

11th January 2010

Solo Oil* – Spudding of Likonde-1 well in Tanzania.

Having raised the funds to earn its 12.5% interest in the Tanzanian Likonde-1 well in November 2009, Solo Oil has today announced that the well was spudded on the 9th January. Tullow Oil Plc is the operator and holds a 50% interest in the well, alongside the other interested party Ndovu Resources (an Aminex subsidiary and 37.5% owner) from whom Solo purchased its interest.

The well is located within the 12,000 square kilometre Ruvuma production agreement in Southern Tanzania and will test multiple targets in the Tertiary, Cretaceous and Permo-Trias Karoo intervals. Aminex had previously estimated the Likonde prospect to have up to 500 million barrels of oil in place and Likonde-1 is the first well drilled on the Ruvuma licence. The planned total depth of the drilling programme is 3,200 metres and is expected to take two months to complete.

Under the terms Solo signed with Aminex for its 12.5% interest in Likonde-1, Solo will pay Aminex \$1.25 million cash for pre-drilling costs and 18.75% (\$3.4 million) of the drilling cost of Likonde-1. Satisfaction of these duties will entitle Solo to participate in future drilling on the Ruvuma production agreement by contributing 12.5% of the costs. Having only announced its strategic re-direction in July 2009, Likonde-1 provides Solo with a terrific opportunity to not only participate in a highly prospective drilling programme, but also to align itself with significant industry players in Tullow and Aminex. We would expect the shares to move higher as investors start to speculate on the outcome of the Likonde-1 well.

Net of its Likonde obligations we believe that Solo has net cash of £4.1 million which means that the market is valuing a 12.5% stake in a prospect potentially containing 500 million barrels of oil (62.5 million net to Solo) at £8 million or 12.8p per barrel. We suggest that for a drill-ready prospect the implied risk weighting is excessive and our stance is **speculative buy**.

Key Data

EPIC	SOLO
Share Price	0.58p
Spread	0.56p – 0.6p
Total no of shares	2,080 million
Market Cap	£12.1 million
12 Month Range	0.15p – 1.1p
Market	AIM
Website	www.solooil.co.uk
Sector	Oil & Gas
Contact	David Lenigas, Chairman Tel: 020 7016 5100

Forecast Table

Year to 30th June	Turnover (£million)	Pre-tax Profit (£million)	Earnings Per Share (p)	Price Earnings Ratio	Dividend Per Share (p)	Dividend Yield (%)
2008A	0.07	(2.47)	(1.08)	NA	0	0.0
2009A	0.33	(1.11)	(0.32)	NA	0	0.0

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