



## Operations: Morocco

Morocco is currently dependent on oil and gas imports and is thus a net importer. As part of the country's overall energy strategy and to attract inward investment into hydrocarbon exploration, the Kingdom has established a hydrocarbon agreement with attractive and favourable fiscal terms. The country remains historically underexplored and overall can be considered capable of low cost operation and operational cost.

### **Sebou:**

Circle Oil Maroc Ltd. (COML), a wholly owned subsidiary of Circle Oil Plc signed an Exploration and Exploitation Agreement with ONHYM (Office National des Hydrocarbures et des Mines) for the Sebou Concession (originally before first relinquishment 296 km sq.), situated in the Rharb Basin, Morocco.

This Exploration Agreement is for a total period of 8 years with the right of automatic conversion to a minimum (but extendable) 30 year Exploitation period. The Sebou Permit has previously been owned, explored and exploited by ONHYM. In the partnership the shareholding is COML 75% and ONHYM 25%. Concession sub-areas, such as Gaddari Sud, once converted into exploiting assets are named and given an initial yet extendable period of validity, and are registered and recorded in the Official Bulletin.

In addition COML signed a similar agreement for the small Oulad N'Zala Concession (25 sq.km.) which is contained within the boundaries of the Sebou Concession, which as an existing concession backed into, remains bound by the previous hydrocarbon code. The percentage interests for this concession are ONHYM 40% and COML 60%.

### **Lalla Mimouna:**

In early 2010 COML signed the Lalla Mimouna Permit Agreement for permits named "Lalla Mimouna Nord" and "Lalla Mimouna Sud" which are also situated in the Rharb Basin. These Permits cover an area of over 2211.3 km<sup>3</sup> and are a continuation of the same geology and a similar exploration play to the adjacent Sebou Permit.

The agreement is also for a period of 8 years with the right of automatic conversion to a minimum (but extendable) 30 year exploitation period for areas agreed to have discovered commercially exploitable hydrocarbons. Under the terms of the agreement, the percentage interests for the permit are COML 75% and ONHYM 25%.

## Moroccan Wells.

<i>Name</i>	<i>Date Drilled</i>	<i>Zone</i>	<i>Well Status</i>
ONZ-6	Sep-Oct 2008	Lwr N'zala 1 &2	Completed as Producer
CGD-9	Nov 2008	Guebbas 1 & 2	Completed as Producer
KSR-8	Jan 2009	Hoot 1 &2	Completed as Producer
DRJ-6	Apr 2009	Guebbas	Completed as Producer
CGD-10	Apr-May 2009	Guebbas 1 &2	Completed as Producer
KSR-9	May-Jun 2009	Guebbas & Gaddari	Completed as Producer
KAB-1	Sep 2010	Guebbas	Suspended
CGD-11	Oct 2010	Hoot & Guebbas	Completed as Producer
KSR-10	Nov 2010	Hoot 1 & Hoot 2	Completed as Producer
ADD-1	Jan 2011	Hoot & Guebbas	Completed as Producer
KSR-11	Mar 2011	Hoot	Completed as Producer

## New 8 Inch Pipeline – February 2012

Circle Oil was thrilled to release an update regarding the commissioning of the new pipeline and associated infrastructure for its Rharb Basin permits in Morocco.

The pipeline has been successfully pressure tested, certified and commissioned. Test supplies commenced on 1 February 2012 and gas has been supplied to local industry since that date.

The total delivery through the new pipeline is currently approximately 36,000 Nm<sup>3</sup>/d (1.27 MMscf/d). This is scheduled to rise to approximately 90,000 Nm<sup>3</sup>/d (3.18 MMscf/d) by the start of March. Total deliveries through the old and new pipeline will then be approximately 150,000 Nm<sup>3</sup>/d (5.30 MMscf/d) with net revenues to Circle, on an annualised basis, increasing to approximately US\$14 million per annum on this initial increase in gas supply levels. Further increases in production are expected through the year with fourth quarter production anticipated to be in the order of 230,000-240,000 Nm<sup>3</sup>/d (8.13 - 8.48 MMscf/d).

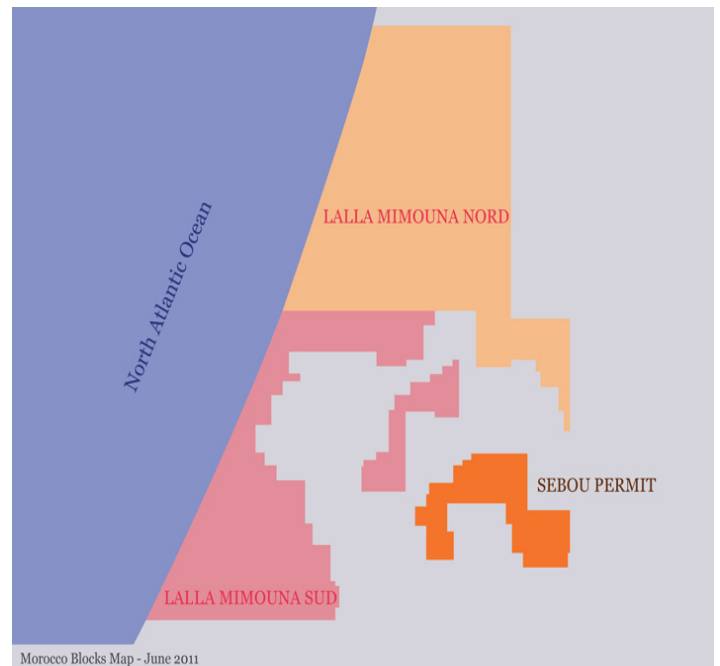
Circle has a 75% interest in the new 8-inch pipeline with the remaining 25% held by ONHYM.

## 2D & 3D Seismic Surveys

January 2012 saw the successful completion of the 2D and 3D seismic acquisition programme in the Lalla Mimouna and Sebou permits in the Rharb Basin, Morocco. A total of 154 square kilometres of 3D seismic data with a 12.5 metre bin size were acquired. In addition, 22 line kilometres of 2D seismic data were acquired in the Sebou block.

Acquisition parameters and shooting techniques were similar to those which were employed very effectively in the previous 2D/3D survey, completed in the Sebou permit in 2007/2008, which generated the targets for the highly successful drilling programs undertaken in 2008/09 and 2010/11, during which 10 successful wells were drilled.

Processing of the acquired data has now commenced and preliminary results indicate the presence of both expected and a number of additional potential targets for drilling, subject to further interpretation, in the forthcoming drilling campaigns in the Rharb permits. The interpretation of the data is expected to be completed by the end of the first half of 2012.



### Summary Facts:

#### SEBOU & OULAD N'ZALA

- 10 gas discoveries from 11 wells in two campaigns
  - 2008-2011
- 11<sup>th</sup> well with gas shows in sands
  - Not tested due to mechanical issues
  - To be re-drilled in next campaign
- Gross Resources (Most Likely Case, P50) Increased 83%
  - 17.5 bcf in 2010 to 32.1 bcf\*
- Gross production circa 2.0 MMscfd from 2 wells
- Increased production to 5.3MMscfd expected March 2012

#### LALLA MIMOUNA

- Gross unrisks resources of 62 bcf based on 6 large 2D seismic anomalies\*\*
- Further upside potential for 112-215 bcf in place\*\*

\* Independent 3rd party estimates - RPS Energy

\*\* COP best estimates