shares will be issued on the settlement date of the Share Sale Agreement, and in any event not later than three months after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and one month in respect of the Shares issued to Mr Sage (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that the Shares will be allotted on one and the same date; and

(g) no funds will be raised from the issue of the Shares as they are being issued in consideration for the acquisition of between 95% and 100% of the Shares in African Petroleum.

3.5 Item 7 of Section 611 of the Corporations Act

Section 606(1) of the Corporations Act provides that a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

(a) from 20% or below to more than 20%; or

(b) from a starting point that is above 20% and below 90%.

The voting power of a person in a company is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

A person (**second person**) will be an "associate" of the other person (**first person**) if:

(a) the first person is a body corporate and the second person is:

(i) a body corporate the first person controls;

(ii) a body corporate that controls the first person; or

(iii) a body corporate that is controlled by an entity that controls the first person;

(b) the second person has entered or proposed to enter in a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; and

(c) the second person is a person with whom the first person is acting or proposed to act, in concert in relation to the company's affairs.

A person has a relevant interest in securities if they:

(a) are the holder of the securities;

(b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or

(c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

Item 7 of Section 611 of the Corporations Act provides an exception to the prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

For the purposes of the Corporations Act, the African Petroleum Shareholders will be deemed to be associates of each other as at the date of settlement of the Transaction. This does not mean they will remain associates after settlement of the Share Sale Agreement. Additionally, one of the African Petroleum Shareholders, Sarella Investments Limited, will hold a relevant interest in greater than 20% of the issued capital of the Company as and from settlement of the Share Sale Agreement. Sarella Investments Limited is controlled by Mr Frank Timis and accordingly, Mr Frank Timis has a relevant interest in the Shares issued to Sarella Investments Limited under the terms of the Share Sale Agreement.

Accordingly, Shareholder approval under Item 7 of Section 611 of the Corporations Act is sought in respect of Resolution 2.

3.6 Impact on level of control by African Petroleum Shareholders

The African Petroleum Shareholders and the parties that control the relevant African Petroleum Shareholders (**Controlling Parties**) are outlined below. The Controlling Parties will be deemed to have a relevant interest in the securities that the relevant African Petroleum Shareholders hold and each African Petroleum Shareholder will be deemed to hold a relevant interest in the securities that all of the African Petroleum Shareholders hold:

Avenger Investment Holdings Limited is controlled by Caldwell Partners who is controlled by Philip Caldwell.
Caldwell Management AG is controlled by Caldwell Partners who is controlled by Philip Caldwel.
Dalsin Holdings Limited is controlled by Dimitris Kouroumplis
Dolven Holdings Limited is controlled by George Teleman.
Fullmark Capital Limited is controlled by Clarence Ltd which is controlled by Eric Loh.
Christopher David Grannell
Hillburg International Limited is controlled by NG Geok Lan
Higgins Investments Limited is controlled by EFG Private Bank Limited which is controlled by Alex Langen.
Kontillo Resources Limited is controlled by Georgia Lambriandes and Anadroulla Panayi.
Lamington Capital Inc is controlled by Greenland Ltd which is controlled by Benny Lum
Morston Financial Limited is controlled by Tanaldi Ltd which is controlled by Regina Tan.
Pericles Investments Limited is controlled by Sentinel Fidletrust Ltd which is controlled by Jeremy Lowry.
Anthony William Paul Sage

SG Roman & Co
Sarella Investments Limited is controlled by Mr Frank Timis.
Alexander Magid
Niculae Oancea
Rozica Oancea
Marius Daniel Timis
Ian Timis
Anna Belogortseva
Weighbridge Trust Limited re 20120 is controlled by Willian Cairns
Fitel Nominees Limited a/c 0074500 is controlled by WH Ireland, a private client broker which is controlled by Charles Campbell.
Fitel Nominees Limited a/c C053299 is controlled by WH Ireland, a private client broker which is controlled by Charles Campbell.
Jeffrey Couch
Henderson European Absolute Return Fund is an institutional fund.
Chetwynd Nominees Limited is controlled by Henderson UK Equity Long and Short Fund and Institutional Fund.
Waterford Finance & Investment Limited is controlled by Michael Kroupeev
Ravensden Alternative Fund is an institutional fund.
BMO Nesbitt Burns In Trust for a/c 402-20469-91 (beneficiary Dynamic Focus and Alternative Fund) is an institutional fund.
State Street Nominees Limited a/c Des H63J (beneficiary Dynamic Focus and Resource Fund) is an institutional fund.
BMO Nesbitt Burns In Trust for a/c 402-20430-22 (beneficiary Dynamic Power Emerging Markets Fund) is an institutional fund.

The effect on voting power in the Company if Resolution 2 is passed is set out in the table below (on an undiluted basis and assuming the minimum amount of $130,000,000 is raised under the Capital Raising). The following table shows voting power in the Company assuming that the Share Sale Agreement proceeds to settlement in accordance with the terms of the Share Sale Agreement (and the Capital Raising has occurred).

Table 1: Effect of Resolution 2 and Settlement of Share Sale Agreement and completion of the Capital Raising

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Security Holder	**No. of Shares Currently Held**	**% of Shares currently on issue**	**No. of Shares Issued by Resolutions 2 & Resolution 3**	**Total. Shares held on settlement of Share Sale Agreement**	**% Capital post settlement of Share Sale Agreement**
Avenger Investment Holdings Limited	Nil	0%	3,234,528	3,234,528	0.28%
Caldwell Management AG	Nil	0%	68,343,159	68,343,159	5.89%
Dalsin Holdings Limited	Nil	0%	12,024,268	12,024,268	1.04%
Dolven Holdings Limited	Nil	0%	6,149,211	6,149,211	0.53%
Fullmark Capital Limited	Nil	0%	2,587,623	2,587,623	0.22%
Christopher David Grannell	Nil	0%	3,729,631	3,729,631	0.32%
Hillburg International Limited	Nil	0%	55,462,492	55,462,492	4.78%
Higgins Investments Limited	Nil	0%	1,414,054	1,414,054	0.12%
Kontillo Resources Limited	Nil	0%	55,462,492	55,462,492	4.78%
Lamington Capital Inc	Nil	0%	4,528,339	4,528,339	0.39%
Morston Financial Limited	Nil	0%	3,234,528	3,234,528	0.28%
Pericles Investments Limited	Nil	0%	3,234,528	3,234,528	0.28%
Anthony William Paul Sage	1,998,383	11.03%	2,218,500	4,216,883	0.36%
SG Roman & Co	Nil	0%	3,006,067	3,006,067	0.26%
Sarella Investments Limited	Nil	0%	630,816,987	630,816,987	54.35%
Alexander Magid	Nil	0%	665,550	665,550	0.06%
Niculae Oancea	Nil	0%	887,400	887,400	0.08%
Rozica Oancea	Nil	0%	443,700	443,700	0.04%
Marius Daniel Timis	Nil	0%	221,850	221,850	0.02%
Ian Timis	Nil	0%	1,109,250	1,109,250	0.09%
Anna Belogortseva	Nil	0%	443,700	443,700	0.04%
Weighbridge Trust Limited re 20120	Nil	0%	22,184,997	22,184,997	1.91%
Fitel Nominees Limited a/c 0074500	Nil	0%	2,662,200	2,662,200	0.23%
Fitel Nominees Limited	Nil	0%	443,700	443,700	0.04%

a/c C053299					
Jeffrey Couch	Nil	0%	443,700	443,700	0.04%
Henderson European Absolute Return Fund	Nil	0%	1,419,840	1,419,840	0.12%
Chetwynd Nominees Limited	Nil	0%	798,660	798,660	0.07%
Waterford Finance & Investment Limited	Nil	0%	1,331,100	1,331,100	0.11%
Ravensden Alternative Fund	Nil	0%	5,879,246	5,879,246	0.51%
BMO Nesbitt Burns In Trust for a/c 402-20469-91 (beneficiary Dynamic Focus and Alternative Fund)	Nil	0%	110,481	110,481	0.01%
State Street Nominees Limited a/c Des H63J (beneficiary Dynamic Focus and Resource Fund)	Nil	0%	5,879,246	5,879,246	0.51%
BMO Nesbitt Burns In Trust for a/c 402-20430-22 (beneficiary Dynamic Power Emerging Markets Fund)	Nil	0%	5,879,024	5,879,024	0.51%
Capital Raising	**Nil**	**0%**	**236,363,636**	**236,363,636**	**20.36%**
Existing Shareholders (other than African Petroleum Shareholders)	**16,126,619**	**88.97%**	**Nil**	**16,126,619**	**1.39%**
Total	**18,125,002**	**100%**	**1,142,613,686**	**1,160,738,688**	**100%**

The information set out below is required to be provided to Shareholders under the Corporations Act and ASIC Policy Statement 74 in respect of obtaining approval for Item 7 of Section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report annexed to this Explanatory Statement.

3.7 Prescribed Information

(i) *The identity of the person proposing to make the acquisition and their associates:*

For the purposes of preparing this Explanatory Statement, an assumption has been made that all of the African Petroleum Shareholders are associates of each other as defined in the Corporations Act as at the settlement of the Share Sale Agreement. This does not mean that the African Petroleum Shareholders will remain associates in the future. Accordingly, the African Petroleum Shareholders will each hold a relevant interest in all of the Consideration Shares to be issued pursuant to Resolution 2. One of the African Petroleum Shareholders, Sarella Investments Limited, will hold a relevant interest in greater than 20% of the issued capital of the Company as and from settlement of the Share Sale Agreement. Sarella Investments Limited is controlled by Mr Frank Timis and

accordingly, Mr Frank Timis has a relevant interest in the Shares issued to Sarella Investments Limited under the terms of the Share Sale Agreement.

Details of the parties that control the African Petroleum Shareholders are set out above. The Controlling Parties hold a relevant interest in the Consideration Shares held by the African Petroleum Shareholders.

(ii) *The maximum extent of the increase in the person's voting power in the Company that would result from the acquisition:*

As at the date of this Notice, none of the African Petroleum Shareholders (or their associates) have a relevant interest in any securities in the capital of the Company other than Mr Sage who holds 1,998,383 Shares representing 11.03% of the Company.

As set out in Table 1 in Section 9.6 of this Explanatory Statement, the maximum extent of the increase in the African Petroleum Shareholders' voting power that would result from the issue of Consideration Shares (and assuming the minimum amount is raised under the Capital Raising and no African Petroleum Shareholder or their associates will participate in the Capital Raising) is collectively 67.24% and individually as set out in Table 1 in Section 9.6 of the Explanatory Statement. The actual voting power will depend on the amount and raised under the Capital Raising the subject of Resolution 3.

(iii) *The voting power that person would have as a result of the acquisition:*

As set out in paragraph (ii) above.

(iv) *The maximum extent of the increase in the voting power of each of that person's associates that would result from the acquisition:*

The maximum extent of the increase in the voting power of the African Petroleum Shareholders collectively will be from 11.03% to 78.27% upon issue of the Consideration Shares and the increase in the voting power of each of the African Petroleum Shareholders individually will be as set out in Table 1 in Section 9.6 of the Explanatory Statement. The actual voting power will depend on the amount of the capital raised under the Capital Raising the subject of Resolution 3.

(v) *The voting power that each of that person's associates would have as a result of the acquisition:*

As set out in Table 1 in Section 9.6 of this Explanatory Statement, the voting power of the African Petroleum Shareholders' collectively that would result from the issue of Consideration Shares (and based on the assumption set out below the Table) is 78.27% and individually as set out in Table 1 in Section 9.6 of the Explanatory Statement. The actual voting power will depend on the amount of the capital raised under the Capital Raising the subject of Resolution 3.

Note: The above paragraphs assume that:

- the Shares the subject of Resolutions 2 and 3 are issued and no additional Shares are issued (whether by the exercise of Options in the Company or otherwise);

- no party other than the African Petroleum Shareholders will increase its voting power as a result of the Transaction or Capital Raising.
- Only the minimum amount of $130,000,000 is raised under the Capital Raising. If more than $130,000,000 is raised under the Capital Raising, the interest of the African Petroleum Shareholders will be reduced accordingly.

The African Petroleum Shareholders (and Sarella Investments Limited individually) have informed the Company that, as at the date of this Notice of Meeting and on the basis of the facts and information available to it, if Shareholders approve Resolution 2 they:

(a) have no intention of making any significant changes to the business of the Company in a manner that may be detrimental to non-associated Shareholders or otherwise than as disclosed in this Explanatory Statement. In this regard, it should be noted that the Company will be changing in focus from iron ore exploration in Australia to oil and gas exploration in Africa;

(b) do not intend to redeploy any fixed assets of the Company;

(c) do not have any present intention to inject further capital into the Company other than as proposed under the Capital Raising;

(d) do not intend to transfer any property between the Company and any of the African Petroleum Shareholders or any person associated with either of them other than as set out in this Notice;

(e) have 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 non-associated Shareholders;

(f) have no current intentions regarding the future employment of the present employees of the Company; and

(g) have no current intention to change the Board, other than as set out in this Explanatory Statement. Shareholders are referred to in Section 7.11 which sets out the proposed Board post completion of the Transaction.

3.8 Interests and Recommendations of Directors

Based on the information available, including that contained in this Explanatory Statement and the Independent Expert's Report, all of the Directors (other than Mr Sage who declines to recommend the Resolution as he is an African Petroleum Shareholder) consider that the Transaction the subject of Resolution 2 is in the best interests of the Company for the reasons set out in Section 7.7.

Each of the Directors approved the proposal to put Resolution 2 to Shareholders and each of the Directors (other than Mr Sage) recommends that Shareholders vote in favour of Resolution 2.

3.9 Role of the Independent Expert

The Independent Expert's Report assesses whether the proposals outlined in Resolution 2 are fair and reasonable to the non-associated Shareholders. The Independent Expert's Report also contains

an assessment of the advantages and disadvantages of the Transaction. This assessment is designed to assist all Shareholders in reaching their voting decision in relation to the Resolution.

Stantons International has prepared the Independent Expert's Report and has provided an opinion that it believes the proposal as outlined in Resolution 2 is **not fair but may be considered reasonable** to the non-associated Shareholders of the Company.

The Directors recommend that all Shareholders read the Independent Expert's Report in full.

4. RESOLUTION 3 – ISSUE OF SHARES

4.1 General

Resolution 3 seeks Shareholder approval for the allotment and issue of up to 418,181,818 Shares at an issue price of $0.55 per Share to raise a total of up to $230,000,000 (**Capital Raising**).

None of the subscribers pursuant to this issue will be related parties of the Company.

A summary of ASX Listing Rule 7.1 is set out in Section 9.4 above.

The effect of Resolution 3 will be to allow the Directors to issue the Shares pursuant to the Capital Raising during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

4.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Capital Raising:

(a) the maximum number of Shares to be issued will be 418,181,818;

(b) the Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;

(c) the issue price of the Shares will be $0.55 per Share;

(d) the identity of the recipients is not yet known although it will be to subscribers to a prospectus none of whom will be related parties of the Company. No subscriber will hold greater than 19.99% of the Company;

(e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and

(f) the Company intends to use the funds raised from the Capital Raising towards expenditure referred to in Section 9.9.

5. RESOLUTION 4 – CHANGE OF NAME OF COMPANY

Subject to the passing of Resolutions 2 and 3 and completion of the Transaction, Resolution 4 seeks a change of name of the Company to African Petroleum Corporation Limited.

The Company proposes this change of name on the basis that it more accurately reflects the proposed future operations of the Company.

6. RESOLUTION 5 – ISSUE OF OPTIONS

6.1 General

Resolution 5 seeks Shareholder approval for the allotment and issue of up to 12,545,455 Options to brokers in conjunction with the Capital Raising (**Option Placement**). The actual number of the Options issued will be dependent on the amount of capital raised under the Capital Raising.

None of the recipients pursuant to this issue will be related parties of the Company.

A summary of ASX Listing Rule 7.1 is set out in Section 9.4 above.

The effect of Resolution 5 will be to allow the Directors to issue the Options pursuant to the Option Placement during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

6.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Option Placement:

(a) the maximum number of Options to be issued will be 12,545,455 Options;

(b) the Options will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;

(c) the Options will be issued for nil cash consideration (and no funds raised by their issue) as they are being issued in consideration for, and contingent on, securing the Capital Raising;

(d) the identity of the allottees is not yet known but the Options will be issued to brokers who assist in the Capital Raising. No allottee will be a related party of the Company; and

(e) Options will be issued on the terms set out in Section 12.3. The Options will be escrowed as required by the applicable listing rules.

6.3 Terms of Options

The Options 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 which is 3 years after the issue date (**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 (and/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 (and/or NSX) 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.

7. RESOLUTION 6 – ADOPTION OF A NEW CONSTITUTION

A company may modify or repeal its constitution or a provision of its constitution by a special resolution of its shareholders.

The Constitution, being the rules by which the Company operates, should continue to evolve in line with the regulatory environment in which the Company operates.

As detailed in Section 1.1, subject to the outcome of the Appeal, the Company may seek a listing on NSX and, depending on the outcome of the Appeal, may either be dual listed on ASX and NXS or will be delisted from ASX and solely listed on NSX (if the Company is successful in its application to list on NSX).

The Company's current Constitution contains provisions which are specific to the Company being listed on ASX and the applicable rules of that exchange. Therefore, in contemplation of the proposed listing or dual listing of the Company on NSX and to maintain flexibility for the Company, the new Constitution to be adopted contains a number of provisions which refer to an "applicable exchange" rather than limiting the exchange to ASX thereby allowing the exchange on which the Company is listed (or dual listed) to be ASX and/or NSX (or any other exchange the Company may consider in the future).

Resolution 6 is a special resolution which will enable the Company to adopt a new constitution.

It is not practicable to list all of the changes to the Constitution in this Explanatory Statement and Shareholders are invited to contact the Company if they have any queries or concerns. For this purpose, a copy of the proposed new constitution is available for review by Shareholders at the General Meeting, at the office of the Company and can be downloaded from the Company's website at www.globaliron.com.au.

8. ENQUIRIES

Shareholders are required to contact the Company Secretary on (+ 61 8) 9380 9555 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

$ means Australian dollars.

African Petroleum means African Petroleum Corporation Limited a company incorporated in the Cayman Islands, company registration number TB-234498.

African Petroleum Share means a fully paid ordinary share in the capital of African Petroleum.

African Petroleum Shareholders means the shareholders of African Petroleum.

Appeal means the appeal of the ASX Decision lodged by the Company on 28 March 2010 which was heard on 30 April 2010.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Announcement means the Company's announcement to ASX on 9 February 2010 (as referred to in Section 1.1.

ASX Decision means the decision by ASX on 26 March 2010 that, in the event Shareholders approved the Transaction, the Transaction was completed and the Company was suspended from trading the Company would not be reinstated to quotation on ASX.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Capital Raising means the proposed raising of up to $230,000,000 by the issue of up to 418,181,818 Shares at an issue price at $0.55 per Share.

Company means Global Iron Limited (ABN 87 125 419 730).

Consideration Shares means Shares issued in consideration for the acquisition of all the issued capital in African Petroleum.

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

General Meeting means the meeting convened by the Notice of Meeting.

Independent Expert's Report means the Independent Expert's Report prepared by Stantons International Securities annexed to this Notice Meeting as Appendix B.

Liberian Project means Exploration Blocks 8 and 9 covering an area of approximately 7,200 square kilometres off the coast of Liberia in West Africa and more particularly described in Section 7.2 of the Explanatory Statement and the Technical Report included as Appendix B.

Option means an option to acquire a Share on the terms and conditions set out in Section 12.3 of this Explanatory Statement.

Notice of Meeting means this notice of general meeting including the Explanatory Statement.

NSX means the National Exchange of Australia.

NSX Listing Rules means the listing rules of NSX.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Share Sale Agreement means the agreement between the Company and the Shareholders of African Petroleum as summarised in Section 1.2 of the Explanatory Statement.

Transaction means the transaction pursuant to which the Company proposes to acquire up to 100% of the issued share capital of African Petroleum in accordance with the terms and conditions of the Share Sale Agreement.

WST means Western Standard Time as observed in Perth, Western Australia.

Stantons International Pty Ltd trading as
Stantons International Securities
ABN 41 103 088 697
AFS Licence No. 319600

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20 April 2010

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

Dear Sirs

Re: GLOBAL IRON LIMITED (ABN 87 125 419 730) ON THE PROPOSAL TO ACQUIRE PETROLEUM ASSETS BY ACQUIRING 100% OF THE ISSUED CAPITAL OF AFRICAN PETROLEUM CORPORATION LTD. SHAREHOLDERS MEETING PURSUANT TO SECTION 611 (ITEM 7) OF THE CORPORATIONS ACT 2001 ("TCA") AND AUSTRALIAN SECURITIES EXCHANGE ("ASX") LISTING RULE 10.1

1. Introduction

1.1 We have been requested by the Directors of Global Iron Limited ("Global Iron" or "the Company") to prepare an Independent Expert's Report to determine the fairness and reasonableness relating to the proposal whereby Global Iron will issue 906,250,050 shares in consideration for the acquisition of 100% of the issued capital of African Petroleum Corporation Limited ("APC"). APC through its effective 100% owned subsidiaries European Hydrocarbons Limited ("EHL-UK") and Regal Liberia Limited ("Regal Liberia") (both incorporated in the United Kingdom) has interests in two petroleum blocks ("Petroleum Assets") in Liberia, West Africa as noted below and in Resolution 2 in the Notice of General Meeting of Shareholders ("the Notice") and Explanatory Statement to Shareholders ("Explanatory Statement") of Global Iron of April 2010. For the purposes of this report APC, EHL-UK, Regal and other subsidiaries of APC are referred to as the APC Group. **We have concluded that the proposed transaction is not fair but may be considered reasonable to the non-associated shareholders of Global Iron.**

1.2 In terms of a Share Sale Agreement ("SSA") entered into by Global Iron and APC in February 2010 it is proposed that Global Iron will acquire 100% of the shares in APC an unlisted public company incorporated in the Cayman Islands that as at 31 January 2010 has 29 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 located in Liberia, West Africa. The National Oil Company of Liberia has granted APC's subsidiaries EHL-UK and Regal Liberia (a wholly owned subsidiary of EHL-UK) an exclusive exploration right pursuant to Production Sharing Contracts ("PSC's") on offshore 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 referred to in the report titled "A Resource Evaluation of Offshore Liberia Blocks 8 and 9" ("Resource Evaluation Report") of IHS (Global) Limited ("IHS") as referred to in paragraph 1.9 below and the Explanatory Statement attached to the Notice.

For the purpose of this report the acquisition of all of the shares in APC to take Global Iron's shareholding interest in APC to 100% (currently nil) 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"). Conditional (amongst others) to the APC Acquisition is a minimum capital raising (Capital Raising) by Global Iron of $130,000,000 (before capital raising costs) at 55 cents per share and thus prior to the issue of the Purchaser Shares to the APC Shareholders, a further minimum of 236,363,636 shares will have been issued by Global Iron so that immediately prior to the issue of the Purchaser Shares, there will be 254,488,638 Global Iron shares on issue. The maximum amount to be raised from the Capital Raising is to be $230,000,000 (before capital raising costs) (at 55 cents per share) and if the maximum amount is raised, a further 418,181,818 shares will be issued so that immediately prior to the issue of the Purchaser Shares, there will be 436,306,820 Global Iron shares on issue. 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 Acquisition as Mr Tony Sage, a director of Global Iron and a shareholder of APC already owns 1,998,383 shares in Global Iron) to approximately 78.25% of Global Iron (78.08% before taking into account the existing 1,988,383 Global Iron shares held in the name of Tony Sage) on the basis of a minimum Capital Raising to raise a gross $130,000,000. The APC Shareholders collectively will increase their shareholding interest in Global Iron from approximately 11.03% (pre the Capital Raising and pre the APC Acquisition) to approximately 67.65% of Global Iron (67.50% before taking into account the existing 1,998,383 shares held in the name of Tony Sage) in the event that the maximum Capital Raising of $230,000,000 is raised . The major shareholder of APC being Sarella will increase its shareholding in Global Iron from nil% (pre the APC Acquisition) to approximately 54.35% if the minimum Capital Raising is achieved and approximately 46.99% if the maximum Capital Raising is received. 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 shareholding interest in Global Iron post the Capital Raising and the APC Acquisition will be reduced to approximately 1.56% (1.39% excluding the interests of Tony Sage) assuming the minimum Capital Raising and approximately 1.35% (1.20% excluding the interests of Tony Sage) assuming the maximum Capital Raising. The new shareholders from the Capital Raising will hold 236,363,636 shares (approximately 20.36%) if the minimum Capital Raising is achieved and 418,181,818 shares (approximately 31.15%) if the maximum funds are raised from the Capital Raising.

1.3 In addition, there are five other Resolutions being put to the shareholders. Resolution 1 seeks approval from shareholders to delist the Company from ASX (in the event the Company's Appeal against the ASX Decision is unsuccessful) (refer paragraphs 1.8 and 1.9 below) and to apply to list the Company on the National Stock Exchange ("NSX"). Resolution 3 relates to the seeking of approval to issue shares pursuant to the Capital Raising (a maximum number of shares being 418,181,818 shares at 55 cents each to raise up to a gross $230,000,000), Resolution 4 relates to the change of name of the Company to African Petroleum Corporation Limited, Resolution 5 relates to the issue of share options to the Broker associated with the Capital Raising and Resolution 6 relates to the adoption of a new constitution. We are not reporting on the merits or otherwise of Resolution 1 and Resolutions 3 to 6 but do note that the passing of Resolution 3 (to raise up to a gross $230,000,000) is a condition precedent of the APC Acquisition and Resolution 2 cannot be looked at in isolation.

1.4 Under Section 606 of The Corporations Act ("TCA"), a person must not acquire a relevant interest in issued voting shares in a company if because of the transaction, that persons or someone else's voting power in the company increases:

(a) From 20% or below to more than 20%; or
(b) From a starting point that is above 20% and below 90%.

Under Section 611 (Item 7) of TCA, Section 606 does not apply in relation to any acquisition of shares in a company approved by Resolution passed at a general meeting at which no votes were cast in favour of the Resolution by the acquirer or the disposer or their respective associates. An independent expert is required to report on the fairness and reasonableness of the transaction pursuant to a Section 611 (Item 7) meeting.

If the APC Acquisition proceeds and is consummated, the APC Shareholders collectively will initially own between approximately 67.65% and 78.25% of the expanded issued capital of Global Iron (and the interests of Sarella will be between approximately 46.99% and 54.35% of the expanded ordinary issued capital of Global Iron) depending on whether the maximum or minimum funds are raised from the Capital Raising. These percentages assume no existing share options are exercised into shares in Global Iron. We have been advised that that the APC Shareholders do not consider themselves associated with each other as that term is defined under the TCA. For the purposes of this report only, we have quantified the total voting power of the APC Shareholders post the APC Acquisition in order to identify that the corresponding voting power of the current Global Iron shareholders post the APC Acquisition and Capital Raising (excluding Tony Sage) that may be between 1.20% and 1.39% of the total voting power in respect of the Company post the Capital Raising and APC Acquisition.

1.5 Therefore a notice prepared in relation to a meeting of shareholders convened for the purposes of Section 611 (Item 7) of TCA must be accompanied by an Independent Expert's Report stating whether the APC Acquisition noted under Resolution 2 is fair and reasonable and in particular whether it is fair and reasonable to issue 906,250,050 Purchaser Shares to the APC Shareholders (that includes 630,816,987 Purchaser Shares to Sarella). To assist shareholders in making a decision on the APC Acquisition, the directors have requested that Stantons International Securities prepare an Independent Expert's Report, which must state whether, in the opinion of the Independent Expert, the APC Acquisition is fair and reasonable to the non-associated shareholders of Global Iron (not associated with all of the APC Shareholders and in particular, Sarella).

1.6 Listing Rule 10.1 of the ASX Listing Rules provides that shareholder approval is required before a listed company may acquire or dispose of a substantial asset to a related party or substantial shareholder where the substantial shareholder and the substantial shareholder's associates have a relevant interest (or had a relevant interest at any time in the 6 months before the relevant transaction) in at least 10% of the total votes attached to the voting securities. An asset is substantial for the purposes of ASX Listing Rule 10.1 if its value or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the company as set out in the latest accounts given to ASX under the Listing Rules. For the purposes of ASX Listing Rule 10.1, Tony Sage is considered to be a substantial shareholder in the Company as he holds approximately 11.03% of the Company's issued capital. In addition, he is a related party of Global Iron by virtue of being a Director of Global Iron. The issue of the Purchaser Shares would exceed 5% of the Global Iron's equity interests as set out in the latest financial accounts given to ASX under the Listing Rules. Global Iron therefore requires shareholder approval under ASX Listing Rule 10.1 to issue 2,218,500 Purchaser Shares to Tony Sage under the APC Acquisition.

As noted above it is proposed that Global Iron will acquire all of the share capital of APC from the APC Shareholders for the consideration of 906,250,050 Purchaser Shares. Tony Sage holds 1,000,000 shares in APC and thus he will be issued 2,218,500 Purchaser Shares in Global Iron to take his shareholding interest in Global Iron to 4,216,883 shares representing approximately between approximately 0.36% and 0.31% of the expanded issued capital of Global Iron post the Capital Raising and the APC Acquisition.

1.7 Therefore a notice prepared in relation to a meeting of shareholders convened for the purposes of ASX Listing Rules 10.1 must be accompanied by an Independent Expert's Report stating whether the issue of 2,218,500 Purchaser Shares to Tony Sage as noted under Resolution 2 is fair and reasonable. To assist shareholders in making a decision the directors have requested that Stantons International Securities prepare an Independent Expert's Report, which must state whether, in the opinion of the Independent Expert, the issue of 2,218,500 Purchaser Shares to Tony Sage as part of the APC Acquisition is fair and reasonable to the non-associated shareholders of Global Iron (not associated with Tony Sage).

1.8 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 non executive Director (and Chairman) will have on the Company's ability to comply with its continuous disclosure obligations following completion of the APC Acquisition.

The Company is appealing the ASX Decision which is expected to be heard on 29 April 2010.

1.9 The Company is seeking approval to delist from ASX if the Appeal is unsuccessful and to apply to list the Company on NSX.

If the Appeal is successful, all Resolutions are passed, the Capital Raising is successfully completed, the APC Acquisition is completed and the Company receives conditional approval to list on ASX and NSX, the Company's existing Shares on issue will be reinstated to quotation on ASX and the Company may be dual listed on ASX and NSX.

If the Appeal is unsuccessful, all Resolutions are passed, the Capital Raising is successfully completed, the APC Acquisition is completed and the Company receives approval to list on NSX, the Company may delist from ASX which will result in the Company being listed only on NSX.

1.10 Apart from this introduction, this report considers the following:

- Summary of opinion
- Implications of the proposals
- Corporate history and nature of business of Global Iron and APC
- Future direction of Global Iron
- Basis of valuation of Global Iron shares
- Value of consideration
- Basis of valuation of APC
- Conclusion as to fairness
- Reasonableness of the offer
- Conclusion as to reasonableness
- Sources of information
- Appendix A and Financial Services Guide

1.11 In determining the fairness and reasonableness of the acquisition of 100% of the shares of APC whose Petroleum Assets are interests in two Liberian Petroleum Blocks (held by APC's subsidiaries, EHL-UK and Regal Liberia), we have had regard for the definitions set out by the Australian Securities and Investments Commission ("ASIC") in its Regulatory Guide 111, "Content of Expert Reports". Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of "fairness" is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the "target" and irrespective of whether the consideration is scrip or cash. An offer is "reasonable" if it is fair. An offer may also be reasonable, if despite not being "fair", there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer.

1.12 **In our opinion, taking into account the factors noted elsewhere in this report including the factors (positive, negative and other factors) noted in section 9 of this report, the proposals as outlined in paragraph 1.2 and Resolution 2 may on balance be considered to be <u>not fair</u> but may be considered reasonable.**

The valuation of petroleum block interests and the valuation of future profitability and cash flows are extremely subjective as they involve assumptions regarding future events that are not capable of independent substantiation. Since we cannot determine a fair value for the Blocks 8 and 9 offshore Liberia, we have concluded that we are unable to determine whether the proposals under Resolution 2 are fair. Under ASX guidelines, we are required to state under such circumstances that the proposals are not fair.

1.13 The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report, including the November 2009 Resource Evaluation Report on the Petroleum Assets owned by the APC Group prepared by IHS (Global) Limited ("IHS") and the letter from IHS addressed to Global Iron, Stantons International Securities and EHL-UK of 8 February 2010, copies of which are attached as an Appendix to the Notice and Explanatory Statement. It is considered that the Resource Evaluation Report is still appropriate at the date of this report.

2. Implications of the Proposals

2.1 As at 16 April 2010, there were 18,125,002 ordinary fully paid shares on issue in Global Iron. The significant fully paid shareholders as at 16 April 2010 are believed to be:

Shareholder	No. of fully paid shares	% of issued fully paid shares
Cape Lambert Resources Limited	3,553,080	19.60
Mr Antony Paul Sage (Tony Sage)	1,890,825	10.43
Mr Christopher Eric Barnes	1,786,600	9.86
Doull Consolidated Limited	1,421,932	7.85
	8,652,437	47.74

The top 20 shareholders at 16 April 2010 owned approximately 71.01% of the ordinary issued capital of the Company.

2.2 In addition, Global Iron has on issue as at 16 April 2010, 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 by the expiry date. The Brokers to the Capital Raising will as part of the non cash capital raising costs receive between 7,090,909 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 around 24 May 2010).

2.3 If the APC Acquisition is completed, the collective shareholding of the APC Shareholders would approximate between 67.65% and 78.25% and Sarella will increase its ordinary shareholding interest in Global Iron from nil to 630,816,987 ordinary shares representing an interest of between approximately 46.99% and 54.35% interest in the expanded capital of the Company (before the exercise of any share options).

The movement in the issued capital of the Company will either be:

	Minimum Number
Shares on issue at 16 April 2010	18,125,002
Issue of Capital Raising Shares **to raise $130 million**	236,363,636
Shares on issue immediately before the issue of the Purchaser Shares	254,488,638
Issue of Purchaser Shares to the APC Shareholders	906,250,050
Shares on Issue post the APC Acquisition	**1,160,738,688**
Potential issue of further shares	
Exercise of the existing 20 cent share options	12,500,000
Exercise of Broker Share Options	7,090,909
Potential shares on issue	**1,180,329,597**

	Maximum Number
Shares on issue at 16 April 2010	18,125,002
Issue of Capital Raising Shares **to raise $230 million**	418,181,818
Shares on issue immediately before the issue of the Purchaser Shares	436,306,820
Issue of Purchaser Shares to the APC Shareholders	906,250,050
Shares on Issue post the APC Acquisition	**1,342,556,870**
Potential issue of further shares	
Exercise of the existing 20 cent share options	12,500,000
Exercise of Broker Share Options	12,545,455
Potential shares on issue	**1,367,602,325**

2.4 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 T Turner and Mr T Sage will remain on the Board and Mr R Catena will resign from the Board. It is proposed that six new Board members will be appointed, some of whom are overseas residents. The overseas proposed directors are 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.

2.5 APC will become a legally wholly owned subsidiary of Global Iron (along with APC's subsidiaries and proposed subsidiaries as noted below). As the APC Shareholders collectively will, in effect, control Global Iron (post the APC Acquisition) the APC Acquisition will be accounted for under the International Financial Reporting Standards ("IFRS") applicable to reverse acquisition accounting.

2.6 The Company will raise a minimum of $130,000,000 (at 55 cents per share) and a maximum of $230,000,000 (at 55 cents per share) before capital raising costs. The net funds will be used to evaluate and potentially commercialise Blocks 8 and 9 offshore Liberia.

3. **Corporate History and Nature of Business**

Global Iron

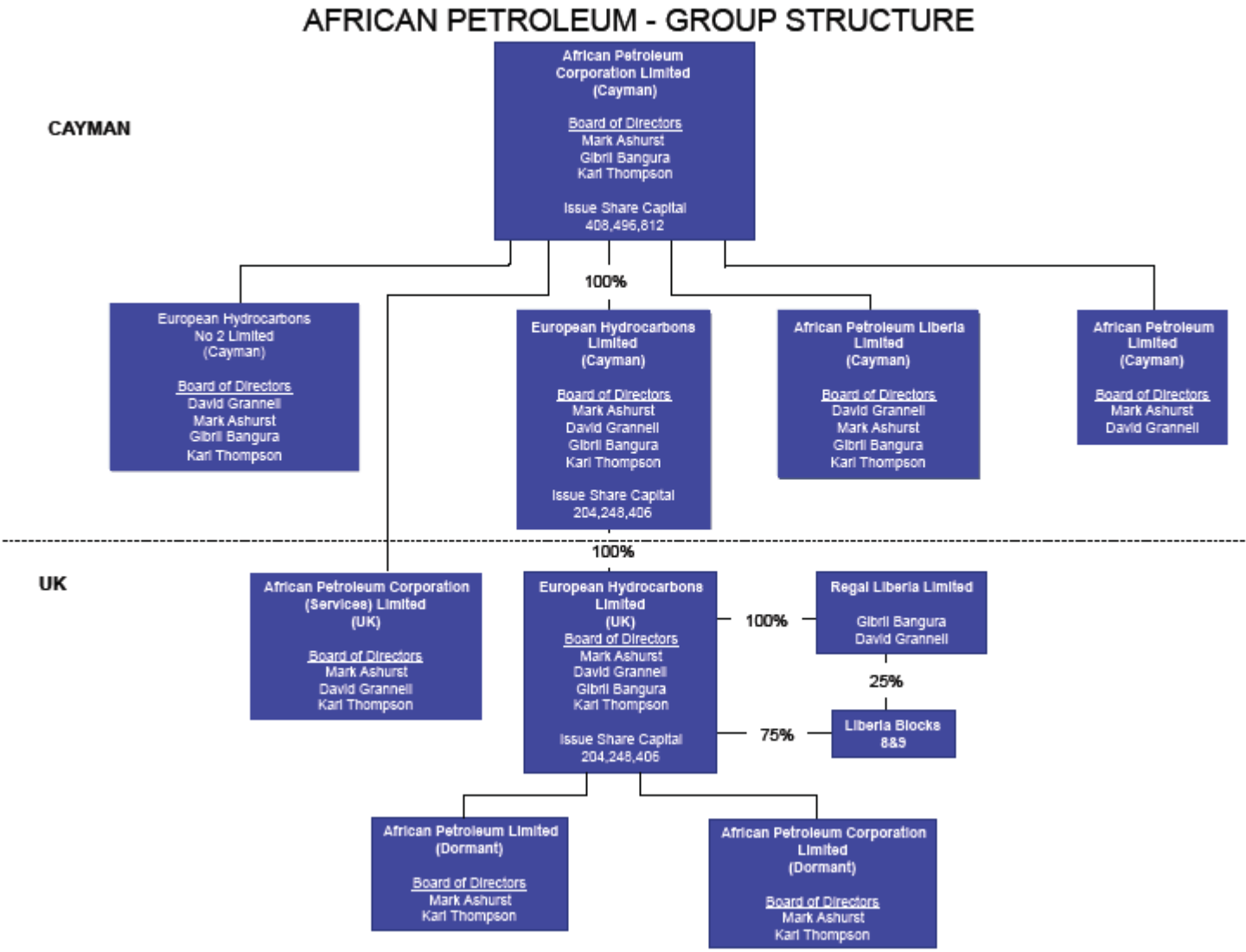
3.1 Principal Activities and Significant Assets

Global Iron is an ASX listed mineral exploration and evaluation company. The primary mineral commodity comprises iron ore. Its most significant assets are as follows:

- **Evanston Project –** This mainly comprises of a Joint Venture ("JV") with Cliffs Asia Pacific Iron Ore Limited ("Cliffs"). Cliffs has agreed to spend $1,000,000 within 3 years of the commencement date to explore for and mine iron ore on six tenements that form part of the Evanston Project so Cliffs may earn a 100% interest in the iron ore rights. If mining commences, Cliffs will pay Global Iron a royalty of 1.5% of average/tonne value of Cliff's products departing the mining leases;
- **Cash at bank** approximately $900,000 (but reducing at the rate of approximately $150,000 per quarter); and
- **Iron Ore Rights** on British Hill tenements, Clampton tenements, Evanston tenements, Mt McMahon, Mt Ida, Bali Hi and Jackson – located in Western Australia.

APC

3.2 APC is incorporated in the Cayman Islands as a non listed public company. Its shareholders are as listed in section 2.6 of the Explanatory Statement attached to the Notice. The subsidiaries (some are not yet subsidiaries but will be at the time of completion of the APC Acquisition) are disclosed in the diagram as noted below:



3.3 A summary on APC and its assets are noted in section 1.2 of this report, and we refer to the Resource Evaluation Report by IHS (on the APC Group's Petroleum Assets) and the Explanatory Statement for more detailed information on APC and its assets.

3.4 A summary unaudited balance sheet (statement of financial position) of the APC Group (that assumes the acquisition/formation of proposed subsidiaries) as at 31 December 2009 is noted elsewhere in this report.

4. Future Directions of Global Iron

4.1 We have been advised by the directors and management of Global Iron that:

- There are no proposals currently contemplated either whereby Global Iron will acquire any further properties or assets from APC (however Global Iron will issue ordinary shares to APC as outlined above in relation to the APC Acquisition) or where Global Iron will transfer any of its property or assets to APC;
- The composition of the Board will change in the short term as noted above;
- The Company will raise a minimum $130,000,000 (maximum $230,000,000) proposed to be raised via the Capital Raising pursuant to a prospectus to be lodged with ASIC next month;

- The Company proposes to change its name to African Petroleum Corporation Limited and restructure as an oil and gas company and move away from owning iron ore rights;
- No dividend policy has been set; and
- The Company will endeavour to enhance the value of its interests in the Petroleum Assets to be acquired under the APC Acquisition.

5. Basis of Valuation of Global Iron Shares

5.1 Shares

5.1.1 In considering the proposal to acquire all of the shares in APC, we have sought to determine if the consideration payable by Global Iron to the APC Shareholders is fair and reasonable to the existing non-associated shareholders of Global Iron.

5.1.2 The offer would be fair to the existing non-associated shareholders if the value of the ordinary shares in APC being acquired by Global Iron is greater than the implicit value of the shares in Global Iron being offered as consideration. Accordingly, we have sought to determine a theoretical value that could reasonably be placed on Global Iron shares for the purposes of this report.

5.1.3 The valuation methodologies we have considered in determining a theoretical value of a Global Iron share (and also an APC share) are:

- Capitalised maintainable earnings/discounted cash flow;
- Takeover bid - the price at which an alternative acquirer might be willing to offer;
- Adjusted net asset backing and windup value; and
- The market price of Global Iron shares.

5.2 Capitalised maintainable earnings and discounted cash flows.

5.2.1 Due to Global Iron's current operations, a lack of a reliable long term profit history arising from business undertakings and the lack of a reliable future cash flow from current business activities, we have considered these methods of valuation not to be relevant for the purpose of this report. Global Iron made a loss of $354,255 for the half year ended 31 December 2009, a loss of $1,188,142 for the year ended 30 June 2009 and loss of $862,277 for the year ended 30 June 2008.

5.3 Takeover Bid

5.3.1 It is possible that a potential bidder for Global Iron could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. To our knowledge, there are no current bids in the market place and the directors of Global Iron have formed the view that there is unlikely to be any takeover bids made for Global Iron in the immediate future. However, if the agreement to acquire APC is consummated, the APC Shareholders collectively will control approximately between 67.65% and 78.25% of the expanded ordinary issued capital of Global Iron and Sarella would own approximately between 46.99% and 54.35% depending on the amount raised under the Capital Raising.

5.4 Adjusted Net Asset Backing

5.4.1 We set out below a reviewed balance sheet (statement of financial position) of Global Iron (Balance Sheet "A") as at 31 December 2009, adjusted for estimated administration and other costs for the period 1 January 2010 to 31 March 2010. In addition, we disclose a pro-forma consolidated Balance Sheet "B" assuming the following:

- The issue of a minimum 236,363,363 shares at 55 cents each via a Capital Raising to raise a gross $130,000,000 and an estimated net $122,968,000 after capital raising costs;
- The acquisition of APC by way of an issue of 906,250,050 Purchaser Shares using reverse acquisition principles. As there is no formal valuation for APC shares, the default value of using the fair value (post the Capital Raising) of a Global Iron share

has been used that assumes inter-alia that the fair value of a Global Iron share approximates 55 cents, being the Capital Raising price;
- The issue of 7,090,909 share options as part of the Capital Raising capital raising costs at a deemed total cost of $1,050,000;
- The cash Capital Raising costs include the expected fees payable to both ASX and NSX on admission of Global Iron's securities to quotation. In the event that the Appeal against the ASX Decision is unsuccessful, the estimated ASX listing fees will not be payable; and
- The incurring of further administration and corporate costs of say $100,000.

As noted above, in the absence of a reliable indicator for the fair value of an APC share, the deemed Capital Raising price has been used in 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. 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 and the Resource Evaluation Report of IHS does not provide a formal valuation of Blocks 8 and 9 offshore Liberia. It is noted that a condition precedent to the APC Acquisition is that Global Iron must raise a minimum $130,000,000 from a Capital Raising. It is also noted that the Resource Evaluation Report provides net present value indicators after making certain assumptions if certain millions of barrels of oil were proven to be commercially exploited from Blocks 8 and 9. It is clear from the Resource Evaluation Report that no oil exploration has been undertaken on the Blocks and there are no proven oil resources. The funds from the Capital Raising will be used to evaluate the commerciality of Blocks 8 and 9.

	Unaudited Adjusted 31 December 2009 $000 "A"	Unaudited Pro-forma 31 December 2009 (including consolidation of APC) $000 "B"	Unaudited consolidated APC 31 December 2009 $000
Current Assets			
Cash assets	1,001	129,270	5,546
Trade and Other Receivables	14	33	19
Total Current Assets	1,015	129,303	5,565
Non Current Assets			
Property, Plant and Equipment	2	12	10
Capitalised exploration costs (including goodwill treated as interests in Blocks 8 and 9)	181	19,214	3,031
Total Non Current Assets	183	19,227	3,041
Total Assets	1,198	148,530	8,606
Current Liabilities			
Trade and Other Payables	200	3,740	3,541
Total Current Liabilities	200	3,740	3,541
Total Liabilities	200	3,740	3,541
Net Assets	998	144,790	5,065
Equity			
Issued Capital	2,328	135,401	3,643
Reserves	1,229	9,682	8,632
Accumulated Losses	(2,559)	(293)	(7,210)
Total Equity	998	144,790	5,065

The above figures for APC as at 31 December 2009 are after converting from UK pounds to Australian dollars at the FX rate of GBP 0.5606 to AUS$1.00.

The net asset (book value) backing per fully paid (pre acquisition of APC) ordinary Global Iron share as at 31 December 2009 based on the unaudited adjusted balance sheet (Balance Sheet "A") and 18,125,002 ordinary shares on issue is approximately 5.51 cents per ordinary share and after assuming a further $100,000 of administration and corporate costs of say $100,000, the net asset backing per share approximates 4.95 cents. The above pro-forma consolidated balance sheet B has been prepared on the basis that the acquisition of APC is considered a business combination for accounting purposes under the accounting standard AASB-3R "Business Combinations" and is prepared using reverse acquisition principles.

5.4.2 Based on the unaudited pro-forma net asset book values, this equates to a value per fully paid ordinary share post the minimum Capital Raising of 236,363,636 shares and the APC Acquisition and issue of 906,250,050 Purchaser Shares (1,160,738,688 ordinary shares on issue) of approximately 12.47 cents per share (ignoring the value, if any, of non-booked tax benefits). In the event that the maximum Capital Raising funds were raised (say $217,925,000 after Capital Raising fund raising costs), this equates to a value per fully paid ordinary share post the maximum Capital Raising of 418,181,818 shares and the APC Acquisition and issue of 906,250,050 Purchaser Shares (1,342,556,870 ordinary shares on issue) of approximately 17.87 cents per share (ignoring the value, if any, of non-booked tax benefits).

5.4.3 We have accepted the amounts as disclosed for all current assets and non current assets. We have been assured by the management of Global Iron that they believe the carrying value of all current assets, fixed assets and liabilities at 31 December 2009 (as adjusted as noted above) are fair and not materially misstated.

5.4.4 We note that the market has been informed of all of the current projects, joint ventures and farm in/farm out arrangements entered into between Global Iron and other parties. We also note it is not the present intention of the Directors of Global Iron to liquidate the Company and therefore any theoretical value based upon wind up value or even net book value (as adjusted), is just that, theoretical. The shareholders, existing and future, must acquire shares in Global Iron based on the market perceptions of what the market considers a Global Iron share to be worth.

5.4.5 The market has either generally valued the vast majority of mineral exploration companies at significant discounts or premiums to appraised technical values and this has been the case for a number of years although we also note that there is an orderly market for Global Iron shares and the market is kept fully informed of the activities of the Company. As at 31 December 2009, the Global Iron directors fair valued the mineral rights of Global Iron at $181,021 (after impairing the mineral rights for the 6 months ended 31 December 2009 by $35,770). In effect, the fair technical value of a Global Iron share approximates the net asset backing of approximately 4.95 cents as disclosed above. However, it is noted that under IFRS if reverse acquisition accounting was not taken into account, the value ascribed to the 906,250,050 Purchaser Shares to be issued to the APC Shareholders would be accounted for at the market value (as noted on ASX) of a Global Iron share at date of issue. It is noted that the cash reserves of Global Iron are not high and over time, in the absence of further capital raisings, the Company would run out of cash reserves. For accounting purposes under IFRS, the consideration (in the form of Global Iron shares to acquire 100% of APC) will be booked at the fair value of APC (in effect mainly the fair value of the Petroleum Assets of the APC Group) under reverse acquisition accounting principles and not at the fair value of a Global Iron share at the date of the APC Acquisition. However from Global Iron's point of view as the legal parent entity will book the shares at market value at date of issue of the APC Purchase Shares that will assume to be 55 cents per share. Arguably as Global Iron is in effect near to being a cash shell (as it only has mineral assets in the form of iron ore rights), and the share price prior to the Capital Raising and APC Acquisition announcement of a Global Iron share is probably not a true reflection of the value of a Global Iron share in the current circumstances. Thus, we have put more weighting to the net asset backing approach to value a share in Global Iron for the purposes of concluding whether the proposal with the APC Shareholders is fair (and reasonable). We note that the proposed Capital Raising to raise up to $230,000,000 (minimum $130,000,000) is to be undertaken at 55 cents per share and this arguably could

represent the current fair market value of the shares in Global Iron. However the Capital Raising at 55 cents per share is based on the premise of the APC Acquisition proceeding.

5.5 Market Price of Global Iron Fully Paid Ordinary Shares

5.5.1 Share prices in Global Iron as recorded on the ASX since 1 July 2009 up to and including 25 March 2010 (the day before the announcement of suspension of trading in Global Iron shares) have been as follows:

	High Cents	Low Cents	Closing Price Cents	Volume 000's
July 2009	21	19	20	41
August 2009	21	15	20	186
September 2009	20	17	19	333
October 2009	17	14.5	14.5	330
November 2009	18	13.5	18	228
December 2009	20.5	18	20.5	62
January 2010	38	22	35	660
February 2010 (to 8th)	40	34	40	666

As can be seen from the trading volume on ASX, there was very little trading of the Global Iron shares before the announcement of the APC Acquisition. The APC acquisition was announced to the market on 9 February 2010. Prior to 9 February, the closing share price was 40 cents per share. There were many trading days since 1 July 2009 (and before) where there were no trades of Global Iron shares on ASX. Whilst it is difficult to assess how much of the increase in share price since early January 2010 can be attributed to speculation as to the proposed acquisition of APC or some other acquisition, nonetheless the acquisition of the shareholding in APC may have had an influence on the increase in the share price. Arguably, the volumes of shares in Global Iron trading on ASX is insufficient to consider that the share prices are considered fair values of a Global Iron share.

5.6 The future value of a Global Iron share will depend upon, inter alia:

- The future commercialisation of the existing mineral interests and the successful exploitation of the Petroleum Assets (if acquired by acquiring all of the shares in APC);
- The state of the iron ore and oil and gas markets (and prices) and foreign exchange rates;
- Cash position of Global Iron;
- The state of Australian and overseas stock markets;
- Membership and control of the Board and quality of management;
- General economic conditions;
- Liquidity of shares in Global Iron; and
- Potential risk of operating in Liberia.

5.7 Conclusion on the Value of Global Iron Shares

Arguably, the pre-APC Acquisition announcement share price of a Global Iron share in the 20 cent to 35 cent range has been supported by the market factoring in that an agreement to acquire a successful project would be entered into in 2010 (along with some form of capital raising). In the absence of the proposed APC Acquisition or some similar corporate deal the share price of a Global Iron share would probably over time fall below 20 cents and could even fall below 10 cents (as Global Iron has few mineral assets and only approximately $1,000,000 in cash reserves). Our view is that more weighting should be given to the asset backing of a Global Iron share and not the share price particularly in view of the Company's financial position and lack of a material mining/oil and gas asset. It is our view that the share price would over a very short period of time (within 6 months) probably fall in value without a corporate deal and significant capital rasing. In conclusion, we consider that the fair value of a Global Iron share falls in the range of 4.5 cents to 6 cents and noting that the fair value on an asset backing basis approximates 4.95 cents. As stated, the ASX share prices do not necessarily reflect fair values in the current economic

circumstances of the Company. In conclusion our preferred methodology due to the financial position of the Company and the fact that Global Iron has few mining assets is to ascribe a value to a Global Iron share based on net asset backing and thus our preferred value of a Global Iron share is 4.95 cents per share but noting that in the absence of a significant acquisition the value per Global Iron share could be lower over a period of time. For the purposes of this report, we have considered that it is appropriate to use a range of prices for the Global Iron ordinary shares in determining our opinion on fairness. The Directors will need to consider the accounting standards in determining the final price attributable to the Purchase Shares to be issued to acquire APC. Arguably as the Capital Raising to raise a minimum of $130,000,000 is at 55 cents per share, this may also be considered to represent a fair market value of the Company's shares although it is noted that the Capital Raising is being undertaken on the assumption that APC will be acquired (and the Capital Raising is a pre condition of settlement of the acquisition of APC). For reverse acquisition accounting purposes, it is assumed that the fair market value (not technical value) of a Global Iron share approximates 55 cents.

6. Value of Consideration

6.1 Based on pre announcement share prices the consideration range would be:

	Low $000's	Preferred $000's	High $000's
906,250,050 Purchase Shares at pre-announcement prices based on asset backing	40,781	44,859	54,375
Fair Share price assumed to be (cents)	4.5 cents	4.95 cents	6 cents

	Low $000's	Mid $000's	High $000's
If the pre announcement ASX share prices are used (before 9 February 2010), the consideration would be:			
906,250,050 Purchase Shares	181,250	271,875	362,500
Share price assumed to be (cents)	20 cents	30 cents	40 cents

If we used the range of fair values pre 9 February 2010, the consideration for the Purchase Shares would lie in the range of $40,781,000 and $54,375,000. It is noted that at the time of negotiation of the APC Acquisition, the Global Iron directors agreed with the directors of APC to allocate a price of approximately 55 cents per Global Iron share, being the proposed issue price of the Capital Raising noted above. The APC directors and management considered the value of the consideration to be approximately GBP275,000,000 and the Global Iron directors after negotiations agreed the number of Purchase Shares to be issued to be 906,250,050. We have not tested or verified this figure in any way and the Resource Evaluation Report of IHS does not provide a formal valuation of Blocks 8 and 9 offshore Liberia. It is noted that a condition precedent to the APC Acquisition is that Global Iron must raise a minimum $130,000,000 from a Capital Raising. It is also noted that the Resource Evaluation Report provides net present value indicators after making certain assumptions if certain millions of barrels of oil were proven to be commercially exploited from Blocks 8 and 9. It is clear from the Resource Evaluation Report that no oil exploration has been undertaken on the Blocks and there are no proven oil resources. The funds from the Capital Raising will be used to evaluate the commerciality of Blocks 8 and 9.

7. Basis of Valuation of APC (and interests in the Petroleum Assets)

7.1 The usual approach to the valuation of an asset is to seek to determine what an informed, willing but not anxious buyer would pay to an informed, willing but not anxious seller in an open market.

7.2 APC is an unlisted public company and therefore valuing the shares on a takeover basis and on a market based approach are not that relevant. There are no indications that other

parties wished to acquire all of the shares in APC other than Global Iron. APC was initially formed with the objective to obtain a suite of petroleum assets (that it has and are more fully described in the Resource Evaluation Report referred to below) and prepare an IPO and achieve a listing on the AIM in the United Kingdom. The shareholders in APC do not have an active market to trade their shares.

7.3 The Company as part of its negotiations with APC obtained a November 2009 Resource Evaluation Report prepared by IHS. EHL-UK was considering an AIM listing in the UK in 2009 and the November 2009 Resource Evaluation Report was to be used as a Competent Persons Report for inclusion in a Prospectus to be issued by EHL-UK. This report attached as an appendix to the Explanatory Statement (with a letter addressed to Global Iron and Stantons International Securities) does not contain a formal valuation of Blocks 8 and 9 offshore Liberia but outlines the prospectivity of the Blocks. It also provides a range of net present values if oil was located and commercially extracted but notes that to date no drilling has been undertaken and there are no oil or gas resources proven on the Blocks. Considerable sums are needed to be incurred by the APC Group (via Global Iron, if the Capital Raising and APC Acquisition are completed successfully) and there is no guarantee that oil or gas resources or reserves will be located on the Blocks. The APC directors and management considered the value of the consideration to be approximately GBP275,000,000 to arrive at the number of Purchase Shares (906,250,050) to be issued as the consideration payable by Global Iron. We have not tested or verified this figure in any way and the Resource Evaluation Report of IHS does not provide a formal valuation of Blocks 8 and 9 offshore Liberia. It is noted that a condition precedent to the APC Acquisition is that Global Iron must raise a minimum $130,000,000 from a Capital Raising. The funds from the Capital Raising will be used to evaluate the commerciality of Blocks 8 and 9.

7.4 The unaudited consolidated balance sheet of APC at 31 December 2009 (adjusted to assume that the proposed subsidiaries that have interests in the Blocks 8 and 9 are subsidiaries at the time of entering into the SSA and finalisation of the APC Acquisition) is disclosed under paragraph 5.4.1 above. This balance sheet shows the APC Group net assets carried at a book value of $5,065,000 with the exploration and evaluation expenditure carried at a book value of $3,031,000 (assuming a foreign exchange conversion rate of GBP0.5606 to AUS$1.00) No formal valuation of Liberian Blocks 8 and 9 has been obtained. The Global Iron directors (in conjunction with APC management and key APC shareholders) considered a formal valuation not to be warranted. They considered the original November 2009 Resource Evaluation Report looked at similar AIM listed oil and gas exploration companies. It was noted by the Global Iron directors and APC management that there are a number of AIM listed companies involved in the oil and gas industries (searching for oil and gas in political risk areas and companies having no oil and gas revenues) that had high market capitalisations but were still in the stage of early exploration and had not yet located any commercial oil or gas resources/reserves.

7.5 Completion of the APC Acquisition is conditional on all necessary due diligence being undertaken on the ownership interests of APC, APC'S shareholding and debt interests in all subsidiaries (including EHL-UK's and Regal Liberian's) and EHL-UK's and Regal Liberian's ownership of the Petroleum Assets. We advise that we have not undertaken any further steps to ascertain ownership of APC, its subsidiaries (and proposed subsidiaries) and their assets and liabilities and the Petroleum Assets.

7.6 As there is a lack of a clear market value of the Blocks 8 and 9 (although they appear to have prospectivity to locate oil resources- but this cannot be assured and is not warranted by us), we are unable to determine the fair market value of the shares in APC.

8. Conclusion as to Fairness

8.1 The proposal to acquire the shares in APC that has as its only significant asset the Petroleum Assets for the consideration noted in paragraph 6.1, is believed to be fair to Global iron's non-associated shareholders if the value of the consideration offered is equal to or less than the value of the shares in APC being acquired.

8.2 Due to the nature of the business of APC, valuations are dependent upon the value placed on the petroleum interests of the APC Group. The valuation of petroleum interests and

valuing future profitability and cash flows is extremely subjective as it involves assumptions regarding future events that are not capable of independent substantiation.

8.3 The actual consideration to the APC Shareholders is 906,250,050 Purchase Shares with a pre-announcement technical value of say 4.95 cents per share for a consideration of $44,859,000 and based on a pre announcement market value (that we consider not to be our preferred methodology due to the low volumes of trades in Global Iron shares on ASX) of approximately $308,125,000 (using say a 34 cents share price for Global Iron shares). If the Capital Raising share price was used (55 cents), the deemed value of the consideration payable would approximate $498,437,528.

Sarella's share of the total value attributable to APC based on the above preferred methodology (fair value of Global Iron's net assets) is considered to lie in the range of approximately $31,540,000 to $37,849,000 with a preferred value of approximately $31,225,000 (based on Sarella's approximate 69.607% shareholding interest in APC. Using the 55 cent Capital Raising price, Sarella's share of the total value attributable to APC is considered to approximate $346,947,000.

8.4 **The valuation of petroleum block interests and the valuation of future profitability and cash flows are extremely subjective as they involve assumptions regarding future events that are not capable of independent substantiation. Since we cannot determine a fair value for the Blocks 8 and 9 offshore Liberia, we have concluded that we are unable to determine whether the proposals under Resolution 2 are fair. Under ASX guidelines, we are required to state under such circumstances that the proposals are <u>not fair</u>.**

9. **Reasonableness of the APC Acquisition**

9.1 We set out below some of the advantages and disadvantages and other factors pertaining to the proposed APC Acquisition.

Advantages

9.2 The Company, in effect moves from a near cash box company with minimal mineral assets (albeit some longer term potential) to a new oil and gas company. Under the APC Acquisition, Global Iron will raise a minimum of $130,000,000 and a maximum of $230,000,000 before capital raising costs via a Capital Raising and will be totally recapitalised. The APC Acquisition if successful could lead to potential oil and gas operations in Liberia or the ability for Global Iron to on-sell or farm-out the Petroleum Assets to another oil and gas company at a profit.

9.3 The Company may be better placed to raise further funds by way of share equity as a result of acquiring the Petroleum Assets (via acquiring all of the shares in APC).

9.4 IHS has ascribed a range of potential values to the Petroleum Assets of the APC Group that is in excess of the consideration payable on a pre-announcement basis both on an asset backing and market based approach. However the IHS Resource Evaluation Report makes it clear that no oil or gas has been located on the Blocks 8 and 9 (evaluation and drilling has not been undertaken to date) and there is always the possibility that no resources or reserves may be proven. The net present values (potential) noted in the IHS Resource Evaluation Report are conceptual only and should not be relied upon (but do give an indication of potential worth <u>if</u> oil reserves are proven and commercially exploited).

9.5 There is an incentive to Global Iron and APC, to successfully exploit the APC Petroleum Assets as the APC Shareholders including Sarella will have significant shareholding interests in Global Iron. The IHS Resource Evaluation Report notes the upside potential if oil is discovered.

9.6 Global Iron currently has only minor iron ore assets and potential royalties. Should these projects prove not to be commercially viable, diversification into the oil and gas industry in Liberia by acquiring 100% of APC may reduce the risk (but at the same time Global Iron is taking on potentially significant exploration and development commitments).

9.7 The chances of the existing 12,500,000 share options being exercised at 20 cents on or before 31 July 2010 (to raise a further $2,500,000) may be enhanced as the APC Acquisition and the Capital Raising is supporting a share price in excess of 20 cents.

9.8 Existing shareholders may be given the opportunity to sell their shares in excess of the share prices existing prior to the APC Acquisition and Capital Raising announcement. There is the possibility that the share price in the short term may trade around the Capital Raising price and those shareholders who consider the risk of oil and gas exploration in Liberia to be too high may wish to sell their shareholdings in Global Iron.

Disadvantages

9.9 Currently, the APC Shareholders collectively own 1,890,825 shares in the Company (held by Tony Sage) (before the Capital Raising) and if Resolution 2 is passed, the APC Shareholders will increase their collective shareholding interest in Global Iron to between approximately 67.64% and 78.24% (before the exercise of any share options but after the Capital Raising noted above). Sarella is receiving consideration as noted in paragraph 8.3 above. As noted above, we cannot determine if Sarella is paying a premium for control as there is no accurate determination of fair value of the Blocks 8 and 9 offshore Liberia and thus no accurate fair value of the shares in APC. Sarella (as are most of the shareholders in APC) is a foreign company and some shareholders may not be comfortable with allowing a shareholding of between approximately 46.99% and 54.35% to be in the hands of a foreign incorporated company that may be controlled by a small number of significant individuals. It is expected that a large majority shareholding will be in the hands of overseas investors. Sarella's shareholding may decrease the Company's takeover optionality. The existing shareholders (excluding Tony Sage) will be massively diluted from owning a current 89.57% shareholding interest in Global Iron and its underlying assets to a very small shareholding of between 1.20% and 1.39% post the Capital Raising and APC Acquisition. However, the net book assets of Global Iron are estimated at $898,000 whilst post the Capital Raising and APC Acquisition, the net book assets using reverse acquisition accounting principles is estimated to lie in the range of $144,790,000 to $245,791,000 (depending on the amount raised from the Capital Raising). The value attributable to the existing shareholders (excluding Tony Sage) approximates between $2,012,000 and $2,954,000, compared with a current shareholding interest of approximately $848,000. This is based on the premise that reverse acquisition accounting rules may be applied for statutory reporting purposes.

9.10 The exploration commitments on Blocks 3 and 4 in offshore Liberia are quite high and may be over US$56 million. In addition, the new expanded Global Iron will need to set up operations in Liberia that may be very costly. Should commercial oil be proven to proceed to development significant additional capital may need to be raised which would dilute the current shareholders even further. The number of shares that may be issued to raise additional capital is not yet known.

9.11 In general terms, investments in oil and gas exploration companies are high risk however for those shareholders who consider that the proposed APC Acquisition from the APC Shareholders is a risk worth taking, then the proposed APC Acquisition under Resolution 2 may be reasonable.

9.12 The Petroleum Assets may not turn out to be commercially viable and thus losses may be incurred.

9.13 The Petroleum Assets are located offshore Liberia a country that has in the past not been politically and economically stable. Political, economic and exchange risks are considered to be significantly higher in Liberia than if the operations were located in Australia.

9.14 On 9 February 2010, the Company announced that it had entered into a Share Sale Agreement with the shareholders of APC. Following that ASX Announcement, 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 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 and non executive Director (and Chairman) will have on the Company's ability to comply with its continuous disclosure obligations following completion of the APC Acquisition.

The Company is appealing the ASX Decision which is expected to be heard on 29 April 2010. The Company is seeking approval from shareholders to delist from ASX if the Appeal is unsuccessful and to apply to list the Company on NSX

If the Appeal is successful, all Resolutions are passed, the Capital Raising is successfully completed, the APC Acquisition completes and the Company receives conditional approval to list on ASX and NSX, the Company's existing Shares on issue will be reinstated to quotation on ASX and the Company may be dual listed on ASX and NSX.

If the Appeal is unsuccessful, all Resolutions are passed, the Capital Raising is successfully completed, the APC Acquisition is completed and the Company receives approval to list on NSX, the Company may delist from ASX which will result in the Company being listed only on NSX. The NSX is not as large or well recognised as the ASX and there may be less opportunity to trade in Golbal Iron shares on NSX as compared with ASX.

Other Factors

9.15 It is noted that for accounting purposes in the books of Global Iron, the Purchase Shares will be booked at the market value of the ordinary shares in Global Iron at the date the Purchase Shares are issued to the APC Shareholders however reverse acquisition accounting will be undertaken. Global Iron as the legal parent entity will account for the value of the Purchase Shares at the market value of the ordinary shares in Global Iron that may be considered to be 55 cents per share, being the Capital Raising price. Thus, as the legal potential owner of the shares on APC, Global Iron will record an investment in APC of approximately $498,537,528. The ultimate fair value of an investment in APC is at this stage unknown and write downs in the investment may be required at a later stage (particularly if commercial success from Blocks 8 and 9 are not forthcoming).

9.16 It is noted that the share price of a Global Iron share post announcement of the APC Acquisition (that is 9 February 2010 to 25 March 2010) traded significantly above the pre-acquisition announcement price of 40 cents per Global Iron share, thus implying positive market sentiment to the proposed ACP Acquisition. The shares in that period traded between 40 cents and 54.5 cents with a last sale on 25 March 2010 of 45 cents. Although not suspended from trading, there have been no Global Iron shares traded on ASX from 25 March 2010 to 19 April 2010.

9.17 The number of fully paid ordinary shares on issue initially rises by between 1,142,613,686 and 1,324,431,868 (Capital Raising shares and Purchase Shares) to between 1,167,738,688 and 1,342,556,870 (before exercise of any existing share options). This represents a massive increase in the ordinary shares of the Company based on the number of shares on issue at the time of the announcement of the APC Acquisition and Capital Raising on 9 February 2010.

9.18 The Company will be required to issue to the Broker to the Capital Raising between 7,090,909 Broker Share Options and 12,545,455 Broker Share Options, exercisable at 55 cents each, on or before 3 years from issue date. The estimated capital raising cost to issue the Broker Share Options is estimated to lie in the range of $1,050,000 to $1,860,000 but it is noted that the cost is a non cash item. If the Broker Share Options were exercised, Global Iron would receive between $3,900,000 and $6,900,000.

10. Conclusion as to Reasonableness

10.1 **After taking into account the factors referred to in 9 above and elsewhere in this report, we are of the opinion that the proposed APC Acquisition as noted in paragraph 1.2 and Resolution 2 in the Notice may be considered, on balance, to be reasonable to the non-associated shareholders of Global Iron.**

11. Sources of Information

11.1 In making our assessment as to whether the proposed APC Acquisition as noted in paragraph 1.2 is fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company, the Petroleum Assets and APC that is relevant to the current circumstances. In addition, we have held discussions with the management of Global Iron about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of Global Iron.

11.2 Information we have received includes, but is not limited to:

a) Draft Notices of Global Iron and draft Explanatory Statements to Shareholders prepared to 19 April 2010;
b) Discussions with management of Global Iron;
c) Details of historical market trading of Global Iron ordinary fully paid shares recorded by ASX for the period 1 January 2009 to 19 April 2010;
d) Shareholding details of Global Iron as supplied by the Company's share registry as at 16 April 2010;
e) Audited balance sheet of Global Iron as at 30 June 2009;
f) Reviewed balance sheet of Global Iron as at 31 December 2009;
g) Announcements made by Global Iron to the ASX from 1 January 2009 to 19 April 2010;
h) The Share Sale Agreement between Global Iron, APC, EHL-UK and the APC Shareholders executed on 9 February 2010 for the proposed acquisition of all of the shares in APC;
i) The independent Resource Evaluation Reports of IHS dated 29 November 2009 and the letter from IHS addressed to Global Iron, Stantons International Securities and EHL-UK of 8 February 2010;
j) The estimated annual minimum petroleum expenditure commitments on Blocks 8 and 9 offshore Liberia;
k) Un-audited pro-forma consolidated accounts of the APC Group for the year ended 31 December 2009;
l) Actual and proposed group structure of APC;
m) An Economic Evaluation Offshore Liberia Blocks 8 and 9 report prepared for EHL-UK by IHS CERA of October 2009;
n) Review of AIM listed companies involved in oil and gas exploration;
o) Preliminary work paper agreed to by Global Iron and APC management on calculation of the number of shares to be issued by Global Iron to acquire 100% of the shares in APC;
p) Reverse accounting work papers prepared by Global Iron management; and
q) Various correspondences on APC statutory matters.

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11.3 Our report includes Appendix A and our Financial Services Guide attached to this report.

Yours faithfully
STANTONS INTERNATIONAL SECURITIES

J P Van Dieren - FCA
Director

APPENDIX A

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities dated 20 April 2010, relating to acquiring all of the share capital of APC as outlined in paragraph 1.2 of the report and Resolution 2 in the Notice of Meeting to Shareholders proposed to be distributed to Global Iron shareholders in April 2010.

At the date of this report, Stantons International Securities does not have any interest in the outcome of the proposal. There are no relationships with Global Iron or APC other than acting as an independent expert for the purposes of this report. There are no existing relationships between Stantons International Securities and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at $20,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Stantons International Securities nor John P Van Dieren have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report. It is intended that Stantons International Securities will prepare an Investigating Accountant's Report for Global Iron for inclusion in a prospectus to be lodged with ASIC relating to the Capital Raising of shares at 55 cents to raise up to $230,000,000. This is expected to be completed in May 2010.

Stantons International Securities does not hold any securities in Global Iron or APC. There are no pecuniary or other interests of Stantons International Securities that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities and Mr J Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice. Stantons International Securities has prepared 5 independent experts reports in 2009/10 for companies associated with Cape Lambert a significant shareholder in Global Iron and was the Investigating Accountant for the Q Copper Australia Limited prospectus and IPO (a spin off of certain copper assets by Cape Lambert).

QUALIFICATIONS

We advise Stantons International Securities is the holder of an Australian Financial Services Licence (no 319600) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions that involve securities. A number of the directors of Stantons International Pty Ltd are the directors of Stantons International Securities and Stantons International Securities has an affiliation with Stantons International Services Pty Ltd, a compony that provided tax and accounting services. Stantons International Securities has extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

Mr John P Van Dieren, FCA, the person responsible for the preparation of this report, has extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered. The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

DECLARATION

This report has been prepared at the request of the Directors of Global Iron in order to assist the shareholders of Global Iron to assess the merits or otherwise of the proposals to acquire all of the shares in APC as outlined in Resolution 2 and the Explanatory Statement to which this report relates. This report has been prepared for the benefit of Global Iron's shareholders and does not

provide a general expression of Stantons International Securities opinion as to the longer term value of Global Iron, its assets and APC, its subsidiaries and their Petroleum Assets. Stantons International Securities does not imply, and it should not be construed, that is has carried out any form of audit on the accounting or other records of Global Iron or the APC Group (including ownership and title to Blocks 8 and 9 offshore Liberia). Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, Resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

DISCLAIMER

This report has been prepared by Stantons International Securities with due care and diligence. However, except for those responsibilities, which by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omission (including responsibility to any person for negligence) is assumed by Stantons International Securities and Stantons International Pty Ltd, their directors, employees or consultants for the preparation of this report.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities may rely on information provided by Global Iron and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities experience and qualifications), Global Iron has agreed:

(a) To make no claim by it or its officers against Stantons International Securities (and Stantons International Pty Ltd) to recover any loss or damage which Global Iron may suffer as a result of reasonable reliance by Stantons International Securities on the information provided by Global Iron; and

(b) To indemnify Stantons International Securities (and Stantons International Pty Ltd) against any claim arising (wholly or in part) from Global Iron or any of its officers providing Stantons International Securities any false or misleading information or in the failure of Global Iron or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities.

A draft of this report was presented to Global Iron directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

Stantons International Pty Ltd trading as
Stantons International Securities
ABN 41 103 088 697 AFS Licence No. 319600

LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
www.stantons.com.au

FINANCIAL SERVICES GUIDE
FOR STANTONS INTERNATIONAL PTY LTD
(Trading as Stantons International Securities)
Dated 20 April 2010

1. Stantons International Securities ACN 103 O88 697 ("SIS" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 319600;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

SIS is ultimately a wholly division of Stantons International Pty Ltd a professional advisory and accounting practice. Our directors may be directors in Stantons International Pty Ltd and SIS has an affiliation with Stantons International Services Pty Ltd, a tax and accounting practice.

From time to time, SIS, Stantons International Pty Ltd and Stantons International Services Pty Ltd and/or their related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints Resolution

- Internal complaints Resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities
Level 1
1 Havelock Street
WEST PERTH WA 6005

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

- Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited ("FOSL"). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details set out at the top of our letterhead on page 1 of this FSG.

APPENDIX B – TECHNICAL REPORT ON LIBERIAN PROJECT

9 February 2010

The Directors
Global Iron Limited
18 Oxford Close
LEEDERVILLE WA 6007

The Directors
European Hydrocarbons Limited
12 St James Square
LONDON
SWIY 4LB

Messrs Stanton International Securities
Level 1
Havelock Street
WEST PERTH WA 6005

Dear Sirs

A RESOURCE EVALUATION OF OFFSHORE LIBERIA BLOCKS 8 AND 9

In respect to your request, IHS Global Ltd ("IHS"), has reviewed and given indicative prospective resource volumes for European Hydrocarbons Limited's ("EH" or "Company") 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 this 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 European Hydrocarbons Ltd 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 are 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.

To give an indication of the value of a reasonable size discovery in offshore Liberia waters, IHS has undertaken a development scenario based on Liberian fiscal terms. This gives an

indication of the potential value of fields of this size that may be found in the block, should the forward exploration seismic and exploration drilling programme prove to be successful.

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.

We understand Australian Securities Exchange ("ASX") listed Global Iron Limited ("Global Iron") will acquire African Petroleum Corporation Limited ("African Petroleum"), which has recently acquired Blocks 8 and 9 offshore Liberian from the Company. The report will be included in a Notice of Meeting to be provided to Global Iron shareholders and a compliance and capital raising prospectus to be filed with ASX and the Australian Securities and Investments Commission (collectively "Disclosure Documents").

We acknowledge that this report may be included in its entirety, or portions of this report summarised in documents prepared by the Company and its advisers in connection with the Disclosure Documents and that such documents, together with this report, may be filed with any stock exchange and other regulatory bodies.

In accordance with your instructions to us and the requirements of ASX, we confirm that this report has been prepared by Tim Hemsted, Managing Consultant employed by IHS, who:

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 EH, Global Iron and African Petroleum, 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 Disclosure Documents 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 programme and Assets; and
7. considers that the scope of the report is appropriate, given EH's Assets and Liabilities and includes and discloses all relevant information required to be included therein and was prepared in accordance with The Valmin Code (2005 Edition).

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 of available information between the date that the report was compiled and the date of the Disclosure Documents 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 with respect to the Disclosure Documents.

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 judgment 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 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 EH, Global Iron and African Petroleum and its advisers in connection with the Disclosure Documents;
- the reference to this report or extracts therefrom, in the Disclosure Documents;
- 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 EH and Global Iron website.

Such consent is deemed to continue to be valid until and unless notice in writing is provided by us revoking such consent.

IHS Global Ltd.
133 Houndsditch, London, EC3A 7BX
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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 in the Disclosure Documents.

Compliance

This report was provided for the sole use of Global Iron and EH 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 was provided for the sole use of Global Iron and EH 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 consent of IHS.

This report has been prepared in accordance with The Valmin Code (2005 Edition). 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 for the purpose of the Disclosure Documents.

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 in the Disclosure Documents;
- IHS understands that brief summaries of the Company's existing and proposed directors are included in the Disclosure Documents 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; we understand that the Company, Global Iron and their advisers have conducted an internal review of this report in accordance with the relevant rules.

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.

Lead	Recoverable Prospective Resources Gross mmb oil and liquids			Recoverable Prospective Resources Net mmb oil and 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		

**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

Tim Hemsted

9th February 2010

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INDEPENDENT PETROLEUM CONSULTANT'S CONSENT

LIMITATION 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 for the purposes of the Disclosure Documents. The effective date of the report is 27th 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, have 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 EH and Global Iron in connection with the Disclosure Documents 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. This declaration is included in accordance with the requirements of The Valmin Code (2005 Edition).

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 the Disclosure Documents.

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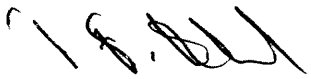
EH has confirmed in writing to IHS that to its knowledge the information provided by it (when provided) was complete and not incorrect or misleading in any material respect, IHS has no reason to believe that any material facts have been withheld and EH has confirmed in writing to IHS that it believes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



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

9th February 2010

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 recognised 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 understand 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 any outcome 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 or the Company, the Group's assets or advisers of the Company. Consequently, IHS and the directors of IHS, consider themselves to be independent of the Company.

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

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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 IHS experts were directly involved in the evaluation of EH's assets.

Tim Hemsted
Project Manager
IHS Global Limited
133 Houndsditch
London, EC 3A 7BX

8 February 2010

CERTIFICATE OF QUALIFCATION

Timothy Hemsted

I, Timothy Hemsted, a 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 27th November 2009 prepared for European Hydrocarbons Limited ("EH") and now being used for the purposes of the Disclosure Documents, 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 and 9 as at 30th October 2009;

- I do not have, nor do I expect to receive any direct or indirect interest in the securities of Global Iron/EH and/or their 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 profession 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

9th February 2010

IHS Global Ltd.
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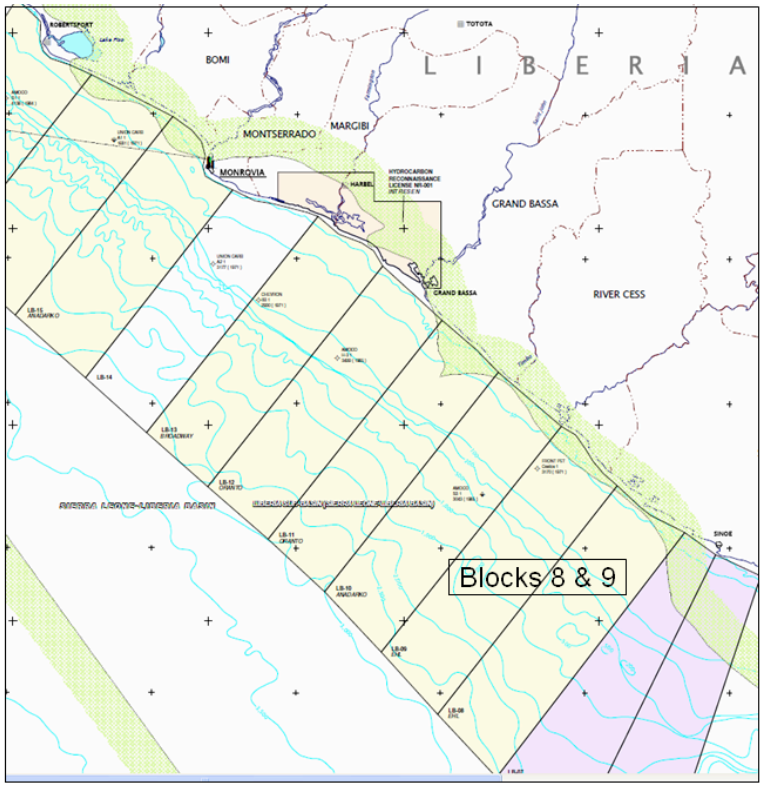
Phone +44 (0) 20 3159 3200 • Fax +44 (0) 20 3159 3299

FINAL REPORT NOVEMBER 30TH 2009

BLOCKS 8 & 9 DEEPWATER LIBERIA

FOR EUROPEAN HYDROCARBONS LTD.



IHS (Global) Limited.
133 Houndsditch,
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, and indicative commercial potential of an offshore development in 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
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 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 preliminary cash flow analysis was undertaken to determine the commercial attractiveness of producing from deep water offshore Liberia. This was performed by modeling a deepwater FPSO (floating production storage and offloading) field development in the range of 600 to 1,400 MMbbls. The relatively attractive fiscal terms in Liberia give an indicative NPV10% value for net cashflow to the operator of US$1.5 billion in the low case and over US$3 billion in the upside case for such a development.

A 5,100 sq km 3D seismic survey 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 Liberian Government granted a Production Sharing Contract (PSC) on 28th of August 2008 with the National Oil Company of Liberia (NOCAL), which was established in 2000.

Phase	Period years	Work Commitment	Budget Expenditure	Mandatory Relinquishment
1	4 years	1,500 sq km 3D seismic, 1 contingent well.	$8m	25%.
2	2 years	1 (or 2 incl. Phase 1) well, 2000m or basement	$10m	25%.
3	2 years	1 well, 2000m or shallower if basement	$10m	0%.

Licence Terms: Blocks 8 and 9 commitments involve three exploration phases as detailed above.

In the event of a commercial discovery, an exploitation period of up to 25 years then follows. Fiscal terms are detailed in Section 4 of this report.

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.

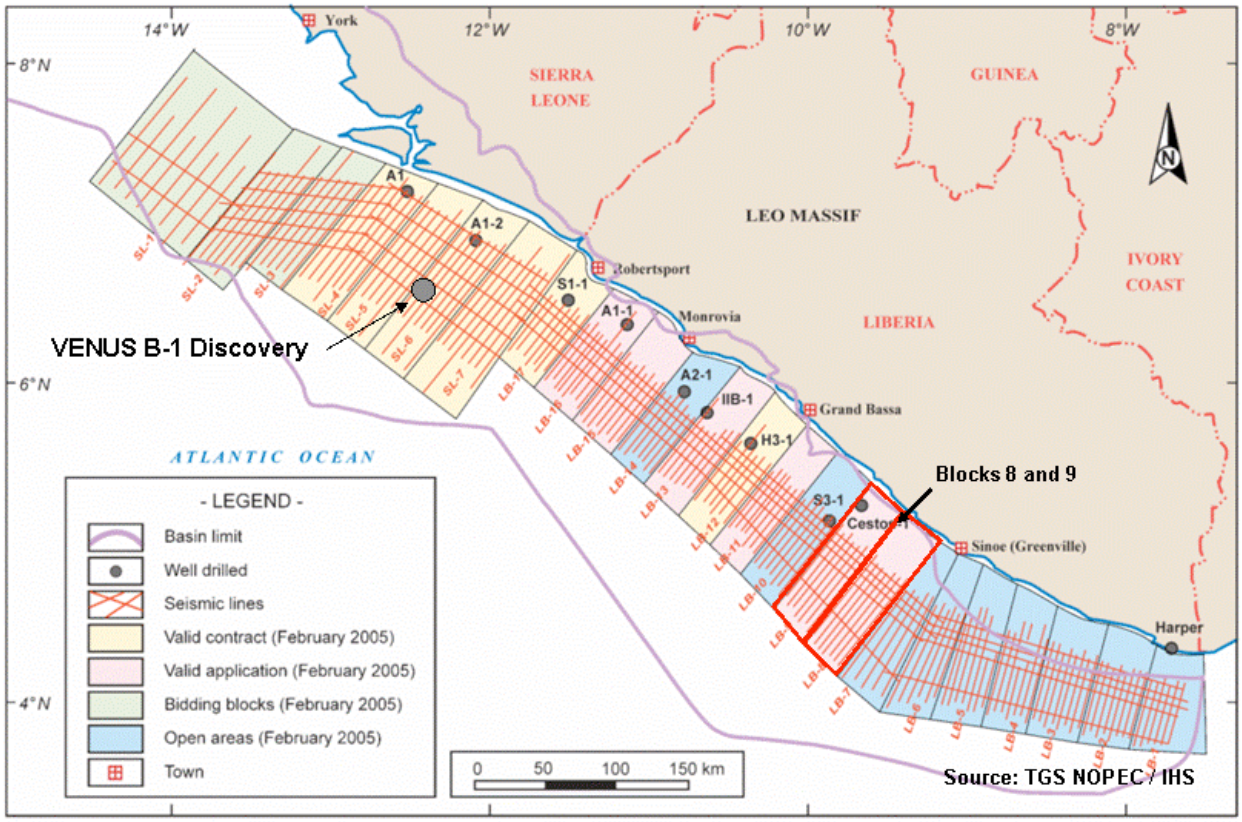


Figure 1 Map of the 2D TGS NOPEC seismic database and location of exploration wells and Anadarko's recent Venus B-1 discovery in Sierra Leone.

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, with those purchased by EH 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.

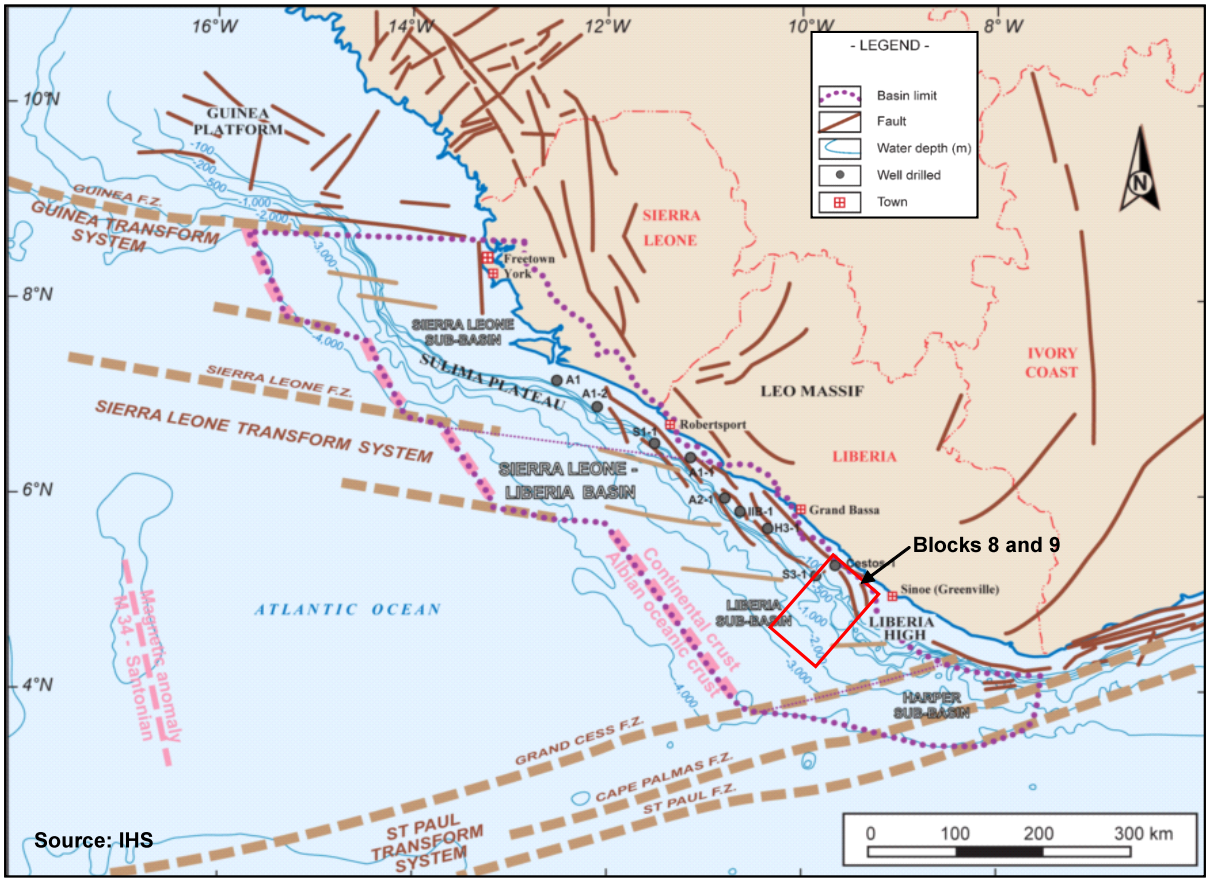


Figure 2 Sierra Leone–Liberia Basin structural setting and the location of shelf exploration wells

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.

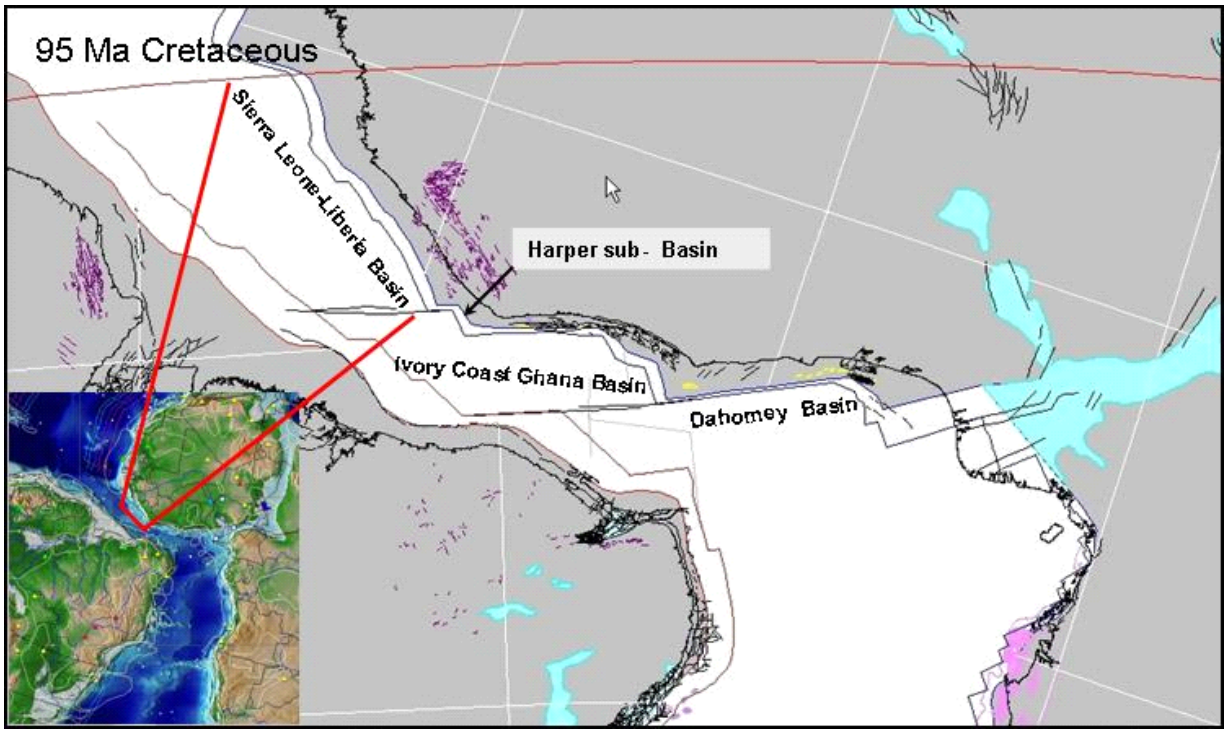


Figure 3 Major tectonic plate elements of the West African basins

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.

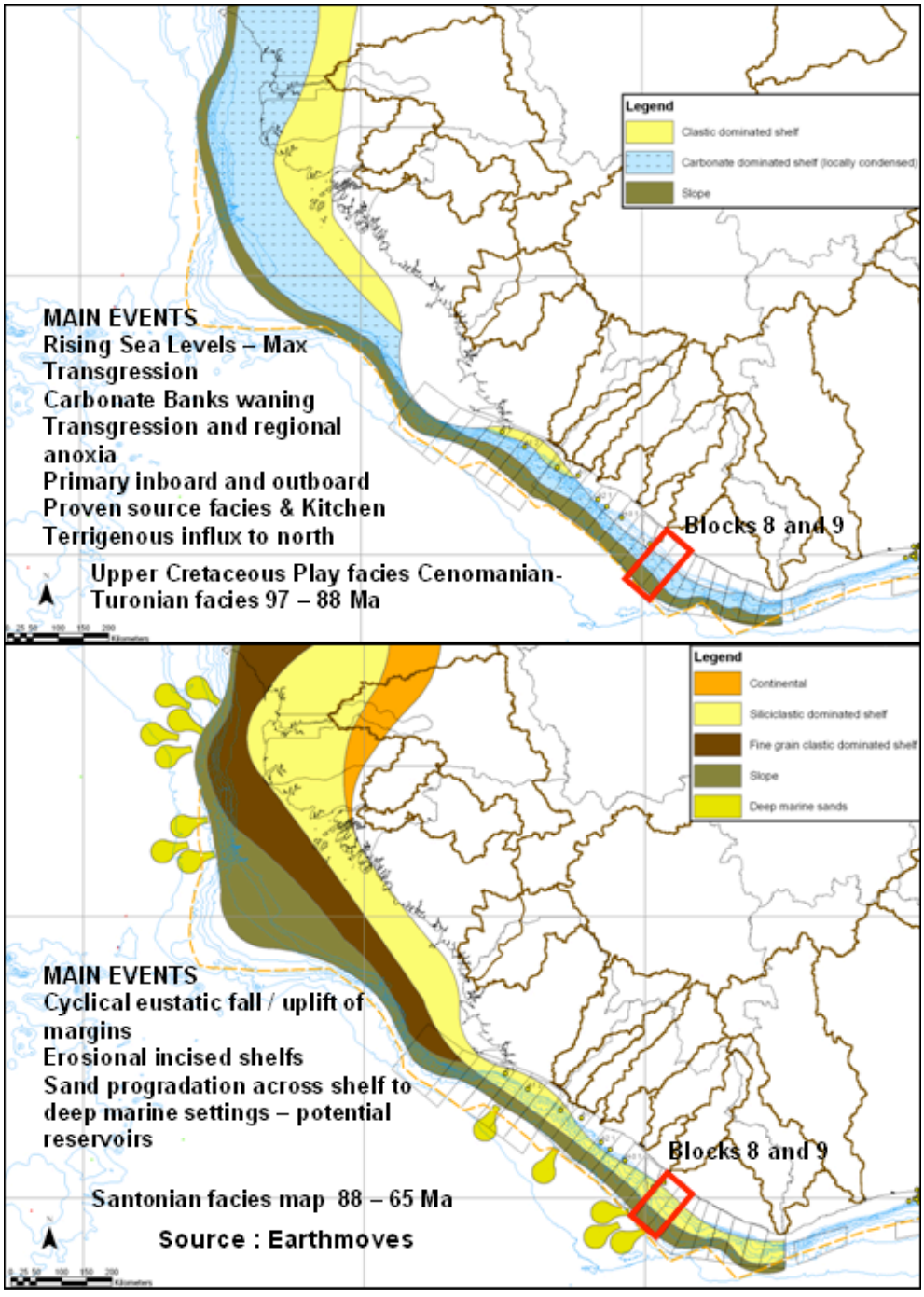


Figure 4: Upper Cretaceous post-rift play fairways and facies along the Sierra Leone-Liberian basin.

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 km² with an additional 150,000 km² for Saltponds 120,000 km² and 30,000 km² 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.

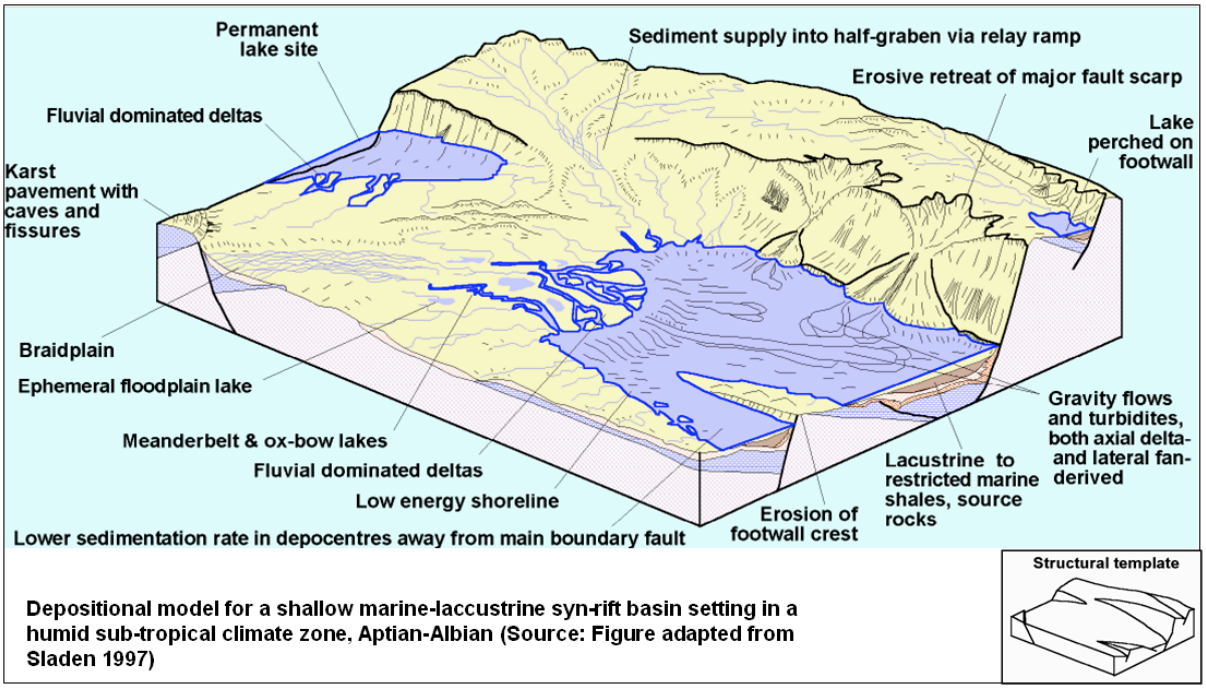


Figure 5: Structural sedimentary model for the syn-rift Lower Cretaceous marginal marine and lacustrine sands

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.

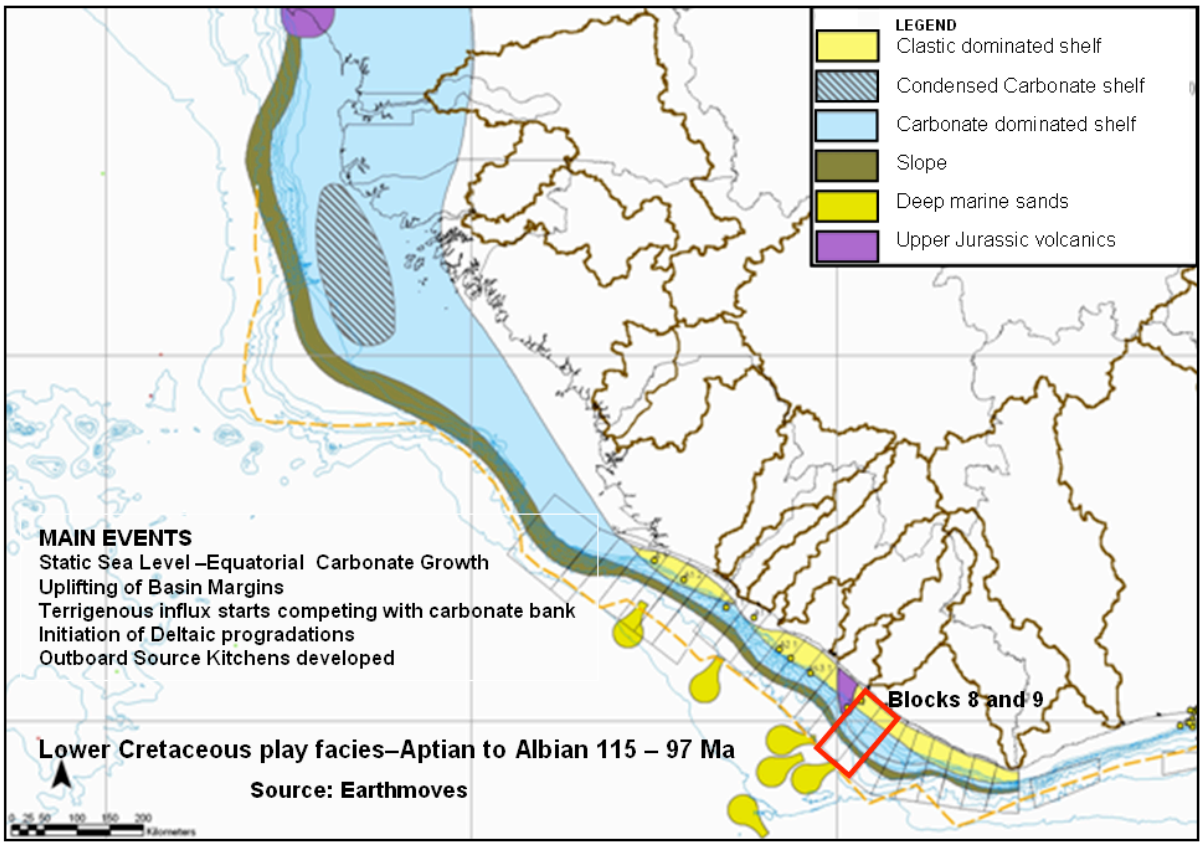


Figure 6: Lower Cretaceous syn-rift play facies along the Liberian basin and in proximity to Blocks 8 and 9.

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.

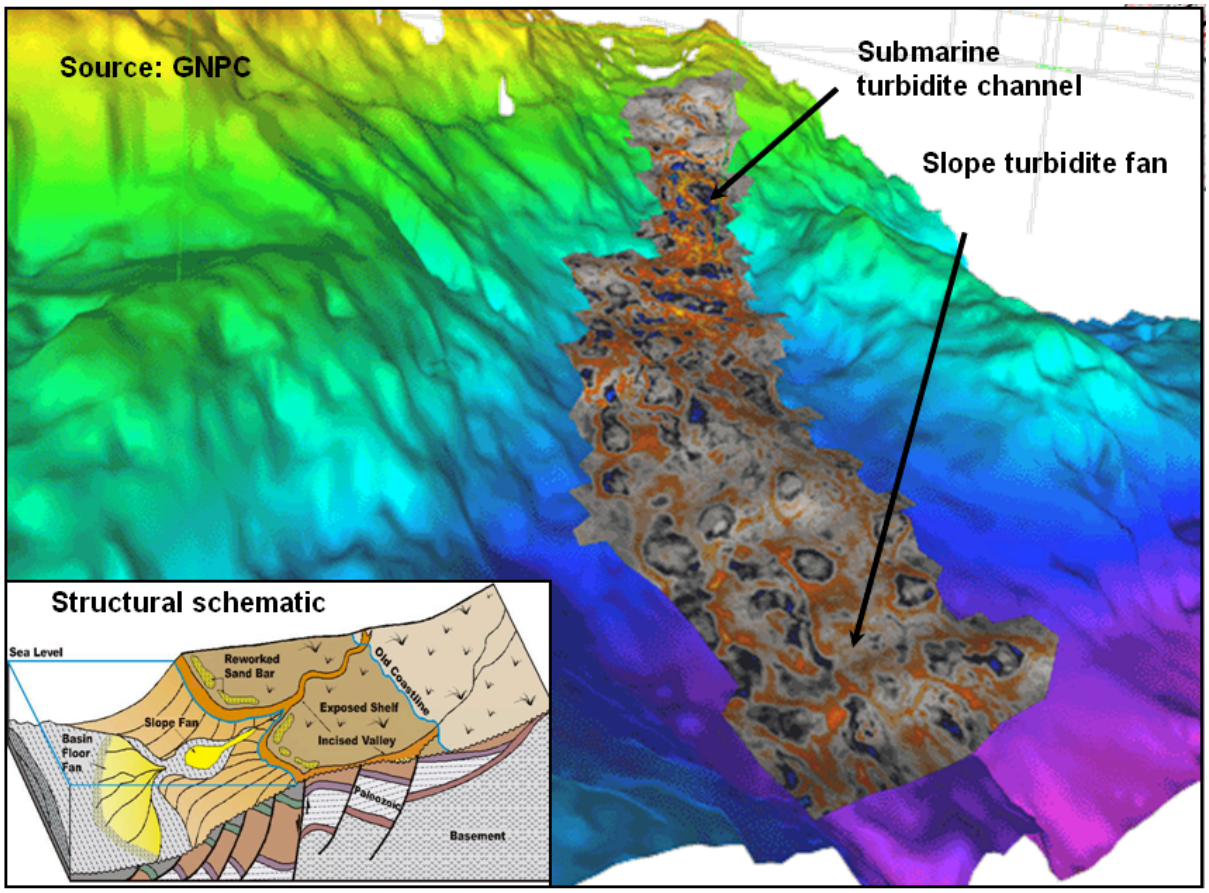


Figure 7: Example of 3D slope topography with Upper Cretaceous turbidite seismic wedge superimposed – Example from Ghana but similar topography expected in Liberia.

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.

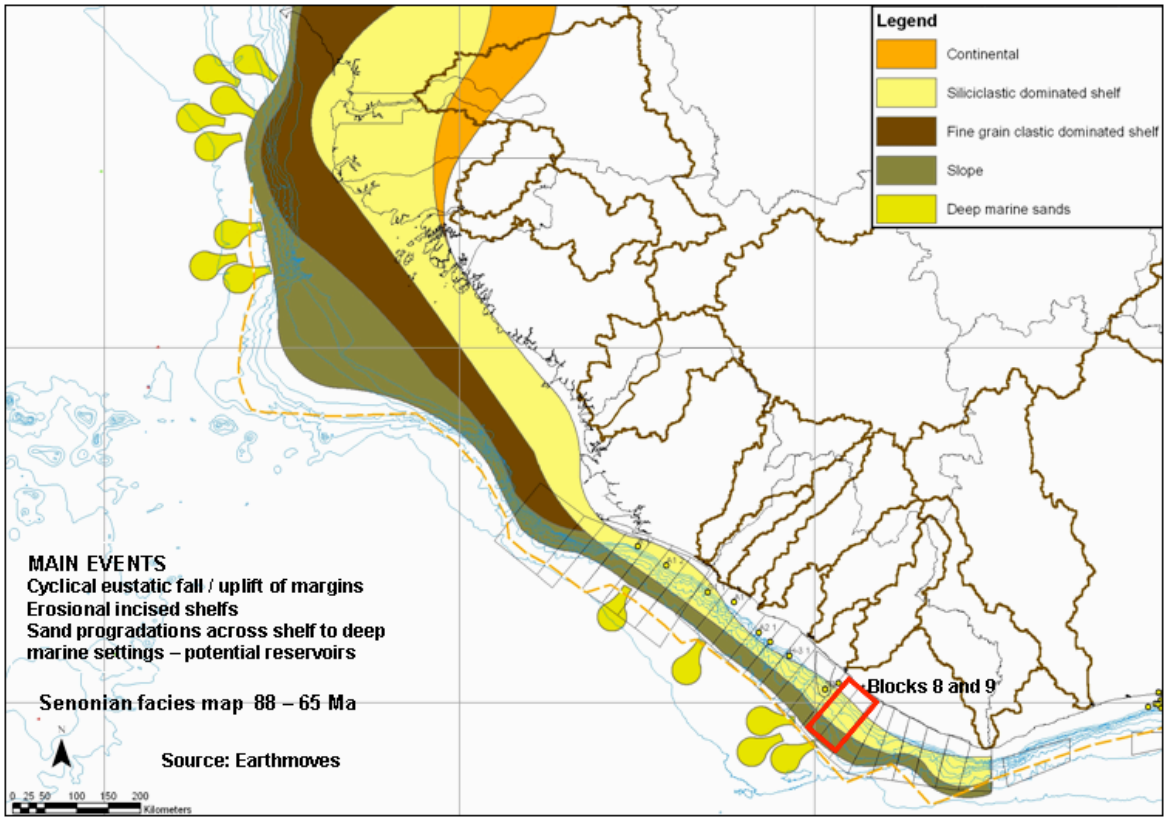


Figure 8: Senonian (Upper Cretaceous) play fairways and facies distribution in proximity of Blocks 8 and 9.

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.

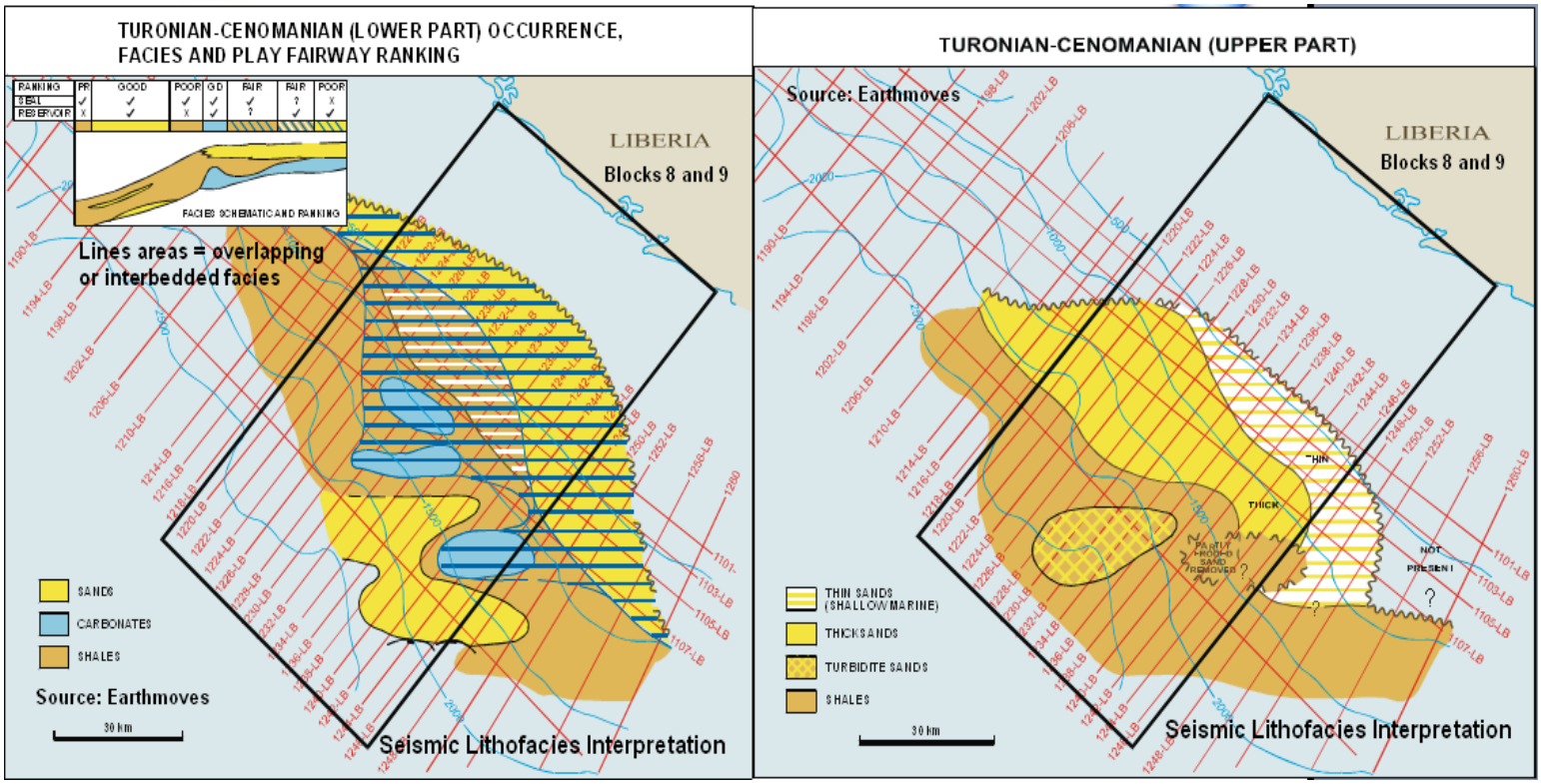


Figure 9:Lower and Upper Cetaceous source rock limits and maturity map over Block 8 and 9.

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.

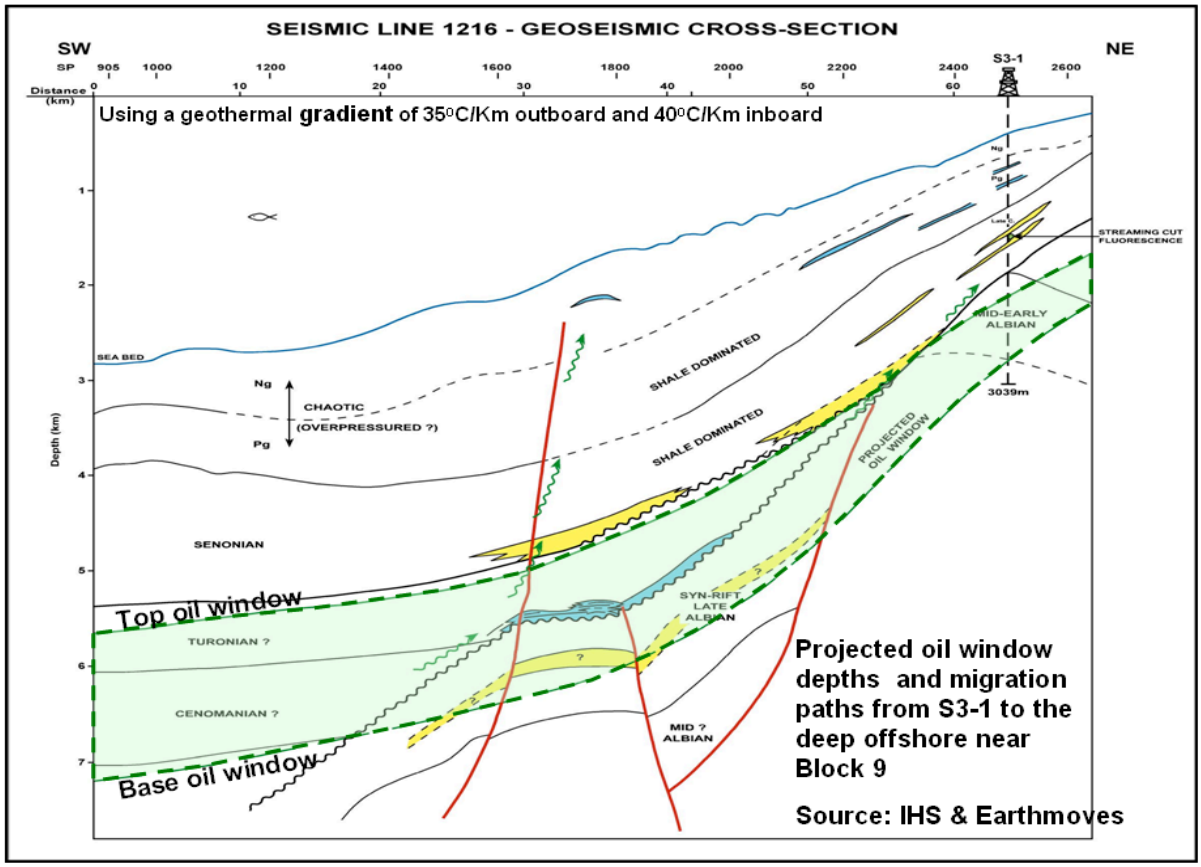


Figure 10: Interpreted migration paths towards and projected oil window near S3-1, bordering Block 9.

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.

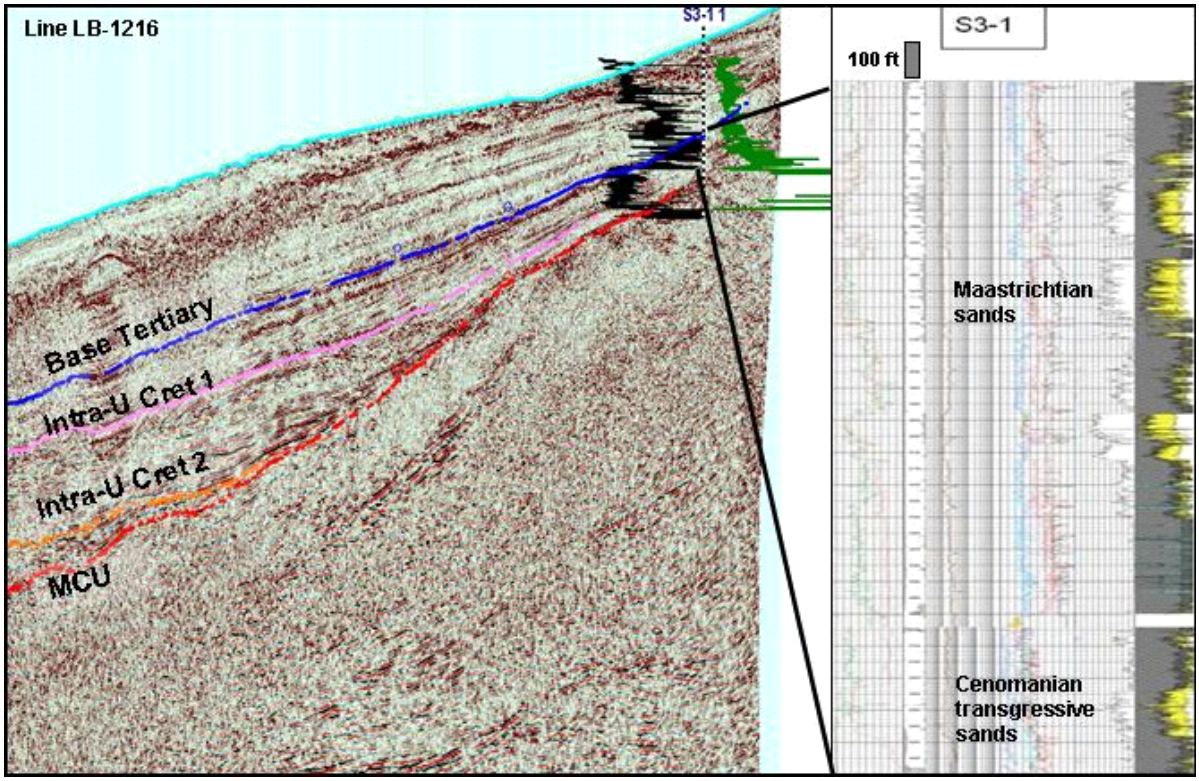


Figure 11: Reprocessed seismic line LB 1216 showing S3-1 well tie and Cretaceous log section (Source EH).

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.

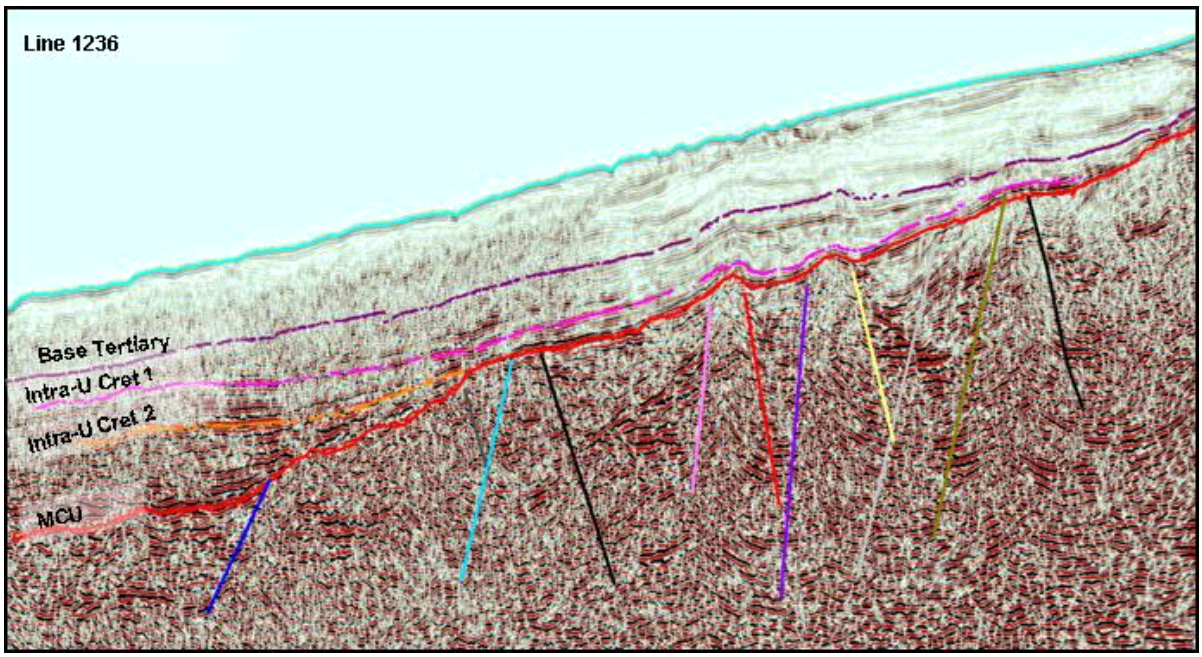


Figure 12: Structural illustration of the four interpreted seismic markers on Line 1236 (Source EH).

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:

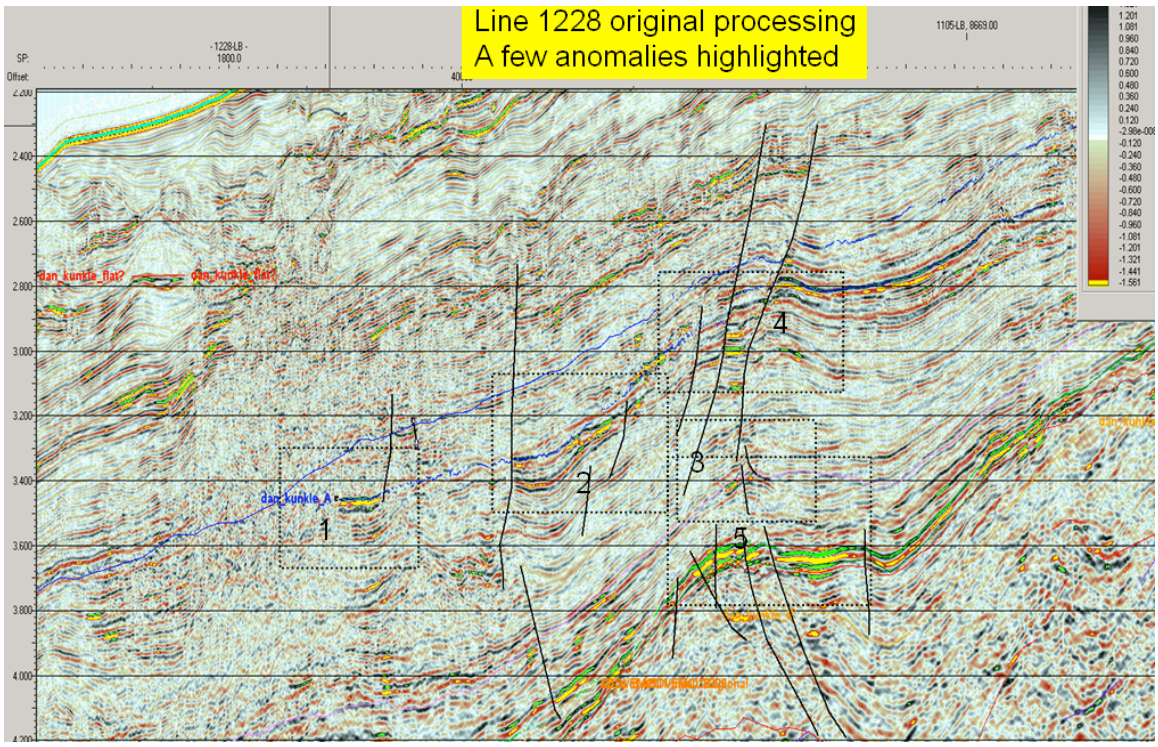


Figure 13: Line 1228 with examples of seismic anomalies (Source IHS from EH dataset)

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.

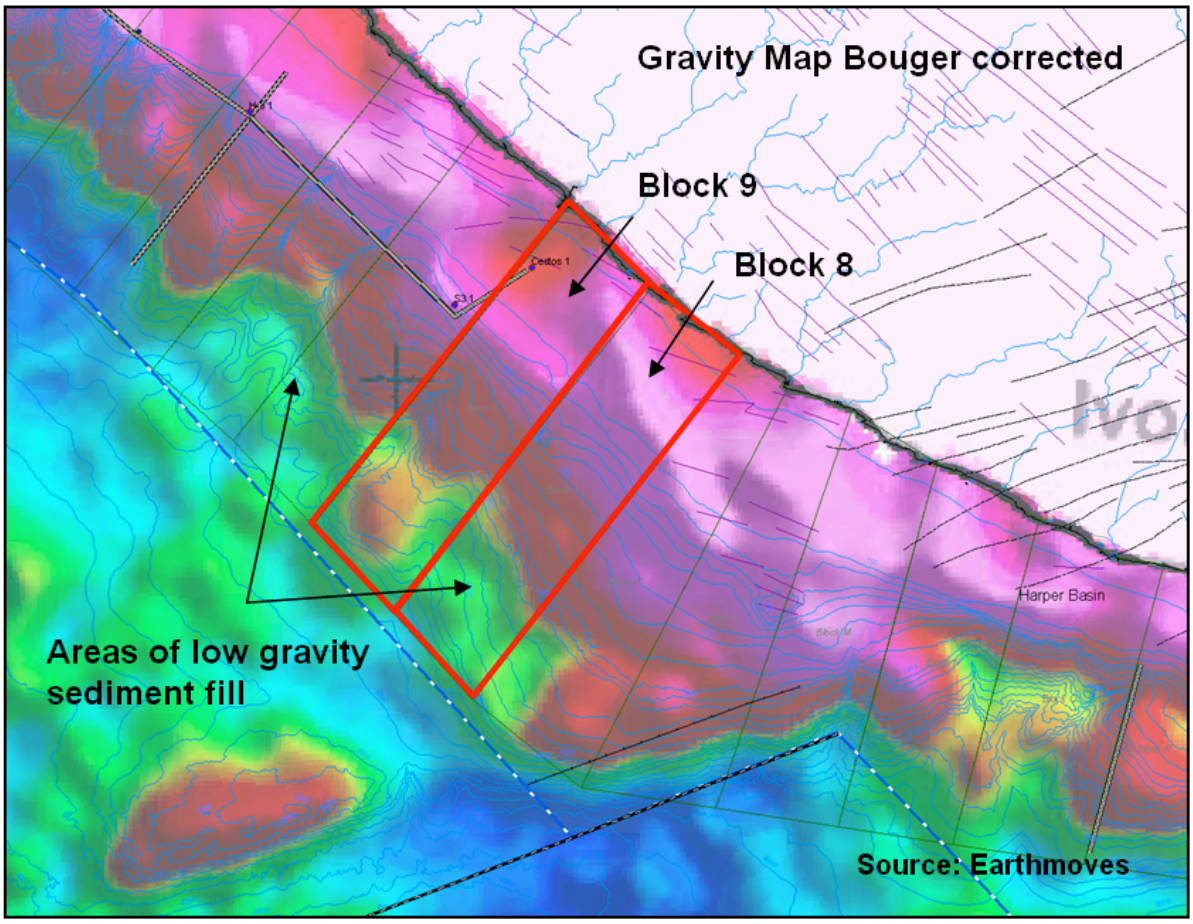


Figure 14: Corrected Free air Bouger gravity map of offshore southern Liberia.

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.

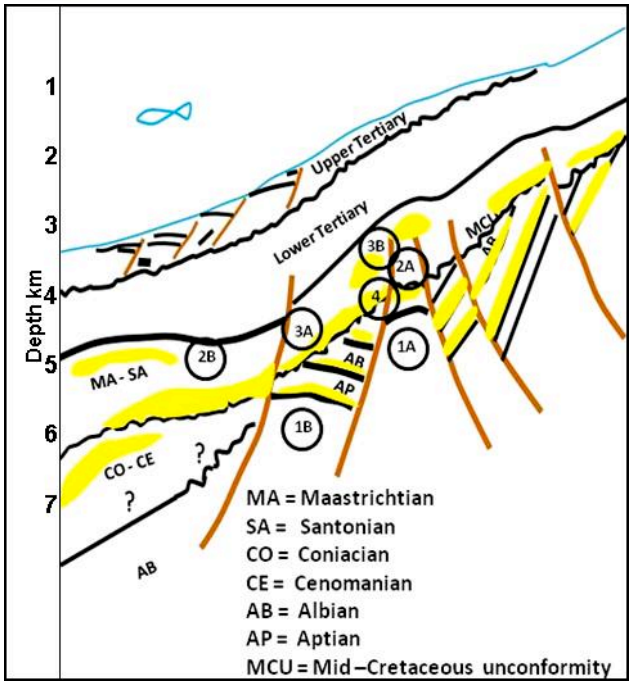


Figure 15 Typical Geoseismic section illustrating trap types.

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

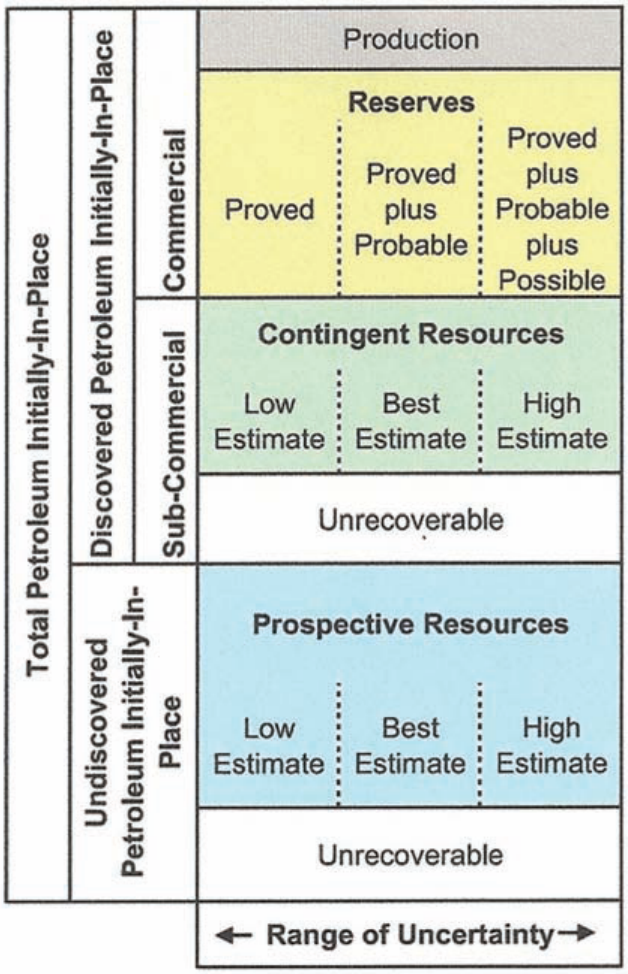
Volumetrics Standard Used for the Report

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.

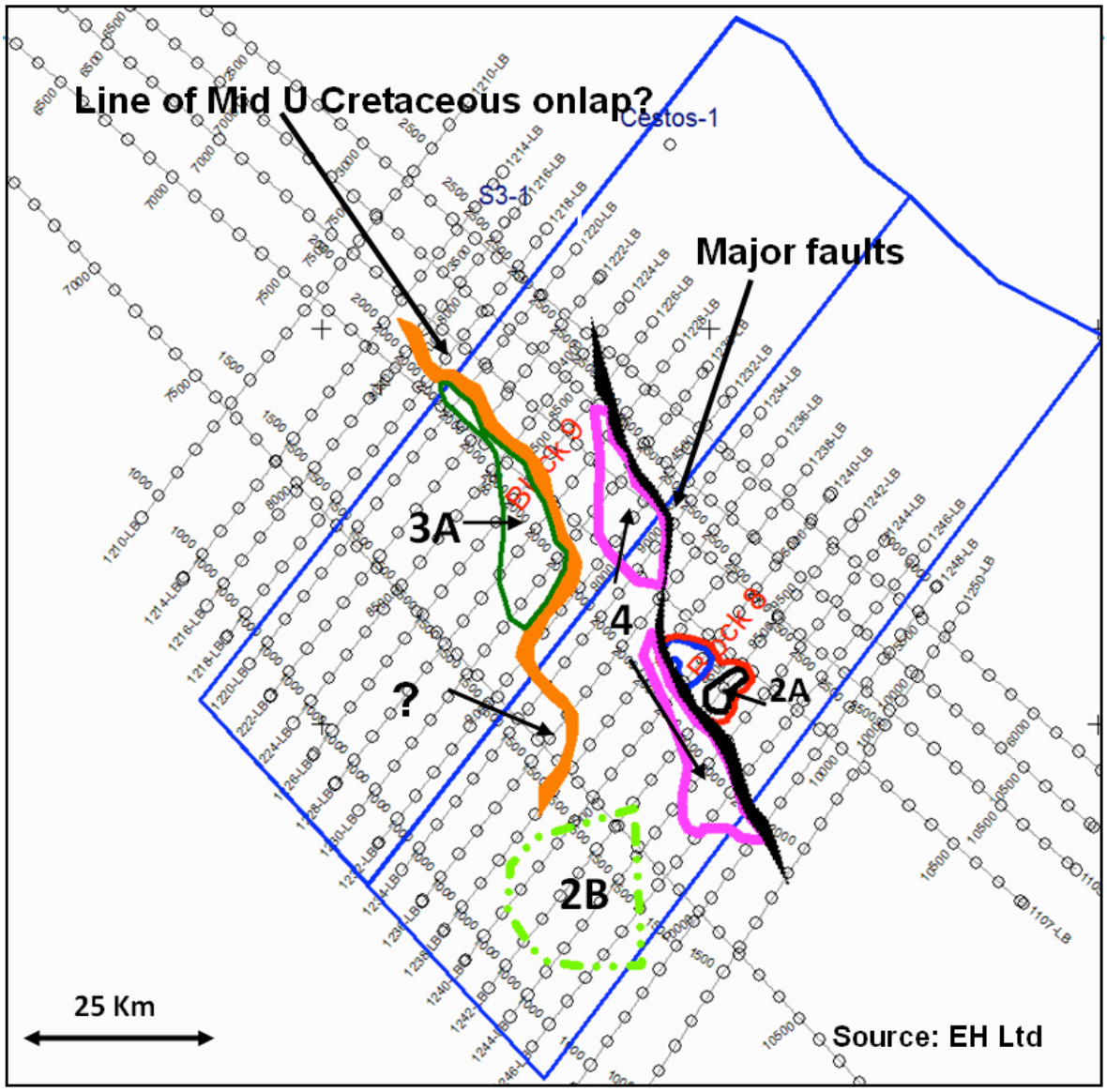


Figure 16: Block 8 and 9 seismic grid with locations of Upper Cretaceous Leads.

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.

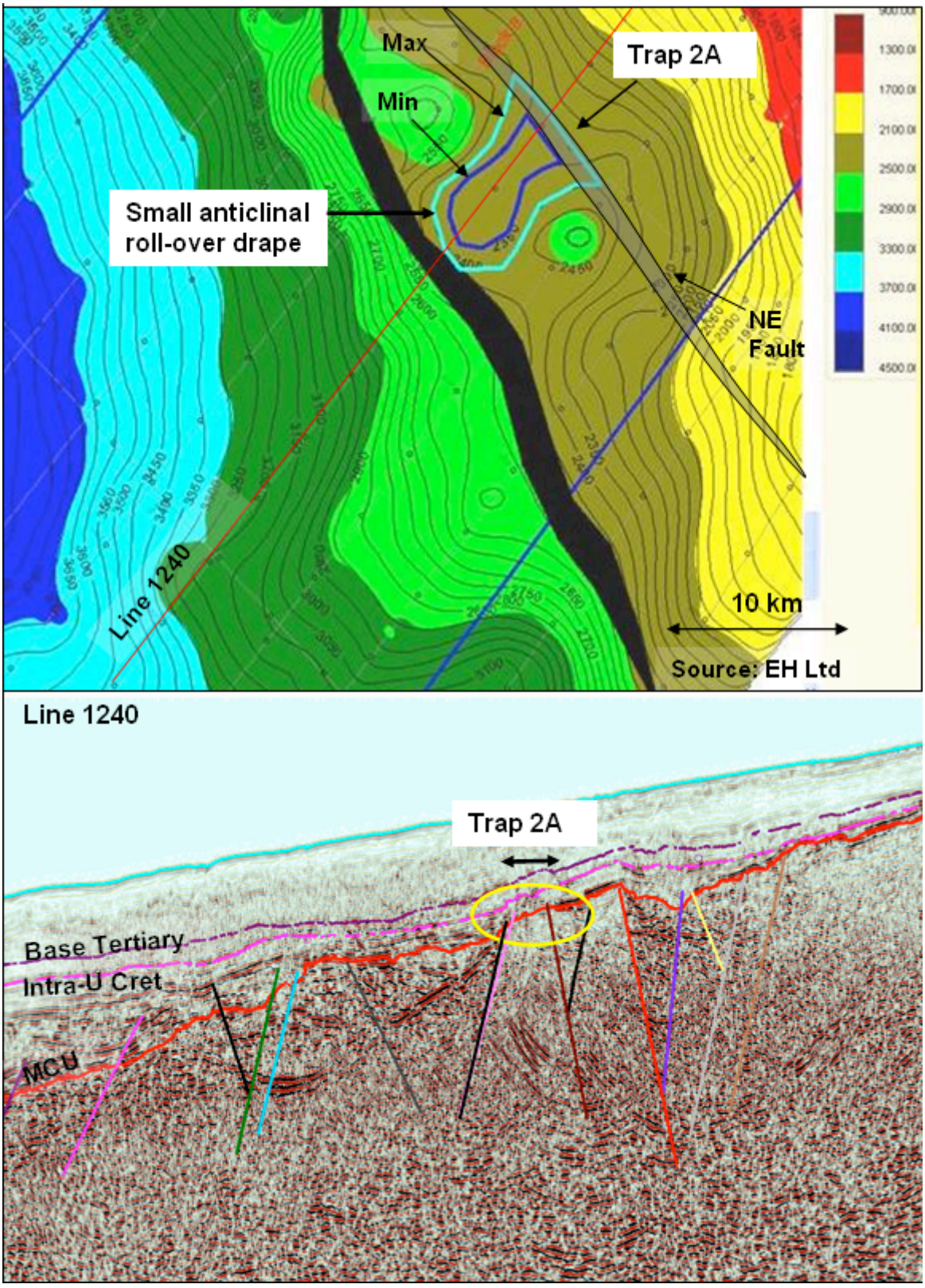


Figure 17: Structural map and seismic line 1240 across Upper Cretaceous Turbidite play Trap type 2A

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.

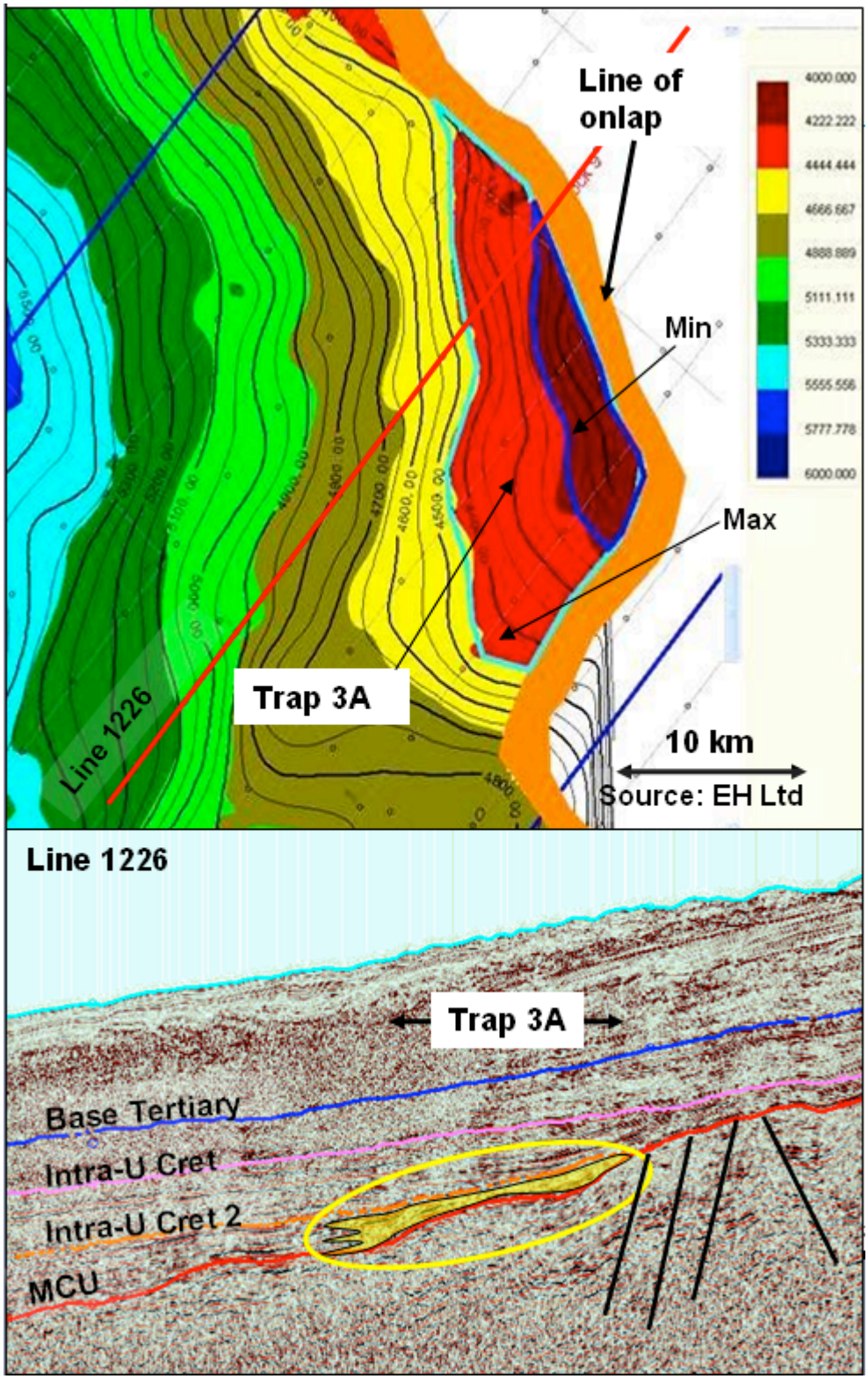


Figure 18: Structural map and seismic line 1226 across Turbidite play Trap type 3A.

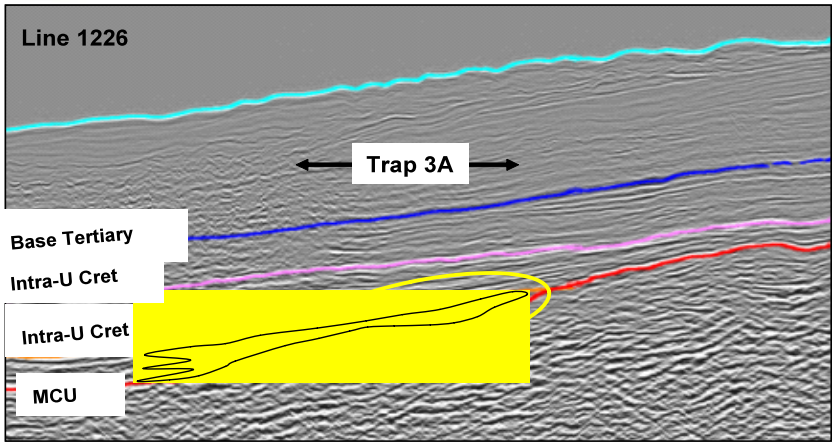


Figure 19: Seismic line 1226 in grey scale showing definition across Turbidite play Trap type 3A

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.

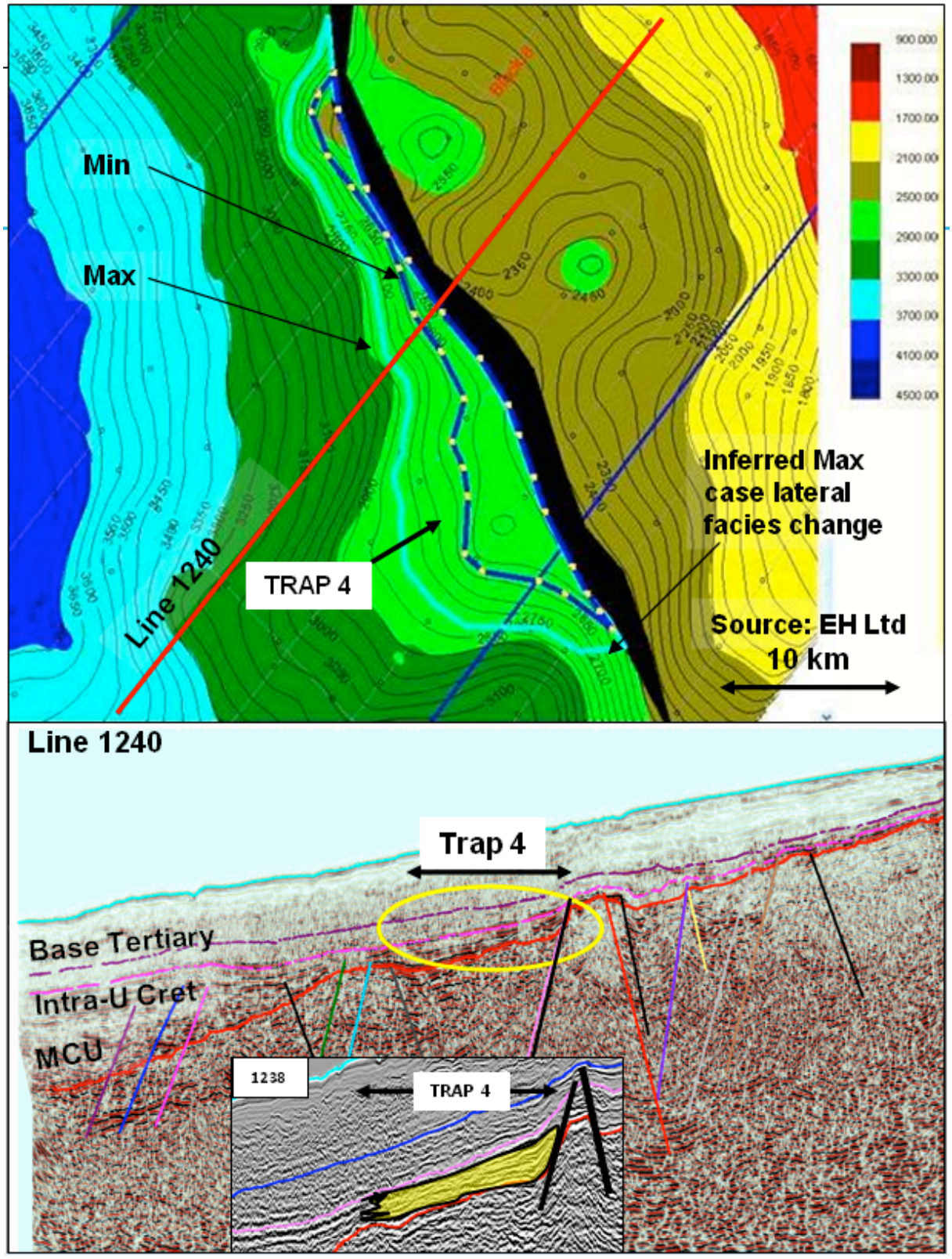


Figure 20: Structural map and seismic line 1240 across turbidite play Trap type 4, Jubilee analogue

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.

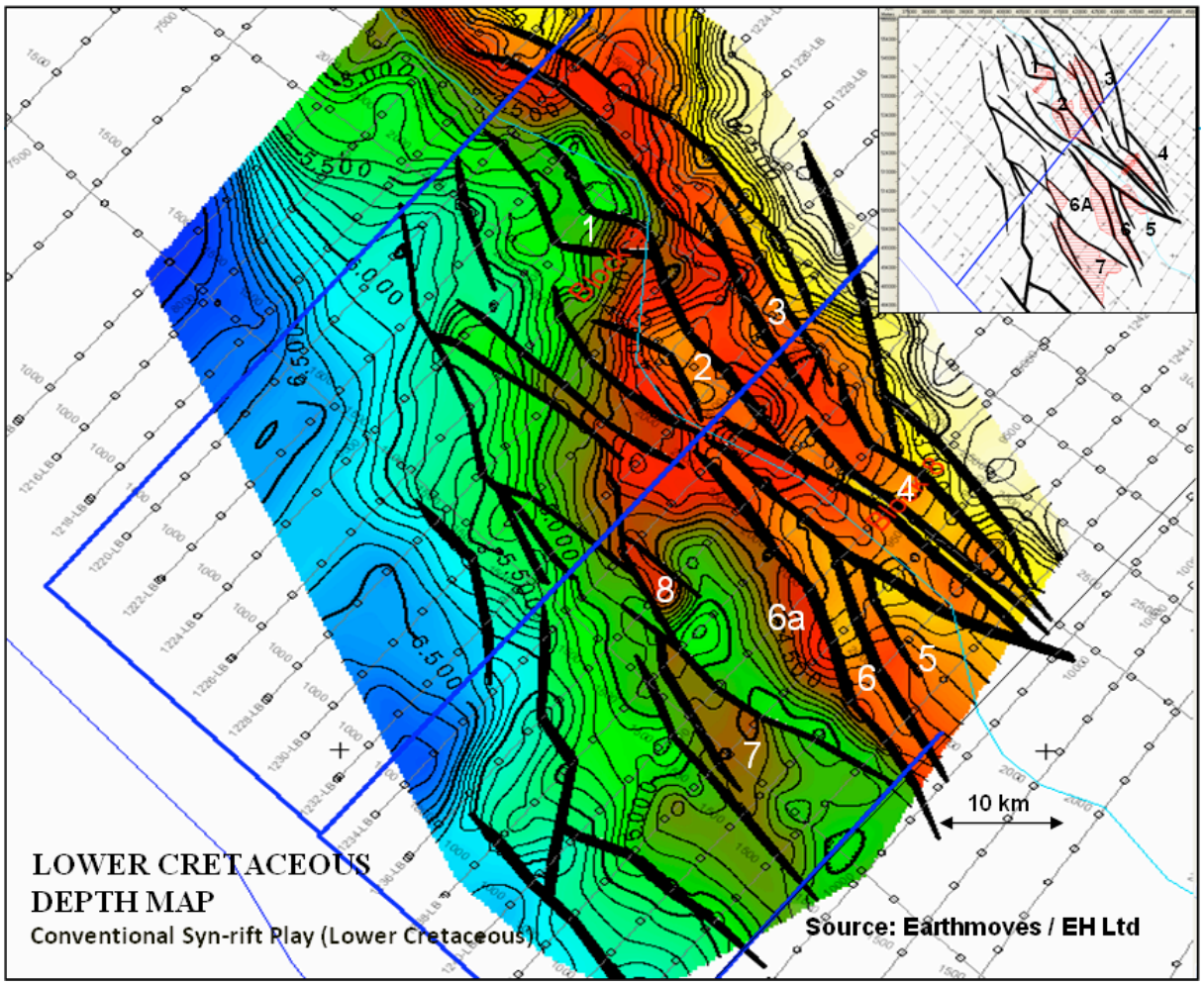


Figure 21: Top Lower Cetaceous structure map with locations of Leads 1 to 8

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.

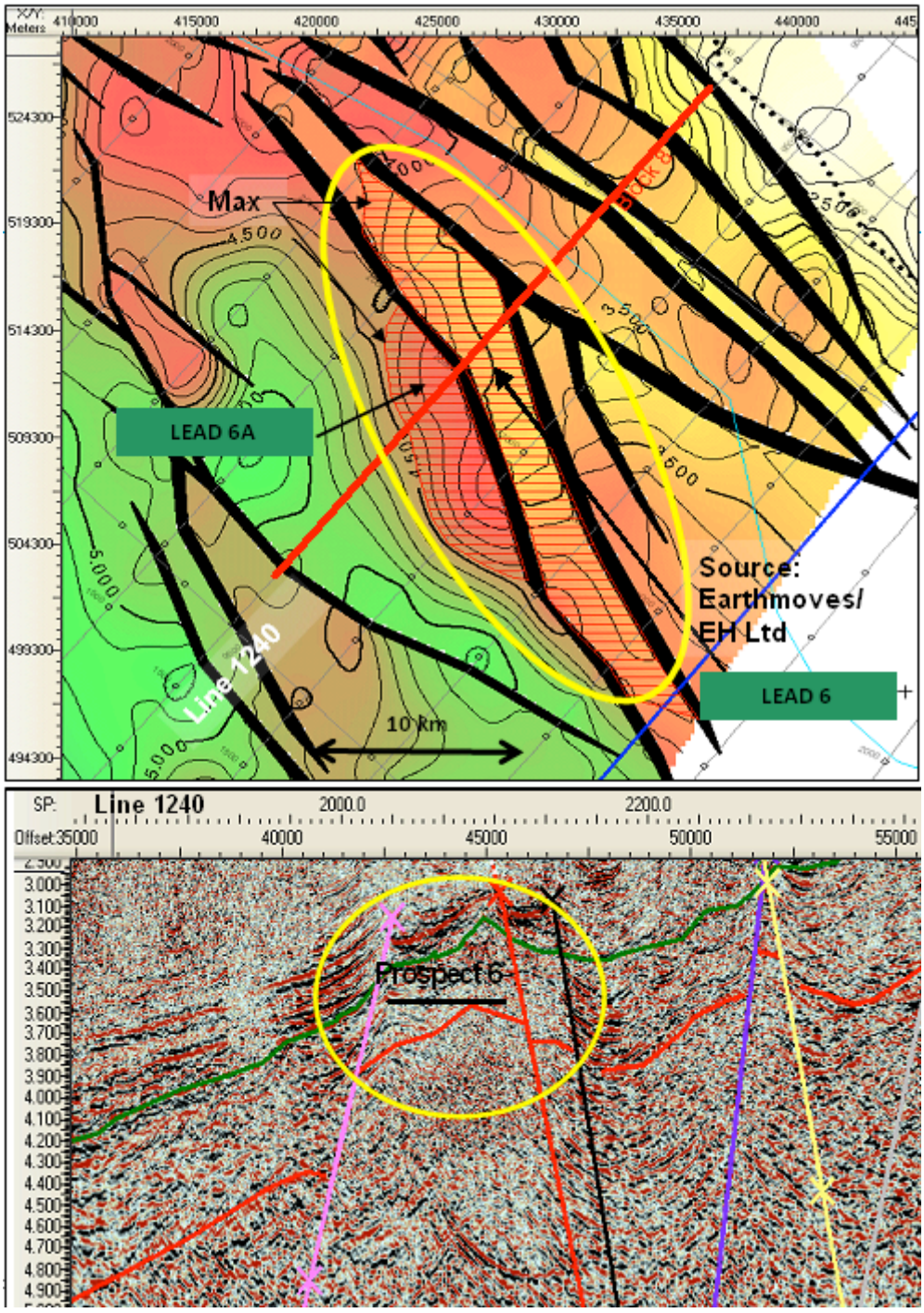


Figure 22: Structural map and seismic line 1240 across Leads 6 and 6A

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.

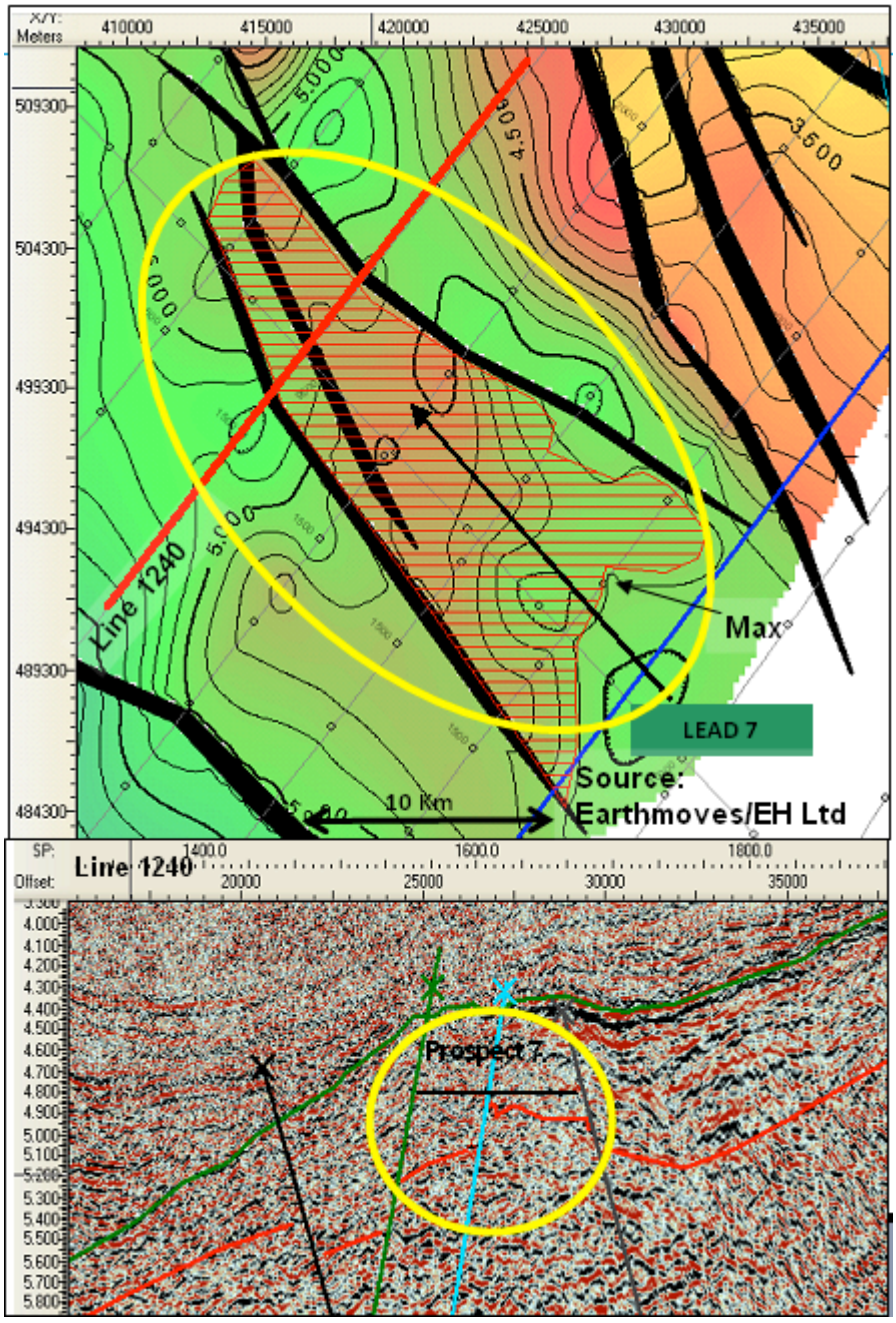


Figure 23 Structural map and seismic line 1240 across Lead 7

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.

	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
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 Conceptual Development

4.1 Field Development Scheme

To give an indication of the potential value of a development offshore Liberia, IHS has created an indicative conceptual development scheme based on an FPSO (floating production storage and offloading vessel) development, and assuming the following range of producible oil reserves:.

Production Volumes Mmboe			Average Reservoir Depth	Water Depth
Min	Base	Max	m sub sea	m
600	1000	1400	2700	1200 - 1600

For the purpose of this review, it has been assumed that the majority of the wells, and the location of the FPSO(s) will be in 1300 m water depth.

Table 13: Production Volumes used for conceptual development and economics.

The engineering scoping and economics were performed using the above production volumes, which create a range of options for plateau production rates and FPSO sizes. One of the most likely development schemes is the Jubilee project concept offshore Ghana (details below); a phased approach with an initial 120 kbpd FPSO with subsea tie-backs to generate early oil and revenue during ongoing appraisal of the rest of the discovery. The assumed scheme is therefore:

— FPSO with subsea tie-back to enable first oil within 5 years of discovery

— Pre-drilling to enable peak production within 3 years

— Additional FPSOs of similar capacity brought on stream in phases, staggered by 2 years, to develop the mid case and high case reserves (if found).

Summary of Oil Processing, Storage and Export Facilities (based on Jubilee Development)

It is considered that in the case of a significant discovery, the most likely development plan would be similar to that being undertaken on the Jubilee Field in Ghana which was discovered in 2007. The Jubilee field straddles two blocks and covers between 150 and 200 km sq. and is understood to have the following characteristics:

- Proven plus Probable Reserves: 1,200 MMbbl, 1.2 Tcf (1100scf/bbl GOR).
- Proven, Probable plus Possible Reserves: 1,800 MMbbl.
- Water Depth: 900m to 1700m
- Reservoir depth 2100m below seabed
- Good reservoir characteristics will allow initial well flow rates exceeding 20,000 b/d of light oil – 36-37° API, low wax, low-asphaltenes.

Jubilee will be developed in two phases: Phase 1 being focused on the high confidence area of the field to improve understanding of the reservoir in order to optimize full-field development during later stages of field life. A contract for crude oil tanker conversion to FPSO duty was awarded in 2008 for the following specifications:

- 120 kb/d oil, 160 kb/d total fluids;
- 160 MM scf/d gas export and re-injection
- 232 kb/d Water Injection;

- Approx 1.8 MM bbl Oil Storage
- Capacity for 15 risers.

First oil is expected for 31st Oct 2010 and first gas expected for 2011. The development is expected to have a 25- 30 year field life. Under Phase 2 a second FPSO may be considered in 2012-2014 depending on reserves maturation.

Other **assumptions:**

- Oil Type: 36º API oil, sweet, GOR 1100 mscf/bbl (per Jubilee).
- High productivity wells (based on IHS default for the region) of 24 MMbbl/well recoverable reserves and 9,000 b/d peak flow.
- All gas (other than that used as fuel) will be re-injected. There is no apparent nearby gas demand or infrastructure (this could be a future opportunity if significant gas reserves found).
- Water injection (at 1.2 x oil production).
- All crude will be stabilised and exported by ship-to-ship transfer.
- Produced water will be treated and either re-injected or safely disposed of overboard.
- FPSOs are assumed to be converted tankers of between 150,000 and 300,000 dwt with internal turret mooring arrangement.
- Subsea arrangement: Wells to be drilled by cluster arrangement with steel flowlines and umbilicals including test line and chemicals (inhibitors and hydrate prevention). Electro-hydraulic control system.
- Drilling will be undertaken by 4th generation semi-submersibles. The scheduling and costs assume productivity improvements (learning).
- Number of wells assumed for the min reserves case of 600 MMbbl:
  - 25 production wells, 10 water injection wells and 5 gas injectors
- The mid and high reserve cases are 400 MMbbl increments on the minimum case, and the number of wells, etc. are reduced to 17 production wells, 7 water injection wells and 5 gas injections accordingly. Peak production for each remain at 120 kbpd but plateaus are not as long as for the minimum reserves case.

Upside and Downside Factors

It should be recognised that there is significant uncertainty around the development scheme, and any actual field development could differ significantly from the assumed scheme. However, the current approach is intended to:

— Provide a cautious, phased approach enabling mitigation of risk and potential early oil production and revenue.

— Reflect a reasonable middle ground between both potential upsides and downsides.

Upside factors leading to improved project economics could include:

- Higher well productivity, approaching that of Jubilee (significantly reducing well costs),
- Use of alternative development concepts with dry trees,
- Export of gas (and revenue gain?) rather than re-injection,
- Significant potential synergies and project cost savings as volume of reserves and the number of discoveries increase.

Potential downside factors which may have negative costs and schedule implications, include:

- Sour fluids requiring additional processing and/or special materials

- Higher GOR, resulting in higher gas processing and reinjection costs
- Cost escalation due to market factors
- Poorer than anticipated reservoirs, leading to lower initial well productivity and/or rapid production decline.

4.2 Exploration and Appraisal – Key Assumptions

Forward Work Programme

The IHS cash flow model includes EH's forward work programme of shooting a 5,100 km² 3D seismic survey at a cost of $26 million over the next two years to cover the prospective areas of the block. It is EH's aim to drill its first exploration well in 2011 once the best drilling prospect has been identified. Well costs of US$55 million for tested exploration and appraisal wells have been used in the modelling.

Recoverable Reserves and Location

An incremental approach based on plateau production rates was undertaken for the conceptual development plan.

The field modeled is assumed to yield high quality sweet oil, similar to that found in the Jubilee field in Ghana. All prospects are in deep water, approximately 25km from the Liberian coast.

Exploration & support for initial (min reserves case) development

A 3D seismic survey ($26 million in 2010 and 2011) and detailed analysis will continue over whole block until 2012. An exploration well will be drilled during 2011.

Assuming discovery, then a nominal 2 appraisal /delineation wells are assumed to be drilled in 2012 / 13 to firm up the minimum reserve case and support early development.

Support for development of mid and high reserves cases.

Additional appraisal / delineation wells are assumed to be drilled to firm up the additional reserves and support next phases of development:

The mid and high reserve cases are 400 MMbbl increments on the minimum case. A nominal 3 additional wells are assumed to support the mid reserve case, and a further 3 for the high case.

4.3 Capital Cost Summary

Cost & schedule estimation

Field development costs have been estimated using the industry standard, IHS proprietary cost estimation package, QUE$TOR™. This uses the latest (mid 2009) West coast Africa region cost database. The estimate includes:

- Costs for seismic interpretation, and subsurface analysis
- Exploration and appraisal drilling costs
- Decommissioning (abandonment) costs
- Feasibility studies, concept engineering, and front end engineering and design (FEED). This has been assumed to be 1.4% of facilities CAPEX.

Figure 24 shows the resulting capital expenditure profiles for the three assumed development cases. The expenditure profiles are based on a typical project schedule for the region and development concept.

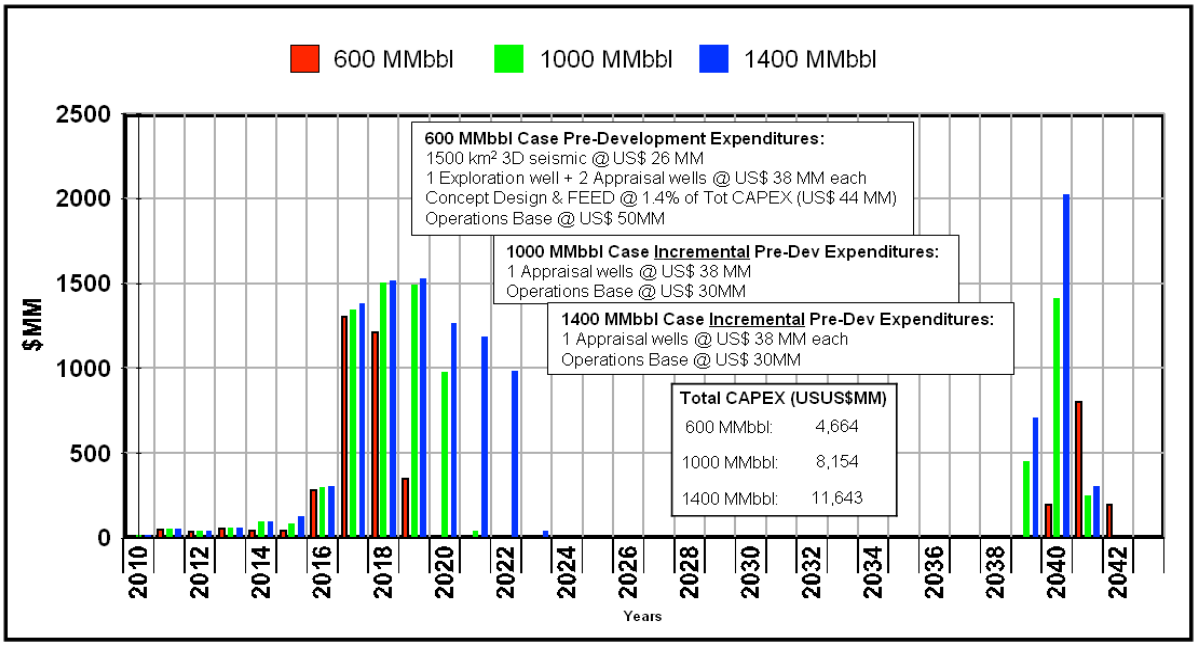


Figure 24 : Representative Field Development: Total Capital Expenditures for all indicative reserves scenarios

4.4 Operating Costs

Field operating costs include well maintenance, and the operation and maintenance of subsea and surface processing facilities. For this indicative analysis IHS followed standard industry practice and estimated operating costs as a percentage of the capital costs for field development. The analysis used the default percentages in QUE$TOR™, which vary by component.

Operating costs also include the operator's 'project' overheads - assumed to be 4% of total expenditures throughout – to manage the multiple contracts at the various project stages, and all political and commercial (financing, sales, etc.) aspects.

Due to the lack of existing local oil industry infrastructure the operator will also incur costs involved in setting up an onshore 'Operations Base' in Liberia (for E&A, construction and operations logistics, control, admin, warehousing, medical etc). It would be expected that some facilities will be needed in due course in Monrovia (and that initially the supply will be direct from Monrovia). Monrovia is approximately 125 km from the block - a much closer shore base will be more practical (i.e. an airstrip and helipad, and port facilities will be required, plus additional accommodation and life support facilities for transit crews, etc). It may be possible to share costs of an Operations Base with others, or even to charge others a tariff. However, for the purpose of this review, a charge of US$ 50MM is assumed for the first development (of 120 kbpd), and a further US$ 30MM for each additional FPSO installed (ie. for each additional 120 kbpd throughput).

5 Economic Evaluation

A cash flow model was built by IHS to determine the potential value from the generic field development scheme described above, using the following economics assumptions:

- Discount Date for NPV calculation: December 2009
- Start of Drilling: Q3 / Q4 2011
- Netback oil price at loading buoy (base case): $58.70/bbl. This is based on a delivered oil price at the market of $60/bbl and an assumed transportation tariff of $1.30/bbl
- Zero inflation and / or price escalation. i.e. valuation is in real terms and excludes any cost escalation forecast.
- Fiscal Terms based on the contractual terms supplied by European Hydrocarbons Ltd – and summarized below
- An assumption that the exploitation period will be extended with no further work commitments until all economic reserves are depleted.

5.1 Fiscal Terms

The following fiscal terms were assumed for the model. No signature or discovery bonus assumed. Production bonuses are payable when average daily production reaches set levels as follows:

PRODUCTION BONUSES	
Average Daily Production Oil (MBOPD)	Production Bonus (U$MM)
30	2
50	3
100	5

- Production bonuses are assumed to be recoverable costs under the PSC terms.
- No state participation is assumed.
- NB: Prior to the 2004 PSC Model Contract, the state could participate in a commercial development at up to a 30% interest. Exploration and appraisal costs were repaid without interest.
- No Royalties assumed.
- Recoverable costs are expensed and recovered immediately from 70% of gross production.
- Unrecovered costs are assumed to be carried forward indefinitely until fully recovered but not beyond the duration of the contract. Production not used for cost recovery is added to the profit pool to be shared between the contractor and the state according to the profit sharing provisions of the contract.
- Production remaining after cost recovery is shared between the state and the contractor on an incremental sliding scale based on average daily production as follows:

PROFIT SHARING RATES	
Increment of Average Daily Production Oil (MBOPD)	Contractor Profit Share (%)
0 – 100	60
101 – 150	50
> 151	40

Income Tax

• Corporate Income Tax Rate assumed at 30%.

• Tax Holiday for 10 years from start of production.

• Note: Although the contractor is liable for income tax in accordance with the laws and regulations in force, IHS understands that in the 2004 PSC model contract, income tax is paid from Nocal's (National Oil Company of Liberia) share of profit oil to the state, so the contractor would not be liable for Income Tax. We have assumed the contractor is liable in the present evaluation due to the fact that a tax holiday has been mentioned by European Hydrocarbons in their description of the project.

Domestic Supply Obligation

The contractor must sell to Nocal 10% of its profit oil for the purpose of satisfying the needs of the domestic market. Crude oil sold to Nocal in accordance with the contractor's domestic supply obligation is valued at the market price and therefore has no impact on cash flow.

Significant costs are involved before first oil, unlikely to be earlier than 2016 which include: Exploration and Appraisal and (assuming discovery success), Design and EPC as well as the setting up of an operations base in Liberia.

5.2 Summary of Results from Cash Flow Analysis

Figure 25 shows the assumed oil production profiles corresponding to the three reserves cases of 600MMbbls, 1000MMbbls and 1400MMbbls. Duration of the production plateau ranges from 6 years at 120kbopd in the low reserves case down to less than 2 years at 360kbopd in the high reserves case.

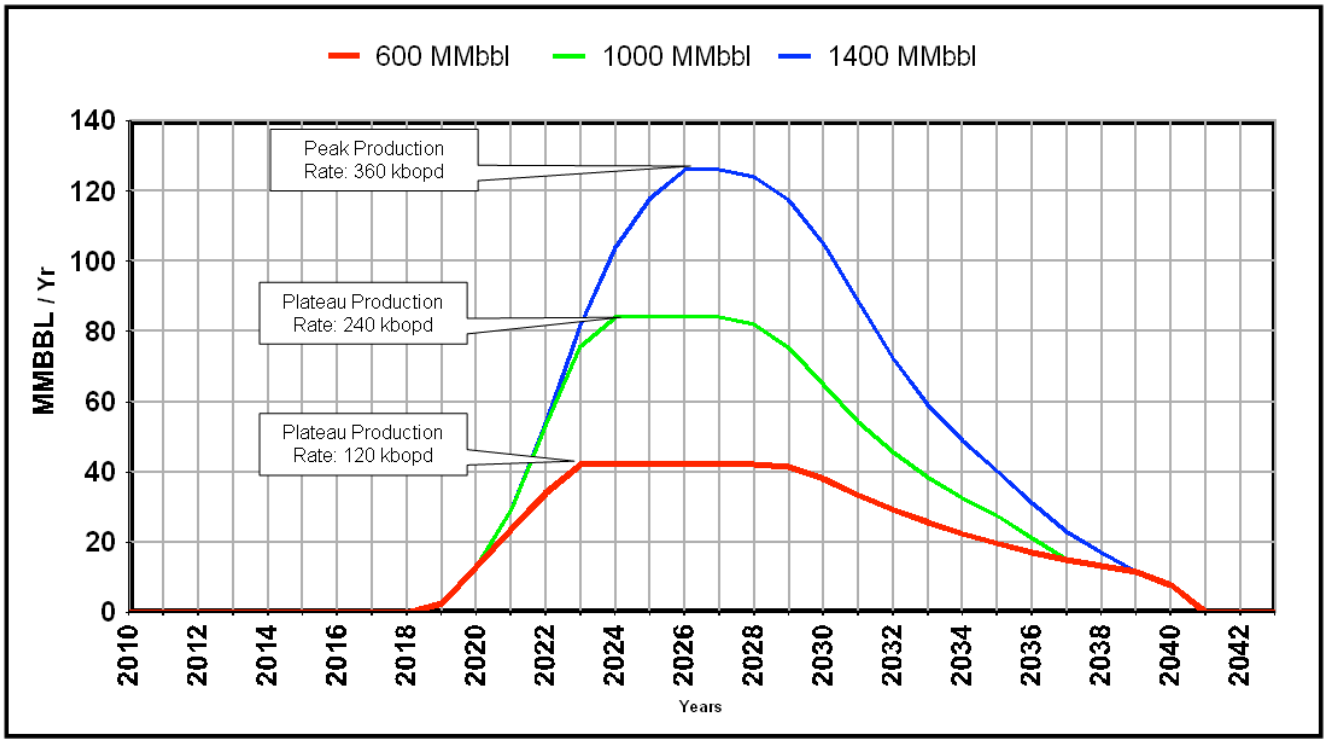


Figure 25 : Modelled Production Profiles for all indicative reserves scenarios

Table 14 provides a financial summary sheet for the modelled field based on three reserves sizes and a range of discount rates from 0% to 15%.

PRESENT VALUES Discount Date: 12/2009		600 MMbbl					1000 MMbbl					1400 MMbbl				
Discount Rates		**0%**	**5%**	**10%**	**12.50%**	**15%**	**0%**	**5%**	**10%**	**12.50%**	**15%**	**0%**	**5%**	**10%**	**12.50%**	**15%**
Company Income	$MM	24,727	10,222	4,646	3,227	2,281	38,638	16,201	7,400	5,138	3,625	51,760	21,336	9,564	6,578	4,597
Operating Costs	$MM	4,676	1,808	784	536	374	7,392	2,927	1,283	877	611	10,168	3,955	1,698	1,149	792
Capital Expenditures	$MM	4,664	2,633	1,731	1,444	1,219	8,154	4,464	2,819	2,306	1,910	11,644	6,133	3,724	2,991	2,436
Taxes	$MM	2,513	813	283	171	105	3,474	1,151	408	248	153	4,944	1,647	586	357	221
Net Cash Flow	$MM	12,875	4,968	1,848	1,077	583	19,617	7,660	2,891	1,707	950	25,005	9,602	3,557	2,081	1,148
Payout ratio	Years	13.08	13.60	14.43	15.05	15.91	13.49	13.89	14.64	15.19	15.92	14.17	14.60	15.26	15.81	16.51
Profitability Index		3.76	2.89	2.07	1.75	1.48	3.41	2.72	2.03	1.74	1.50	3.15	2.57	1.96	1.70	1.47
Government Take	%	51.73	51.56	54.46	57.73	63.05	55.88	56.30	59.36	62.38	66.97	59.80	60.16	63.06	65.91	70.21
Government Cash Flow	$MM	13,798	5,287	2,210	1,470	995	24,846	9,867	4,222	2,831	1,926	37,192	14,498	6,071	4,024	2,706

Table 14: Lead Type 4 - Present Values of Key Economic Indicators for all indicative reserves scenarios

Table 14 shows that the development of a discovery of this size could prove to be very profitable for an investor. Assuming on an oil price of $60/bbl ($58.70/bbl netback), reservoir fluids similar to Jubilee field, and a typical FPSO-based development, the minimum recoverable reserves to justify a standalone development offshore Liberia (i.e. return an NPV of greater than 0 at 10% discount rate) is estimated to be approximately 400 MMbbl.

5.3 Sensitivities

IHS also assessed the sensitivity of investor NPV to oil price for the three reserves cases. Figure 26 shows the results at a 10% discount rate. In all cases the NPV typically falls below zero at oil prices below $30 per barrel.

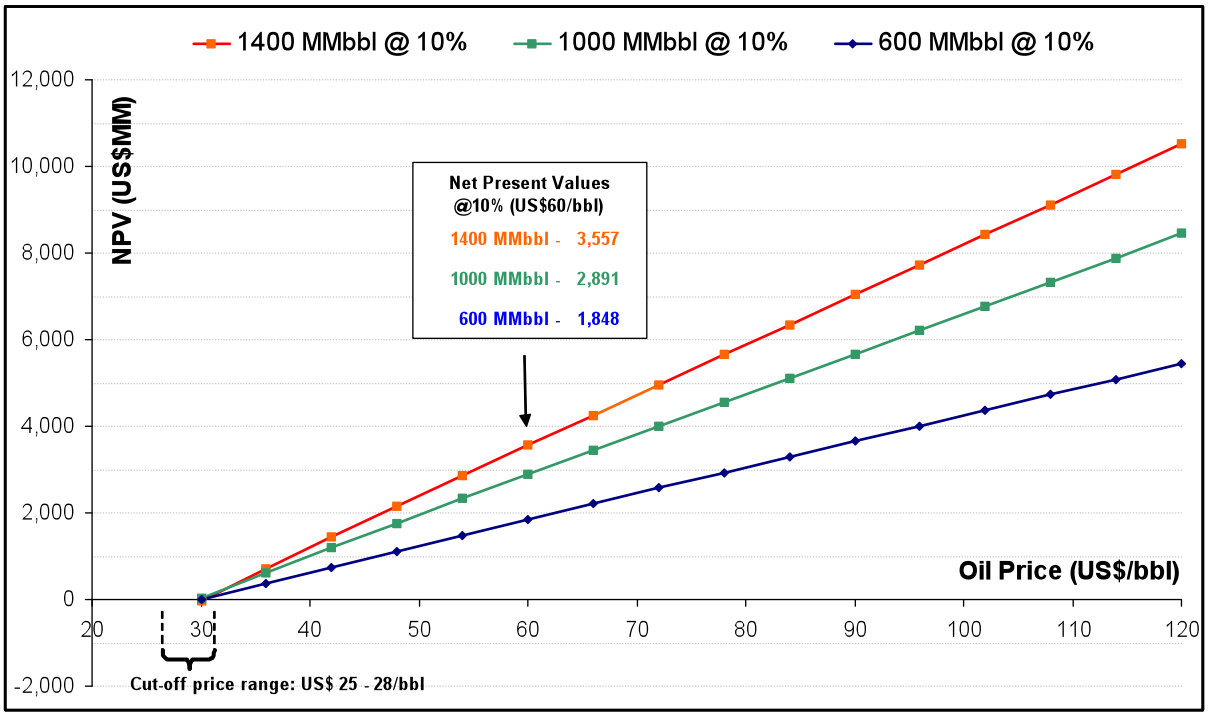


Figure 26 : Sensitivity of NPV (10%) to Oil Price for all indicative reserves scenarios

6 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).

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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.

APPENDIX C – PRO FORMA BALANCE SHEET

Summarised below is the pro-forma consolidated balance sheet of the Company post completion of the Transaction. The pro-forma consolidated balance sheet comprises:

- the reviewed balance sheet of the Company as at 31 December 2009, adjusted for estimated administration and other costs for the period 1 January 2010 to 31 March 2010;
- the unaudited balance sheet of African Petroleum as at 31 December 2009, adjusted for estimated administration and other costs for the period 1 January 2010 to 31 March 2010;

In preparing the pro-forma consolidated balance sheet, the following assumptions have been taken into account:

- the issue of a minimum 236,363,363 Shares at 55 cents each via a Capital Raising to raise $130,000,000;
- estimated capital raising costs of $7,032,010 which include the expected fees payable to both ASX and NSX on admission of Global Iron's securities to quotation. In the event that the Appeal against the ASX Decision is unsuccessful, the estimated ASX listing fees will not be payable;
- the acquisition of African Petroleum by way of an issue of 906,250,050 Shares using reverse acquisition principles;
- the issue of 7,090,909 Options as part of the Capital Raising at a deemed cost of $1,050,000; and
- the incurring of further administration and corporate costs of $100,000.

	Unaudited Adjusted 31 December 2009 $000	Unaudited Adjusted 31 December 2009 $000	Unaudited Pro-forma 31 December 2009 $000
	Global Iron	African Petroleum	Consolidated
Current Assets			
Cash assets	1,001	5,546	129,415
Trade and Other Receivables	14	19	33
Total Current Assets	1,015	5,565	129,448
Non Current Assets			
Property, Plant and Equipment	2	10	12
Capitalised exploration costs (including goodwill treated as interests in Blocks 8 and 9)	181	3,031	19,214
Total Non Current Assets	183	3,041	19,226
Total Assets	1,198	8,606	148,674

	Unaudited Adjusted 31 December 2009 $000	Unaudited Adjusted 31 December 2009 $000	Unaudited Pro-forma 31 December 2009 $000
	Global Iron	African Petroleum	Consolidated
Current Liabilities			
Trade and Other Payables	200	3,541	3,740
Total Current Liabilities	200	3,541	3,740
Total Liabilities	200	3,541	3,740
Net Assets	998	5,065	144,934
Equity			
Issued Capital	2,328	3,643	135,545
Reserves	1,229	8,632	9,682
Accumulated Losses	(2,559)	(7,210)	(293)
Total Equity	998	5,065	144,934

The above figures for African Petroleum as at 31 December 2009 are after converting from UK pounds to Australian dollars at the FX rate of GBP 0.5606 to AUS$1.00.