

MERGENT INDUSTRIAL

NEW LISTING

October 25, 2011



This Supplemental News Reports is published as required, is part of the annual MERGENT INDUSTRIAL AND INTERNATIONAL Manuals and will be included in the bound 2011 October Monthly News Reports and is published on our Website.

SHONA ENERGY CO., INC.

Company Website: www.shonaenergy.com

History: Incorporated in Delaware on Dec. 7, 2006. Reincorporated in British Columbia, Canada on Sept. 27, 2011.

On Feb. 1, 2010, Co. merged with Geoproduction Oil & Gas LLC. In the merger, Co. purchased all of the ownership in Geoproduction in exchange for 41,297,050 common shares of Co.

On Sept. 27, 2011, Shona Energy Company, Inc. ("Shona"), Rodeo Capital II Corp. ("Rodeo II"), 0910803 British Columbia Ltd. ("Shona Subco"), and 0910703 British Columbia Ltd. ("Rodeo II Subco") were amalgamated under the Business Corporations Act (British Columbia) to form Shona Energy Company, Inc. (the "Resulting Issuer"). As a result of the Arrangement: (i) each outstanding common share of Shona ("Shona Common Shares") held by persons that were not "Affiliates" resident in the United States (including Shona Common Shares issued upon conversion of special warrants just prior to closing of the Arrangement) was exchanged for one (1) Class "A" common share of the Resulting Issuer ("Resulting Issuer Common Shares"); (ii) each Shona Common Share held by persons that were Affiliates resident in the United States was exchanged for either one (1) Resulting Issuer Common Share or one (1) Class "B" non-voting common share of the Resulting Issuer ("Resulting Issuer Non-Voting Common Shares"); (iii) each outstanding common share of Rodeo II was exchanged for one (1) Resulting Issuer Common Share; (iv) each outstanding Rodeo II Subco subscription receipt was exchanged for one (1) Resulting Issuer Common Share; (v) each outstanding Series "A" convertible and redeemable preferred share of Shona was exchanged for one (1) Series "A" convertible and redeemable preferred share in the Resulting Issuer on identical terms; and (vi) each common share purchase warrant of Shona was exchanged for one (1) Class "A" common share purchase warrant in the Resulting Issuer on identical terms.

Business Summary: Shona Energy Company and subsidiaries are engaged in the acquisition, exploration, and development of oil, gas and natural gas liquids. Co.'s operations are located in Peru and Columbia.

Property: Co. maintains its principal executive office in Houston, TX. Co. also has mineral interests, including the following: Co. holds a 36.5% working interest in the license for Block 102 located in the Marañon Basin in Peru through its direct ownership in Ramshorn International Limited; Co. has a 100% working interest in the license for the Esperanza Block in the Lower Magdalena Basin in Columbia; Co. holds a 37.5% working interest in the license for the Serrania Block in the Caguan Vaupes Basin Columbia; Co. also owns interests in two Technical Evaluation Areas ("TEA") in Columbia, comprising a 37.5% interest in the Los Picachos TEA covering 86,236 acres which adjoins the Serrania Block on the north and west. Co. also has a 37.5% interest in the Macaya TEA covering 195,250 acres, which adjoins the Serrania Block on the southeast.

Subsidiaries

Shona Energy Holding Limited (British Virgin Islands)
Shona Energy International Limited (British Virgin Islands)
Shona Energy (Colombia) Limited (British Virgin Islands)
Shona Energy (Argentina) Limited (British Virgin Islands)

Shona Energy (Bolivia) Limited (British Virgin Islands)
Geoproduction Oil & Gas, LLC (United States)

Officers

James L. Payne, Chairman; Chief Executive Officer
John R. Womack, President
Larry D. Leavell, Chief Operating Officer
Randall H. Castleberry, Chief Financial Officer
Michael Wilkes, Controller
Shetal Mentlewski, Vice President - Administration;
Vice President - Legal; Treasurer, Corporate Secretary
Ricardo Mendieta, Region Officer

Directors

James L. Payne, Chairman
Gary R. Petersen
Edgar G. Hotard
Ted M. Anthony
Jordan R. Smith
Gregory D. Elliott

Auditors: Grant Thornton LLP

Canadian Legal Counsel: Heenan Blaikie LLP

U.S. Legal Counsel: Thompson & Knight LLP

Shareholder Relations: Shetal Mentlewski, V.P. of Administration and Legal; Corp. Secretary; Treasurer
Tel.: 713-622-8809

Annual Meeting: In September

No. of Stockholders: Sep. 26, 2011, 150 (approx.)

No. of Employees: Sep. 26, 2011, 40 (approx.)

Address: 675 Bering Drive, Suite 300, Houston, TX 77057 **Tel.:** 713 622-8809 **Fax:** 713 622-4431 **E-mail:** rcastleberry@shonaenergy.com **Web:** www.shonaenergy.com

Consolidated Income Account, years ended Dec. 31 (Can\$):

	2010	2009	2008
Natural gas revenues	1,852,265	1,570,320	
Production exps	1,169,490	678,197	
Deprec			7,205
Depletion, deprec & amort	519,745	609,349	
Impair of oil & gas props			12,484
Gen & admin exps	5,946,301	3,797,092	4,430,432
Total operating expenses (loss) fr	7,635,536	5,084,638	4,450,121
Income (loss) fr ops	(5,783,271)	(3,514,318)	(4,450,121)
Int expense	292,292		
Int income	45,498	92,803	249,785
Other income	22,799	52,696	
Net income (loss) bef inc tax	(6,007,266)	(3,368,819)	
Curr inc tax	140,095		
Defer inc taxes (benefit)	(61,122)		
Net income (loss)	(6,086,239)	(3,368,819)	(4,200,336)
Common shares:			
Yr end shares outstg	163,834,448	108,874,042	105,144,120
Tot no of employees	40		
No of com stkholders	150		
	As of September 26, 2011.	Approximately.	

Consolidated Balance Sheet, as of Dec. 31 (Can\$):

	2010	2009
Assets:		
Cash & cash equivs	4,536,927	5,069,249
Restricted cash		190,000
Accts receiv	46,425	937,889
Ppd exps	235,135	13,336
Tot curr assets	4,818,487	6,210,474
Proved props	48,286,939	8,067,406
Unproved props	6,926,889	3,760,668
Oil & gas properties (full cost method)	55,213,828	11,828,074
Mach & equip	25,684	13,233
Furn & fixtures	46,215	34,110
Other prop & equip	71,899	47,343
Tot prop & equip	55,285,727	11,875,417
Accum deprec	1,145,667	625,943
Prop & equipment, net	54,140,060	11,249,474
Restricted cash	1,852,209	1,330,000
Val-added & other tax receiv	381,272	325,288
Invests	8,432,368	8,405,761
Refundable deposits	7,548	82,548
Tot assets	69,631,944	27,603,545
Liabilities:		
Accts pay	739,090	958,193
Accrued exps	1,760,300	287,731
Curr port of long-term debt	1,808,824	
Tot curr liabil	4,308,214	1,245,924
Asset retir oblig	750,889	156,053
Long-term debt	2,475,830	
Other long-term liabil	218,750	218,750
Defer inc tax	5,984,796	
Ser A conv pfd stk	14,510,073	
Com stk	1,638,345	1,088,740
Wrts	1,847,907	
Paid-in cap	55,383,607	36,294,306
Retain earnings (accum deficit)	(17,486,467)	(11,400,228)
Tot stkholders eq	41,383,392	25,982,818
NOTE: Above results are those of Shona Energy Company, Inc. before its merger with Rodeo Capital II Corp., effective Sept. 27, 2011.		
NOTE: Effective Sept. 27, 2011, Shona Energy Company, Inc. merged with Rodeo Capital II Corp.		
NOTE: The following results are those of Rodeo Capital II Corp. for the year ended November 30, 2010.		
NOTE: Pro forma results for Shona Energy Company, Inc. in concurrence with its merger with Rodeo Capital II Corp. follow the results of Rodeo Capital II Corp.		
Rodeo Capital II Corp.		
Consolidated Income statement, year ended November 30 (Can\$):		
		As of Sept 30, 2010
Revenue		
Incorporation costs		100
Net loss		(100)
Net loss per share, basic & diluted		Can\$0.00

MERGENT MANUALS (ISSN 0895-3252) is published weekly on Tuesday by Mergent 60 Madison Ave., New York, NY 10010. Subscription rate \$647.50 per annum for the News Report portion of the Mergent Manuals service in the United States and Canada (Not to be sold separately from the Manual). Copyright © 2010 by Mergent. All Information contained herein is copyrighted in the name of Mergent and none of such information may be copied or otherwise reproduced, repackaged, further transmitted, transferred, disseminated, redistributed or resold, or stored for subsequent use for any such purpose, in whole or in part, in any form or matter or by any means whatsoever, by any person without prior written consent.

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Weight average number of shares outstanding	2,187,500	Oil & gas assets	44,479,184	Contributed surplus	98,887,797
Year end common shares outstanding	3,500,000	Exploration & evaluation assets	7,254,570	Deficit	(29,025,134)
□ From inception (November 23, 2010).		Oil & gas pipe & equipment inventory	2,143,136	Total stockholders' equity	76,557,423
Consolidated Balance Sheet, as of November 30		Other property & equipment	74,485	Total liabilities & stockholders' equity	106,165,598
(Can\$):		Total property & equipment	53,951,375		
	2010	Accumulated depletion, depreciation & amortization	(1,845,150)	Debt: Dec. 31, 2010, C\$4,284,654 (including current portion of CS1,808,824) note payable to Geofísica Sistemas y Soluciones.	
Cash	175,000	Property & equipment, net	52,106,225	Capital Stock: 1. Shona Energy Co., Inc. series A 10% mandatorily redeemable convertible preferred; par Can\$0.01.	
Deferred financing costs	7,137	Goodwill	819,508	AUTHORIZED — 10,000,000 shs.	
Total current assets	182,137	Restricted cash	881,187	OUTSTANDING — Dec. 31, 2010, 159,971 shs; par Can\$ 0.01.	
Total assets	182,137	Value added & other taxes recoverable	370,813	CONVERTIBLE — Convertible at any time prior to the Jan. 19, 2015 into 166.67 shares of Co.'s common stock.	
Accounts payable & accrued liabilities	7,237	Investments	8,587,750	TRANSFER AGENT AND REGISTRAR — Olympia Trust Company, Calgary, Alberta	
Total liabilities	7,237	Refundable deposits	7,548	2. Shona Energy Co., Inc. common; par Can\$ 0.01.	
Share capital	175,000	Total assets	106,165,598	AUTHORIZED — 290,000,000 shs.	
Deficit	(100)	Accounts payable	847,220	OUTSTANDING — Dec. 31, 2010, 163,834,448 shs; par Can\$0.01.	
Total shareholders' equity	174,900	Accrued expenses	1,582,300	WARRANTS — 40,145,993 shs.	
Total liabilities & shareholders' equity	182,137	Current portion of long-term debt	1,808,824	TRANSFER AGENT AND REGISTRAR — Olympia Trust Company, Calgary, Alberta	
Shona Energy Co., Inc.		Total current liabilities	4,238,344	PRIMARY EXCHANGE — Venture Exchange (TVX): SHO	
Pro Forma Consolidated Balance Sheet, as of March 31		Asset retirement obligation	772,496		
(in \$):		Long-term debt	17,502,020		
	2011	Other long-term obligations	1,122,631		
Cash & cash equivalents	41,601,757	Deferred income taxes	5,972,684		
Restricted cash	980,000	Share capital	2,286,559		
Accounts receivable	358,776	Series A 10% convertible preferred stock	2,570,943		
Prepaid expenses	452,034	Warrants	1,837,258		
Total current assets	43,392,567				