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The Directors
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Date: 1st March 2010

Gentlemen,

Audit of Certain Reserves for Valiant Petroleum plc ("the Company") As At 31 December, 2009

RPS issued a Competent Persons Report ("CPR") on the assets of the Company with an effective date of 31st December 2007, and provided an update last year with an effective date of 31st December, 2008. RPS has been asked to audit the latest information from Don South West (SW) and West (W) Don, and to provide an updated comment on the reserves estimates for these assets of the Company.

Since the last update, the remainder of the initial development wells have been drilled in the subject fields, and both of the fields have achieved first oil production: W Don came on-stream on 28 April, 2009 and Don SW came on-stream on 30 June, 2009. There are therefore production data available for the reserves audit for the very first time.

West Don Field (Blocks 211/18a and 211/13b, Company Working Interest [WI] 17.275%)

RPS reviewed West Don as part of the CPR. Since that date development of the field has progressed, and the first three development wells have been drilled in the field. Well 211/18-WPA (WPA) was drilled in late 2008 as a producer, and now the second producer -WPB, and the first injector -WIA have been drilled and are operational (water injection commenced later in the year). The results of the development wells have confirmed previous opinions and estimates of reservoir quality and oil in place. Indeed, there are now nine reservoir penetrations in and around the field that contribute to its appraisal.

We have been supplied with the Operator's simulation model of the field, and we have updated the history match to the effective date of this evaluation. We add a cautionary note that the field is in the very early stages of production, and reservoir simulation will be more reliable as more data become available. For the P50 case, we have run the model in predictive mode, adding in the third producer (WPC) in October, 2010 (as is the Joint Venture's plan). For the P90 scenario, we have reduced well PI and STOIIP in the model to just above the point that the history match is lost.

To update the economic limit test (ELT) in Merak Peep™, we have used our latest in-house oil price forecast, along with the very latest OPEX estimates (now based on several months of real data).

	P90	P50
Gross, 100% Basis	**17.5**	**19.9**
Net to Company	**3.0**	**3.4**

Table 6: West Don Recoverable Reserves (MMstb)

This range is quite narrow, but the downside is now constrained by the number of wells and the early production history; further reductions in STOIIP or well PI in the model results in loss of the history match. Loss of a well, which we assume the joint venture would repair or replace, would simply result in deferred production and reserves[1].

Don South West (SW) Field (Blocks 211/18a, Company WI 40%)

Similarly, we have several months of production data for Don SW, albeit from just the first producer (although four others have been drilled to date). The Don SW field has now been appraised by seventeen wells (including the original exploration and appraisal wells, the BP development wells, and the five new development wellbores). The data from all of these wells provides a wealth of information on the field.

All of the well data has been built into the Operator's simulation model, and an acceptable history match has been achieved. We have checked this history match, and then run the model in forecast mode according to the base case plans, including the commissioning of shut-in wells and the addition of further wells in the Horst and Area 6 in producer-injector pairs (this is our P50 scenario). For the P90 scenario, we have reduced well PI and STOIIP in the model to just above the point that the history match is lost (as was done for West Don).

We have updated our economic model (as above) to perform an ELT in Merak Peep™, resulting in the following estimate of reserves as at 31 December 2009:

	P90	P50
Gross, 100% Basis	**27.6**	**34.9**
Net to Company	**11.1**	**14.0**

Table 7: Don SW Recoverable Reserves (MMstb)

The P90 is higher than in previous years because the development drilling and early well performance have removed some uncertainty in the STOIIP and reservoir quality.

There are no plans to commercialise the associated gas from either West Don or Don SW at this time.

Yours faithfully,

EurIng **R. T. Kelly** *CEng, FEI*

Technical Director

RPS Energy Ltd.

[1] Such a loss would of course affect value as well but that is not within our remit