

Explanation of Certain Technical Terms

Cap Energy PLC, through Sphere Petroleum Corporation (BVI), an affiliate of which Cap Energy PLC owns 85.7% of the share capital, has an interest of approximately 30% in each of Block 1 and Block 5B, offshore Guinea-Bissau, which are operated by Trace Atlantic Petroleum Guinea-Bissau Limited (formerly Lime Petroleum Guinea – Bissau), a subsidiary of Trace Atlantic Oil Ltd. Sphere Petroleum remains, along with Petroguin and Trace Atlantic Petroleum Guinea-Bissau Limited the members of Becuda Exploration Licence Contractor Group.

The recent Beicip-Franlab study (done on the basis of the contract celebrated between Trace Atlantic Petroleum Guinea – Bissau as operator of the JV and Beicip – Franlab) evaluated the “Prospective Resources” in Block 5B. As defined by the Society of Petroleum Engineers (SPE), the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG), and the Society of Petroleum Evaluation Engineers (SPEE), “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.

The estimates of Prospective Resources in the Beicip-Franlab study are based on 2D seismic data recorded in surveys on Block 5B’s area and regional geological studies, including correlations with wells drilled in the region, outside Block 5B’s boundaries. These studies have detected large-scale features of the sub-surface geology, such as structural and stratigraphic traps (the “Leads”) and developed hypotheses on source rocks, hydrocarbons migration and potential reservoirs characteristics.

However, a significant amount of additional geological, structural and seismic investigation (in particular a 3D seismic survey, which is planned in 2014) still needs to be completed to redefine a potential hydrocarbon drill location from a “Lead” to a “Prospect”.

Only when a Prospect has been identified and evaluated and passes satisfactory selection criteria, will an exploration well be drilled in an attempt to conclusively determine the presence or absence of hydrocarbons.

For completeness of information, please refer to the Glossary of Technical Terms used in the Oil Industry published on the site.