



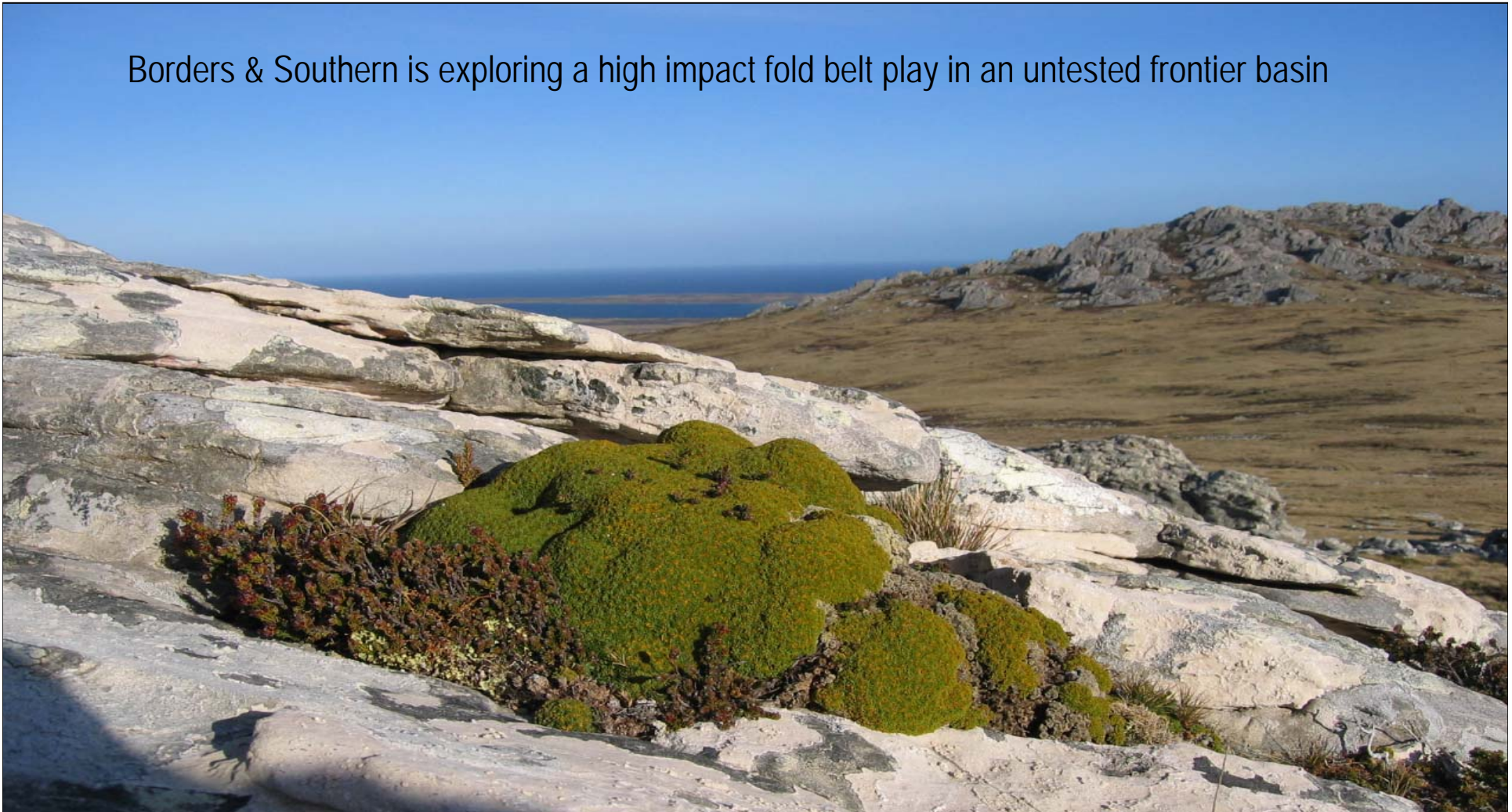
**borders**&**southern**  
petroleum plc

AGM 30<sup>th</sup> June 2008

# Company Focus

**borders & southern**  
petroleum plc

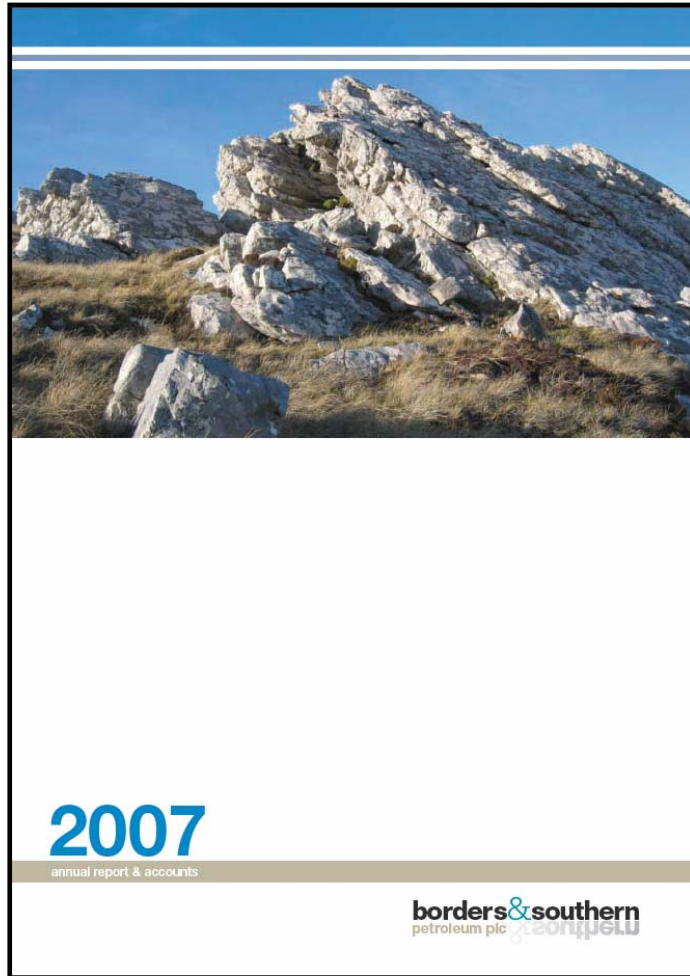
Borders & Southern is exploring a high impact fold belt play in an untested frontier basin



# Highlights

- Completed the Falkland Islands 2D seismic Interpretation and compiled first phase lead inventory – numerous structural leads identified within a new fold belt play
- Awarded a 2 year extension to the First Exploration term with an obligation to acquire a minimum of 750 sq km of 3D seismic data
- Raised £15 million through the placing of 50,000,000 Ordinary Shares
- Following a competitive public tender, awarded 3D seismic acquisition contract to PGS
- Signed a Subscription Agreement with PGS raising \$10 million
- 3D seismic acquisition was completed ahead of schedule and within budget
- Received 3D fast track processed data

# Financial Summary - 2007



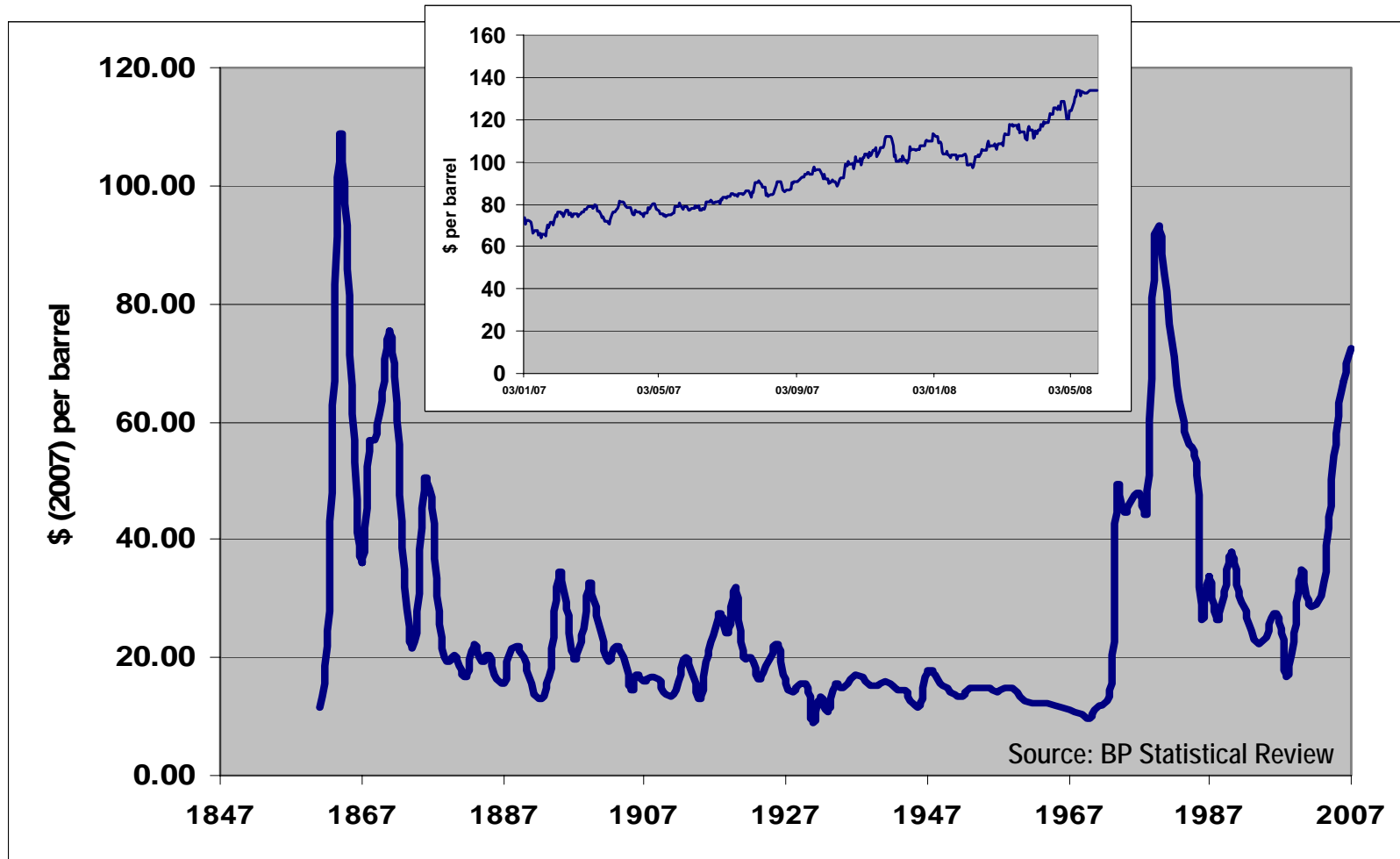
- Profit (Loss) for 12 month period  
ending 31 December 2007 £ (167,723)
- Cash Balance  
at 31 December 2007 £19.6 million

# Share Price (p)





# Oil Price



# Frontier Exploration

Frontier exploration is generally perceived as higher risk than that in proven / mature basins

An early example:

It's 100 years since the first discovery in the Zagros foothills – a fold belt

In 1901 William D'Arcy secured exclusive rights to search for oil in SW Persia. Early morning on 26 May 1908 a well reached 1180 feet at Masjid-i-Suleiman and discovered oil

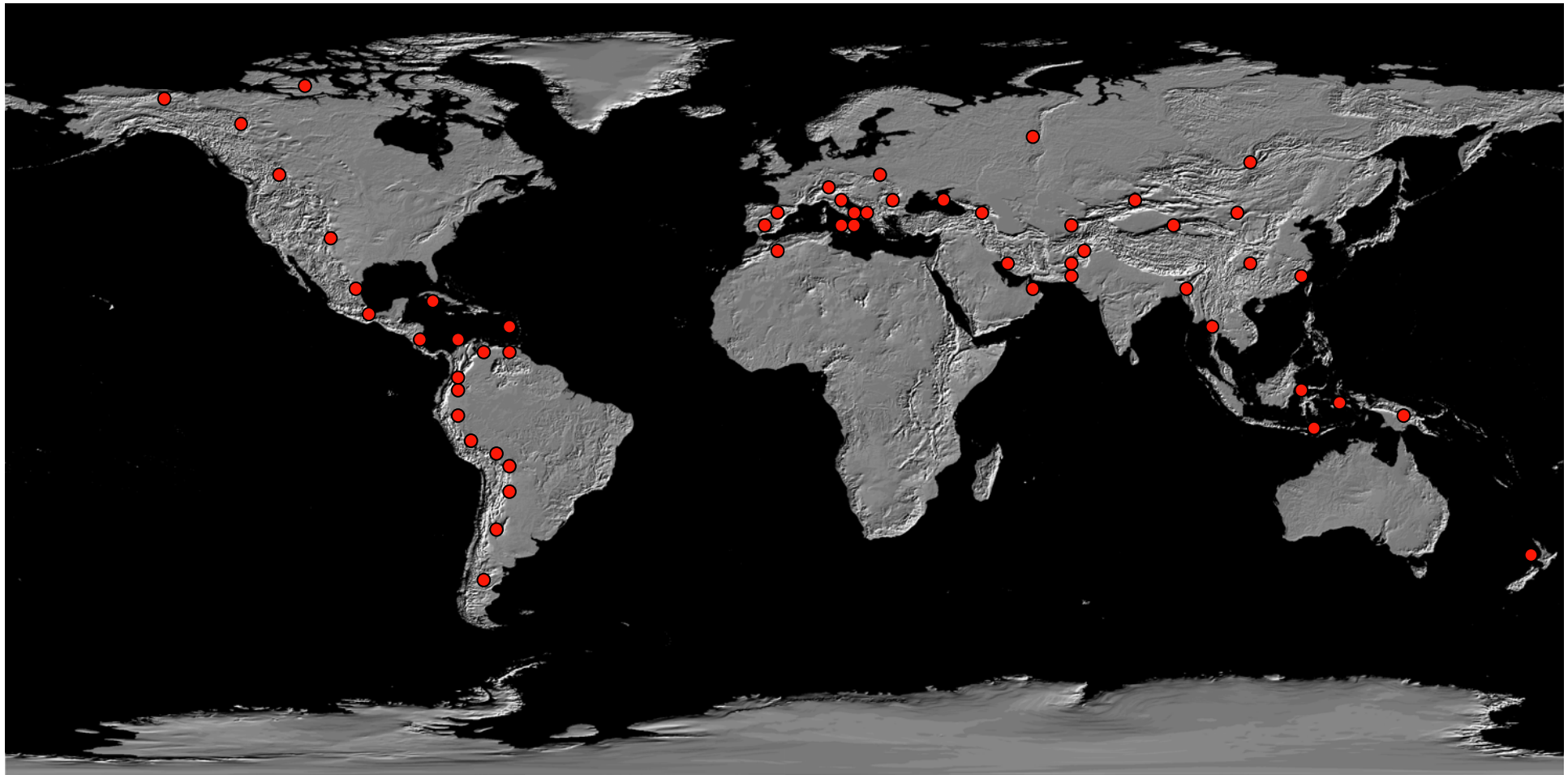
Modern examples:

- Ghana
- Santos Basin, Brazil

The South Falkland Basin fold belt is an excellent example of a frontier play – technically constrained and commercially attractive

If we get it right, we have the chance to open up a new basin or play and achieve superior returns for shareholders

# Why Fold Belts ?



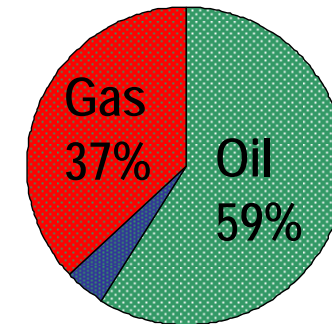
Fold Belt Reserves: 475 billion barrels of oil equivalent

Source: Cooper 2007



# Why Fold Belts ?

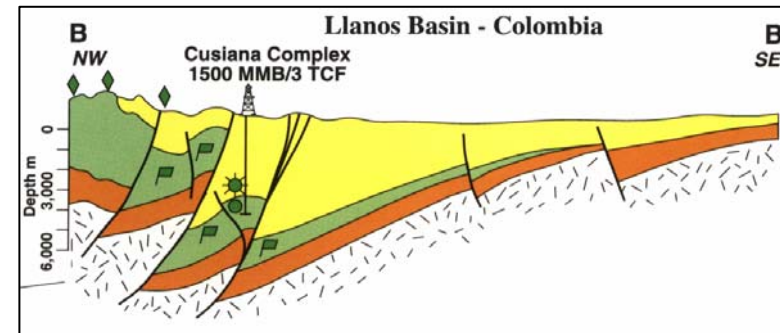
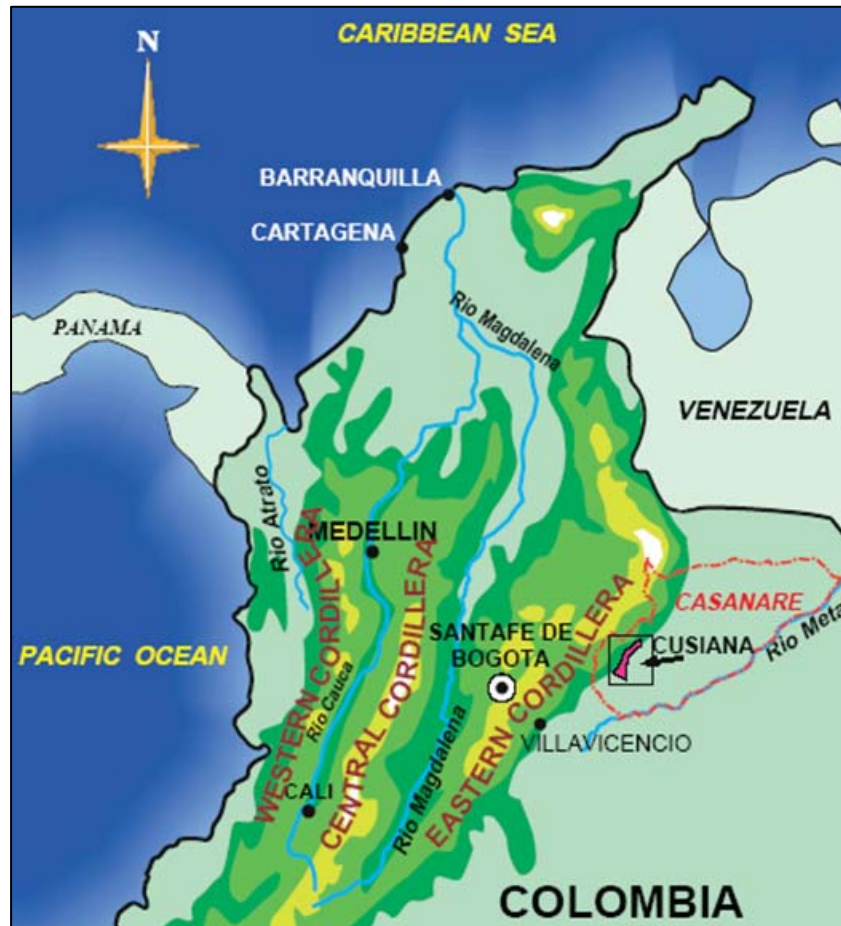
Fold & Thrust Belt Reserves



- Fold belts hold 14% of the world's hydrocarbons
- Fold belts are typically more oil prone
- Fold belts typically contain abundant simple anticlinal traps
- 16 fold belts have reserves greater than 3 billion barrels of oil equivalent
- 10 fold belts have reserves greater than 5 billion barrels of oil equivalent
- 6 fold belts have reserves greater 10 billion barrels of oil equivalent

Source: Cooper 2007

# Example: Cusiana Field, Colombia

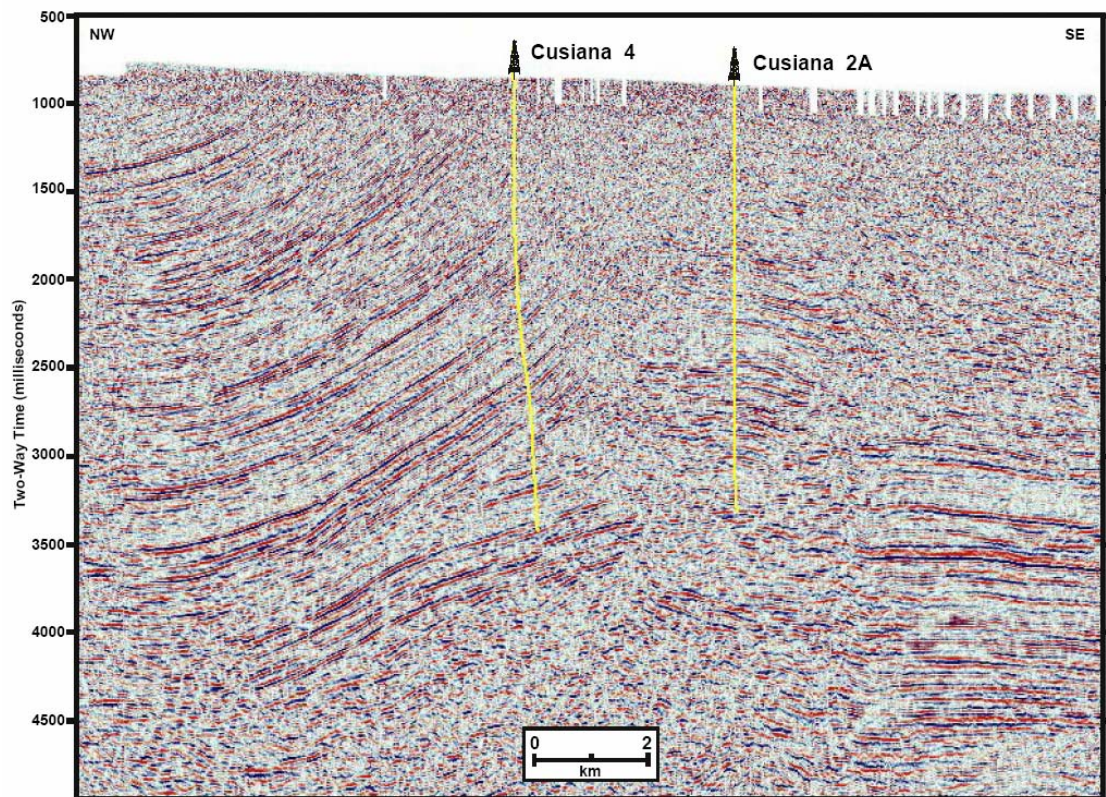


Discovery: 1988 Llanos Basin Foothills

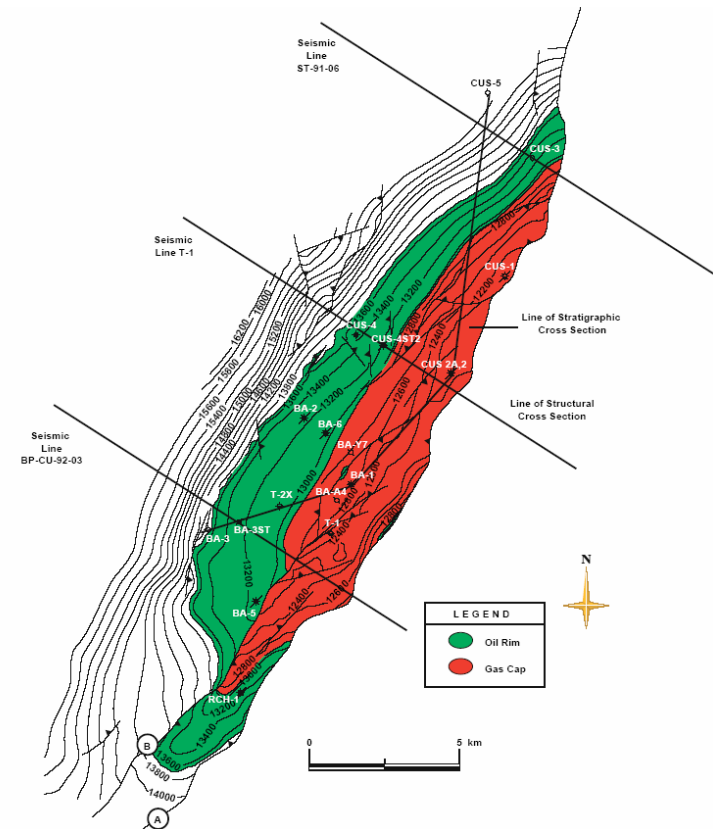
Reserves: liquids 1.5 billion barrels, gas 3.4 TCF

Source: Cazier, Hayward et al 1995; Mathalone 1999

# Example: Cusiana Field, Colombia



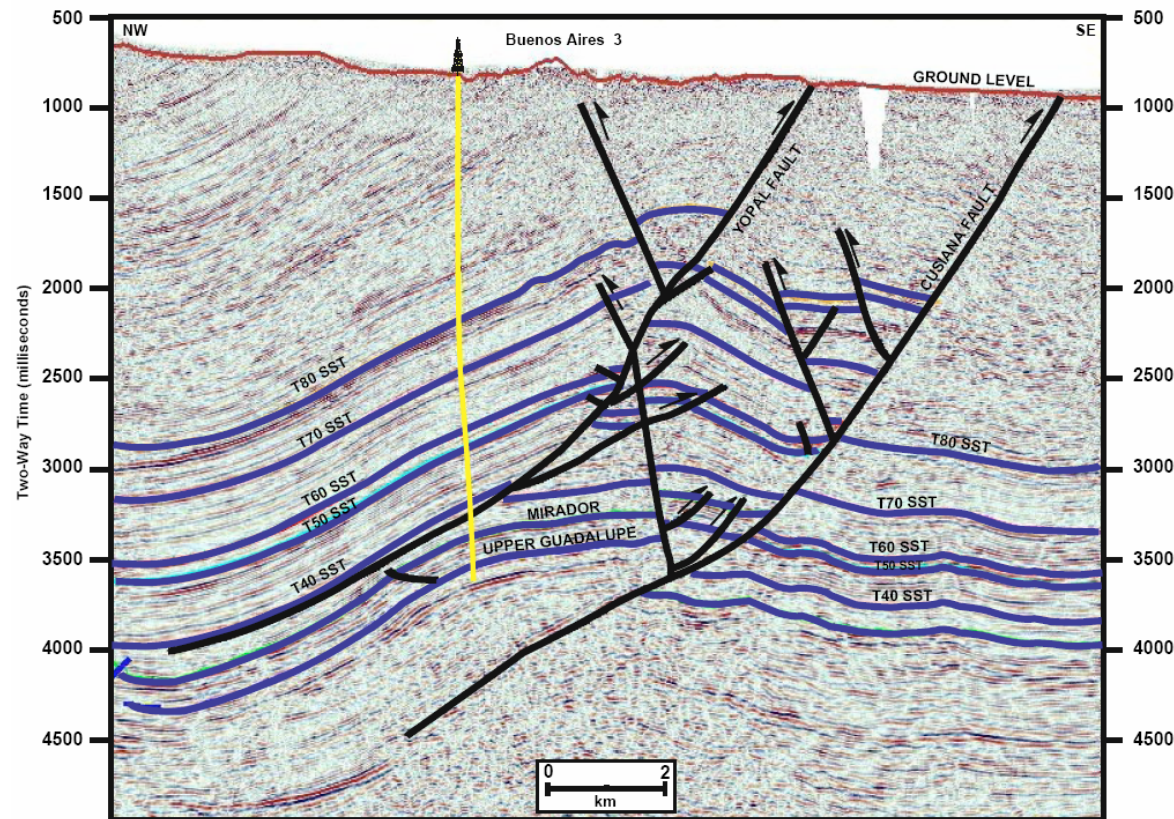
1982 seismic



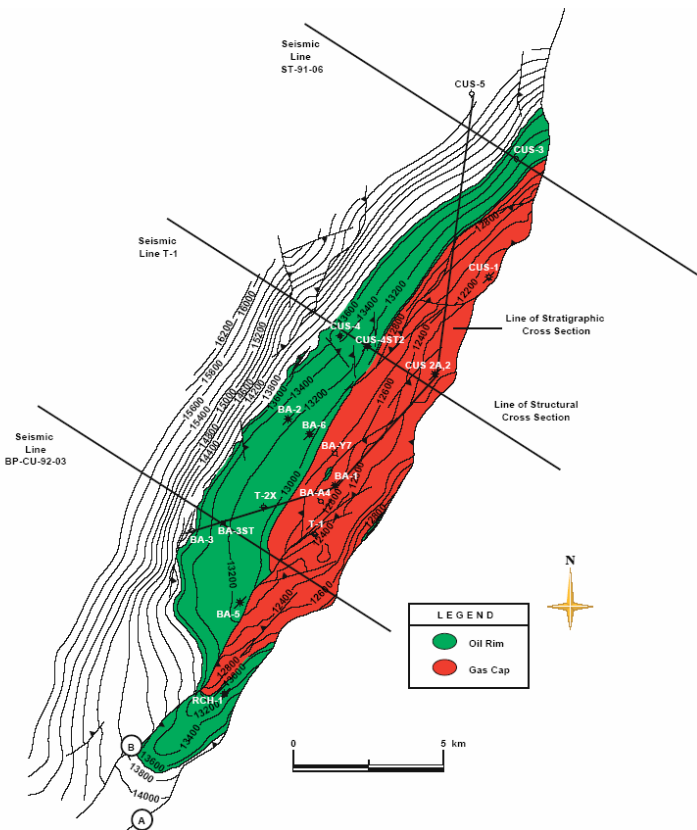
Source: Cazier, Hayward et al 1995



# Example: Cusiana Field, Colombia

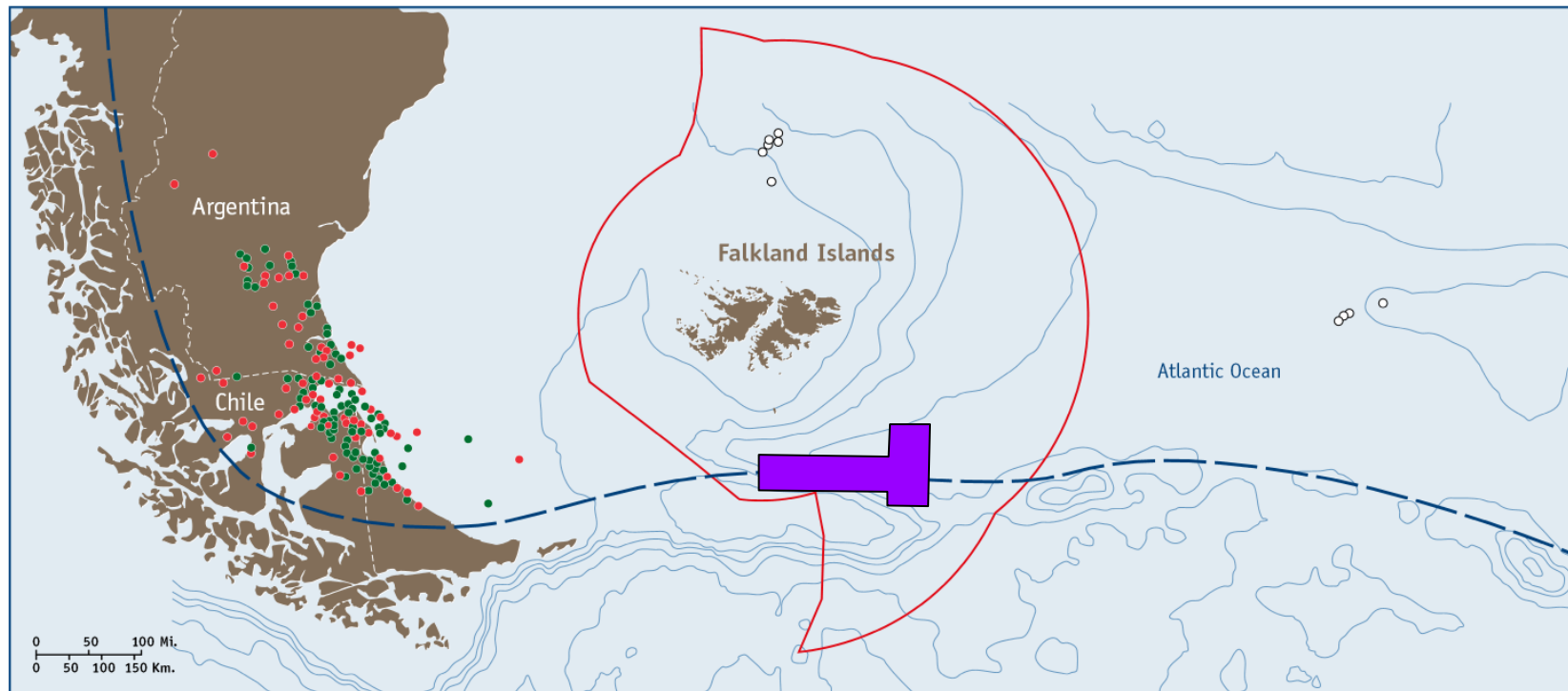


1992 seismic



Source: Cazier, Hayward et al 1995

# Falkland Islands



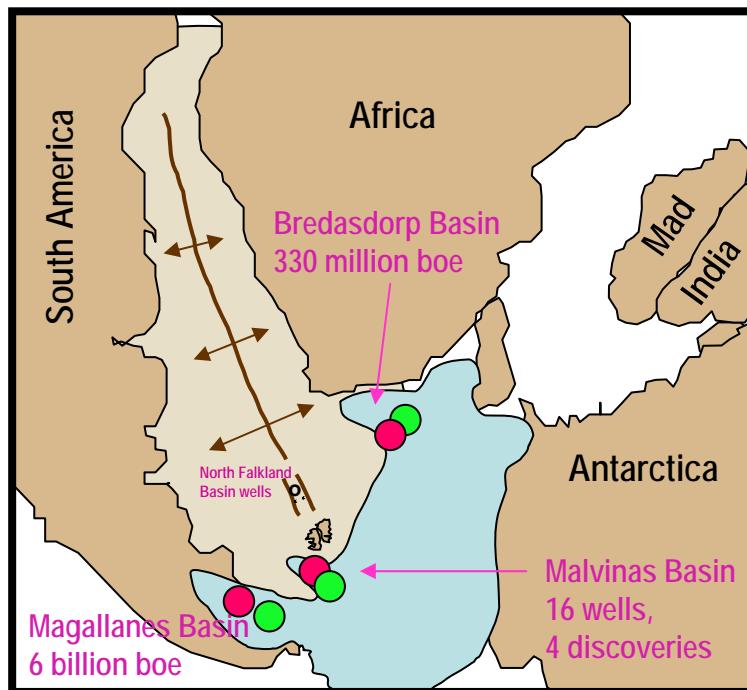
80 Blocks – 19,598 sq km, Equity: Borders & Southern 100%

Phase 1 Exploration – 5 years, expiring November 2009 - major work obligations completed

Phase 2 Exploration – 5 years with a 1 well obligation

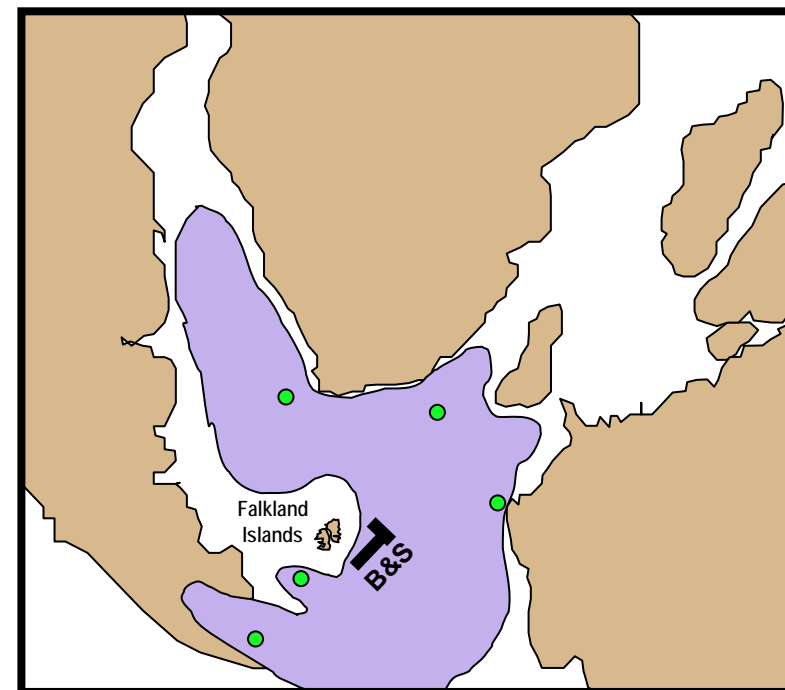
# Regional Setting

Oil & Gas Discoveries ● ●



121 million years

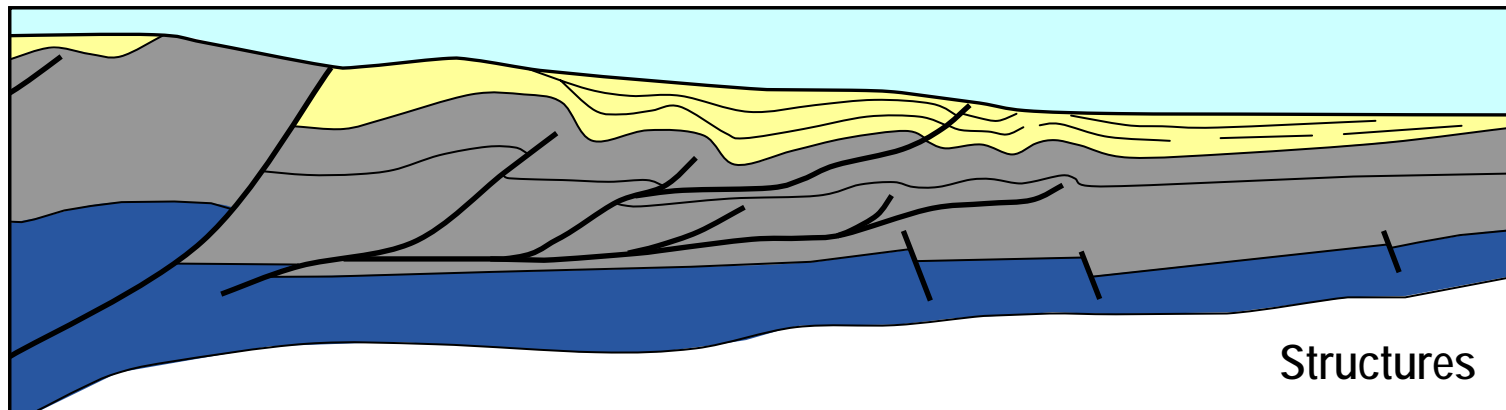
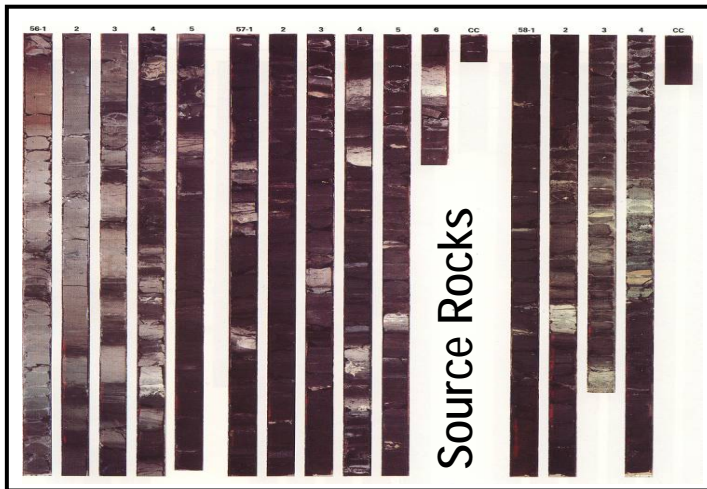
Proven Source Rocks ●



118 million years



# Fold Belt Play – Key Elements



# Work Programme to Date

- Play identification
- Regional Geological Evaluation
- 2D seismic acquisition – 2862 km
- Petroleum system analysis and lead generation
- 3D seismic acquisition – 1492 sq km
- Current phase – prospect generation and drilling location definition

Technical Risk Reduction



# 3D Seismic

- Step change in data quantity / quality
- Allows prospect definition and ranking
- Enables reservoir identification
- Confirms structural integrity
- Validation of DHIs
- Optimisation of well locations
- Site survey data



Survey completed:	February 2008
Fast Track processing:	May 2008
Seismic Contractor:	PGS

# 3D Status

- The fast track has confirmed the structural integrity of the main leads
- New structural leads have been identified
- Data quality is very good – greater clarity deep in the section
- Previously unrecognised amplitude anomalies look very interesting
- Gas hydrate distribution appears systematic
- Final processed data will be received within the next 6 weeks
- Mapping and prospect generation will commence along with detailed amplitude and AVO anomaly analysis

# Summary

- Untested basin – frontier exploration
- Borders & Southern has defined a new fold belt play to the south of the Falkland Islands
- Numerous structures, multiple play types along the fold belt trend
- Lead sizes are large with multiple targets in same structure– mapped areas up to 130 sq km
- Extensive evidence for gas hydrates, amplitude and AVO anomalies
- New 3D seismic is providing a step change in understanding – allowing significant risk reduction
- Success case value (NPV) is very high – Borders & Southern has secured the majority of the play fairway with a 100% interest