

**AGM Presentation - 8<sup>th</sup> December 2005**

# Highlights

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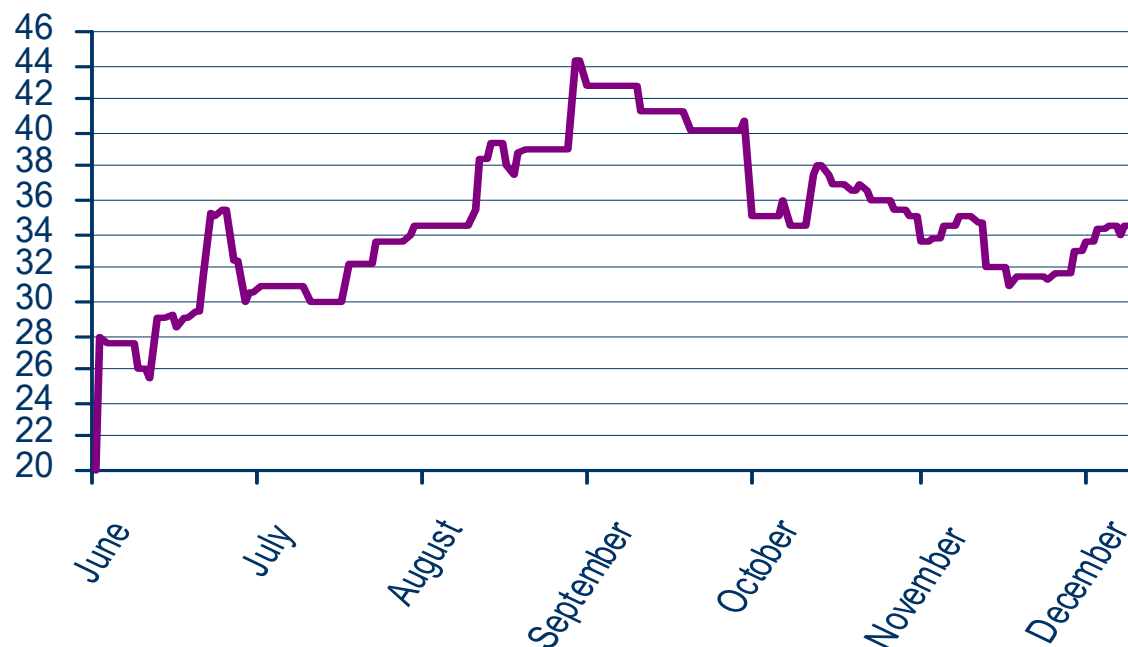
- Company incorporated in June 2004
- Awarded exploration licences in the Falkland Islands
- Listed on AIM in May 2005, raising £10 million (gross)
- Successfully completed a seismic acquisition programme in June 2005
- Currently interpreting seismic data

# Financial Summary

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- Capital raised after costs £ 11.84 million
  - Overhead and project costs (net of interest) £ 1.42 million
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- Cash in bank as @ 30 June 2005 £ 10.42 million

## Share Price



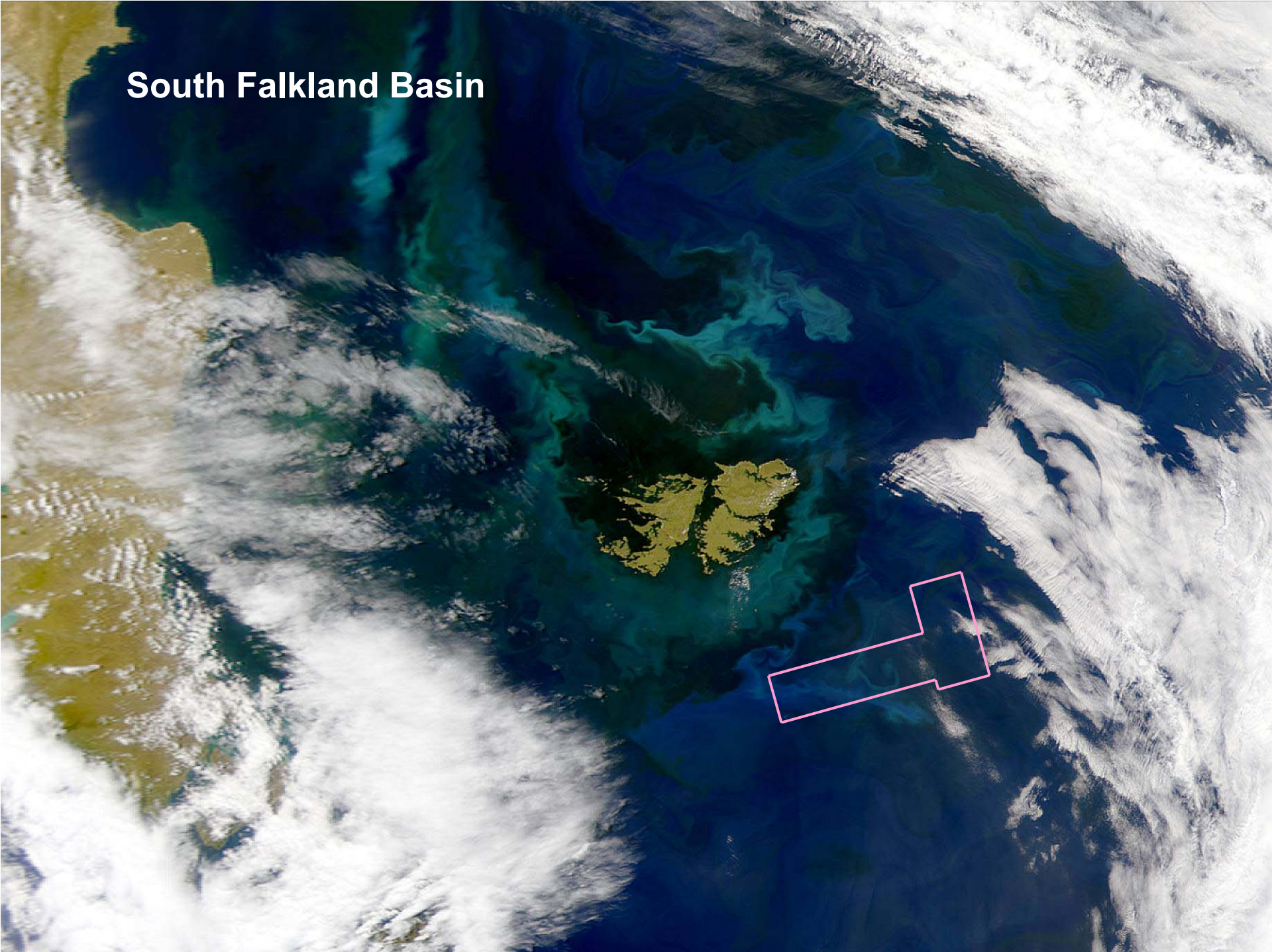
Shares in issue:

127,687,500

Market Capitalisation:

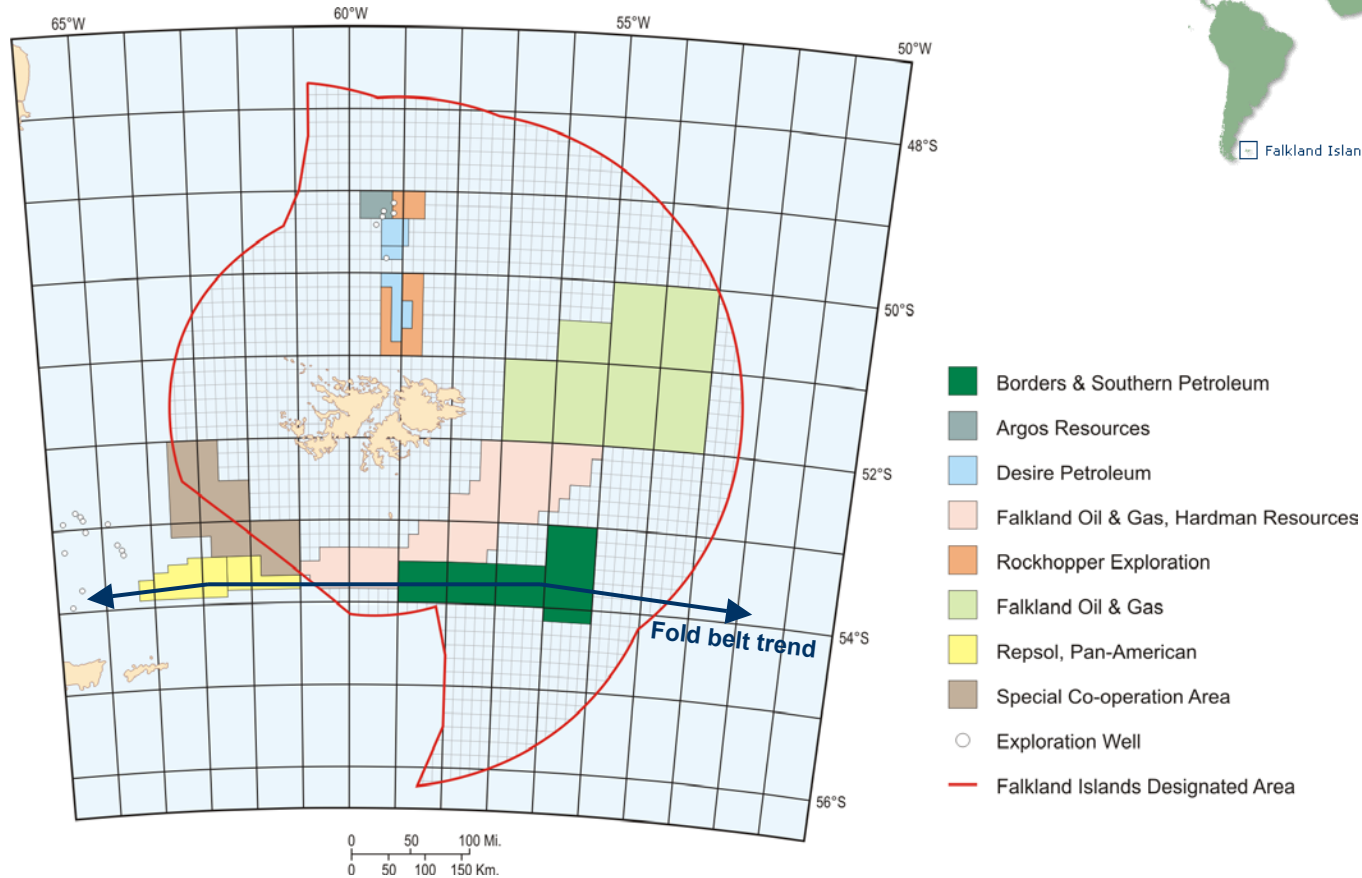
£ 44 million

# South Falkland Basin





# Falkland Islands

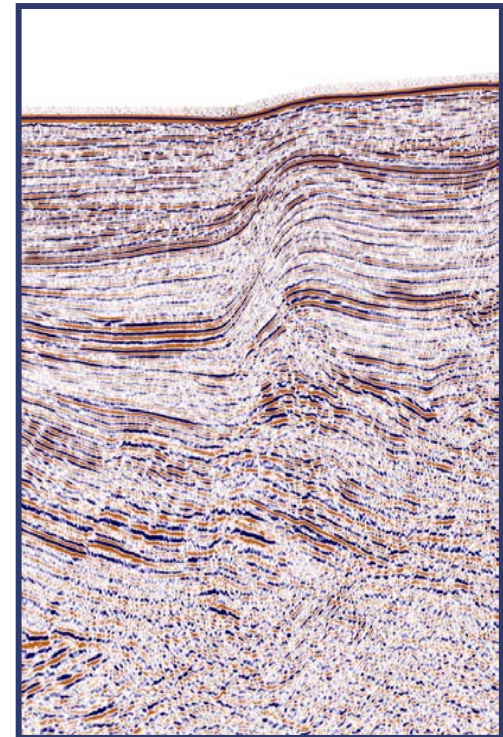
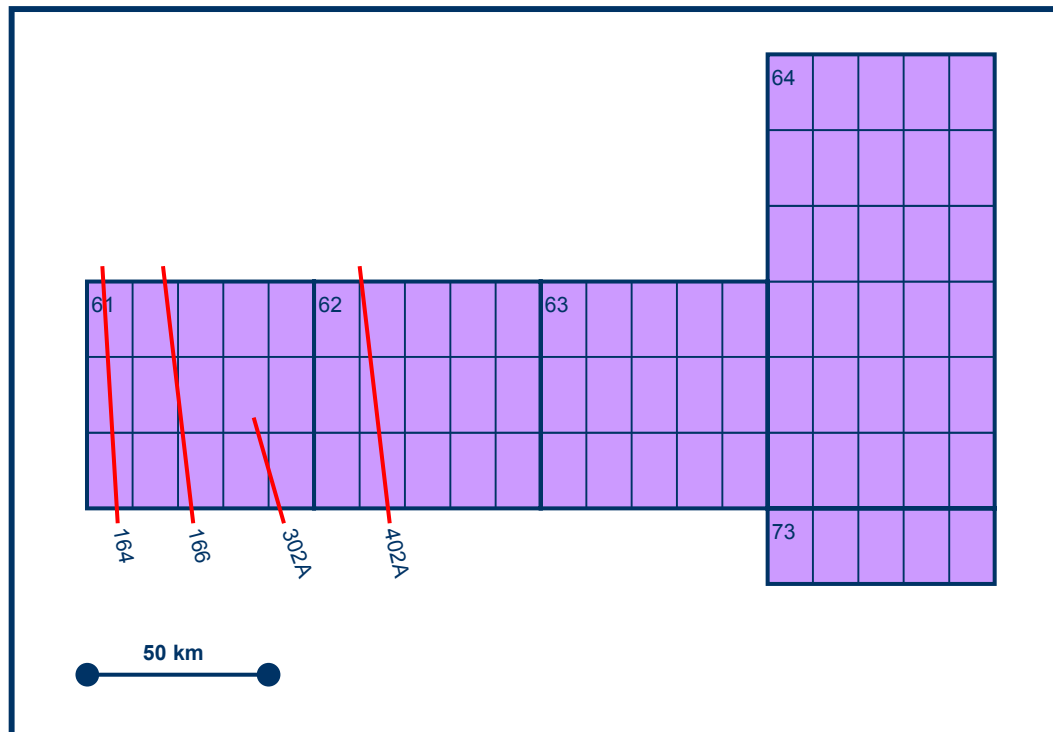


# Falkland Islands Licences

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- Effective date of Licences: 1<sup>st</sup> November 2004
- Equity: Borders & Southern 100%
- Acreage size: 80 Blocks (19,598 sq km)
- Water depths: 200 to 3000 metres
- Work Programme:
  - First 3 year Period – 2500km of 2D seismic
  - Second 3 year Period – 1 well
- Work to date: Acquired and processed 2862 km of 2D data
- Project status: Progressing seismic interpretation

# Pre – June 2005 Seismic Database



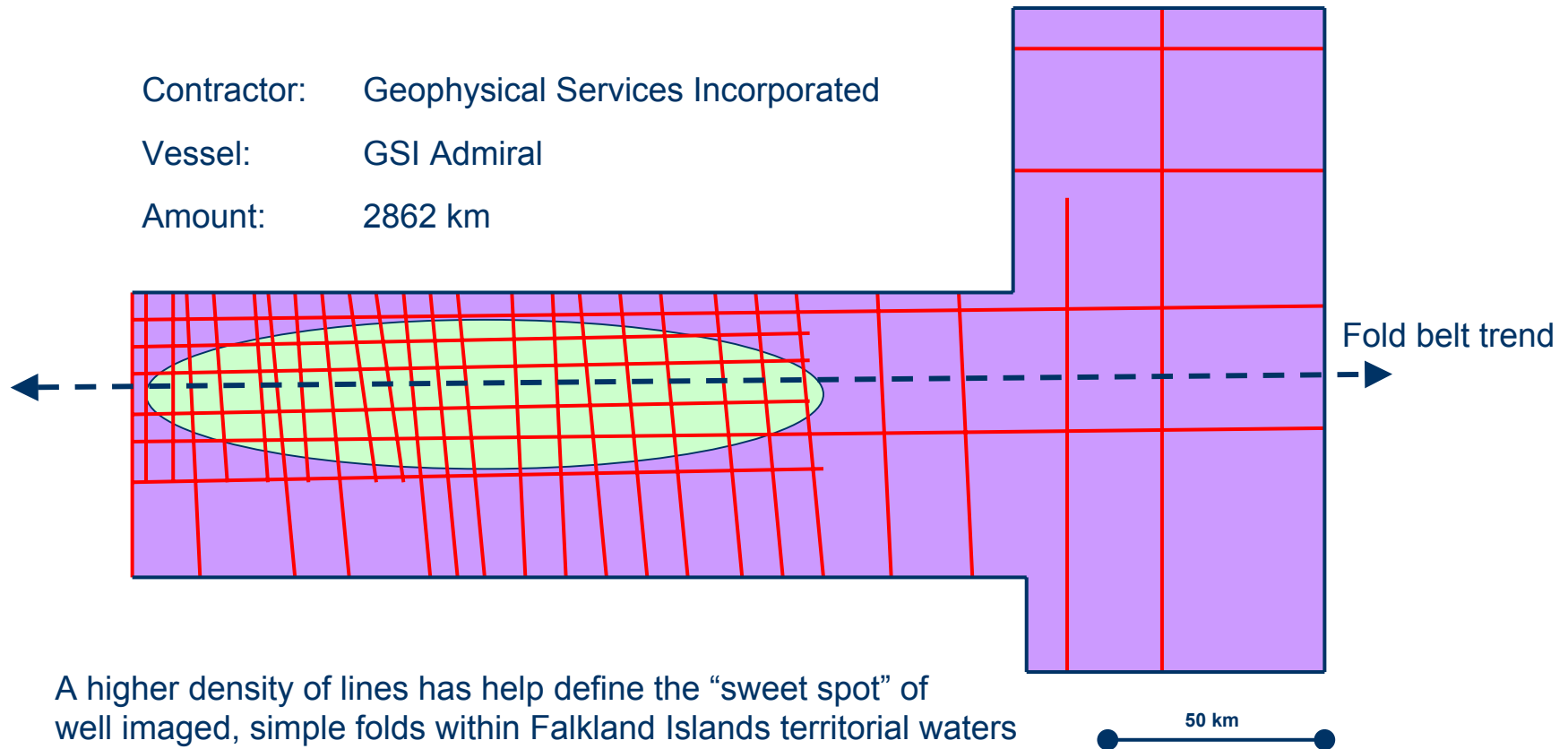


# June 2005 Seismic Acquisition Programme

Contractor: Geophysical Services Incorporated

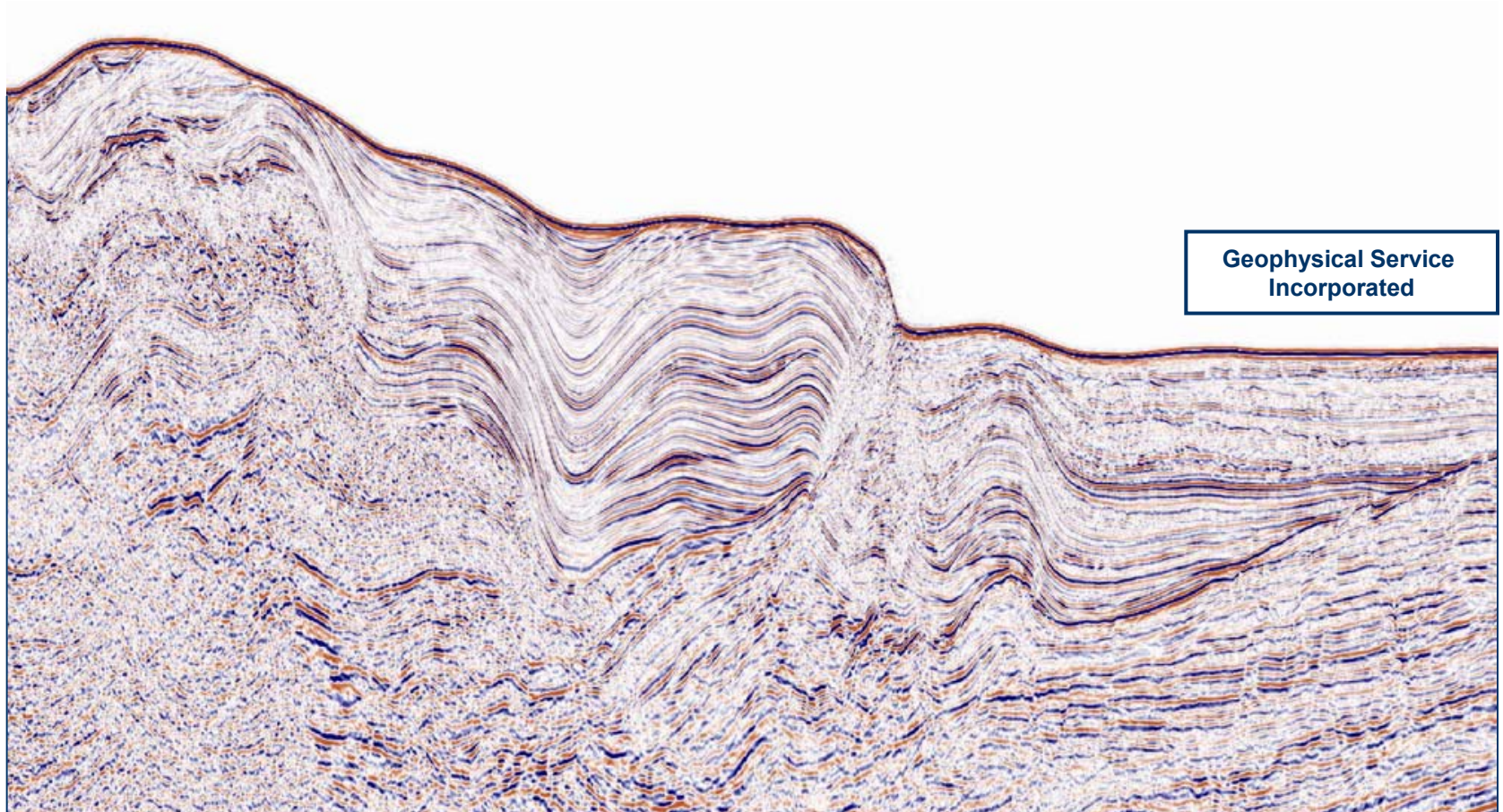
Vessel: GSI Admiral

Amount: 2862 km



# Seismic Example

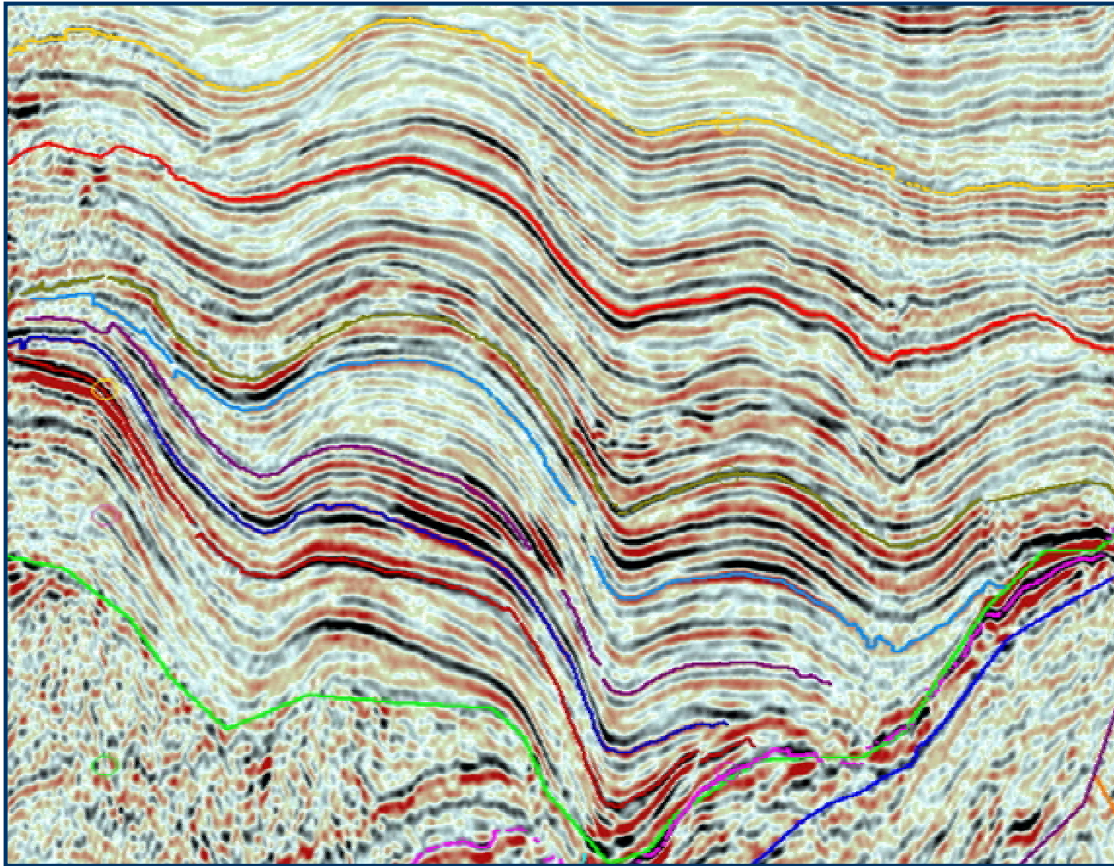
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# Seismic Example

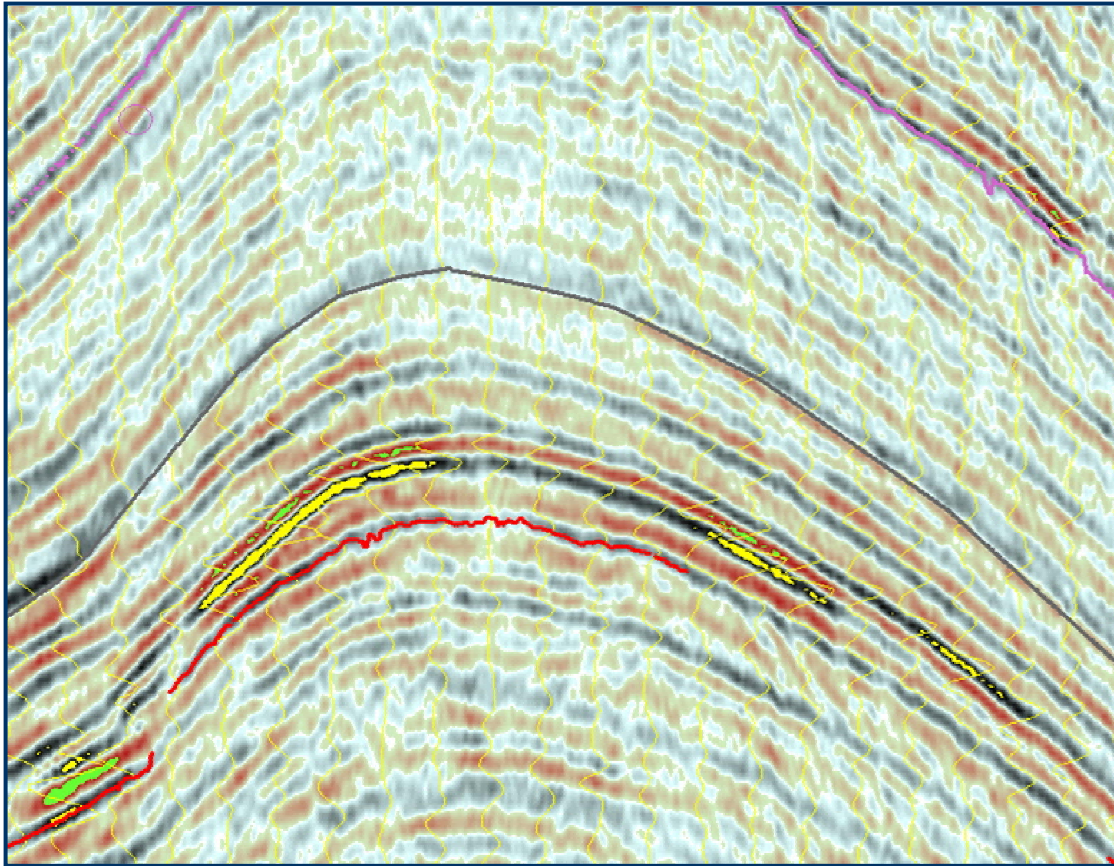
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Geophysical Service  
Incorporated

# Seismic Example

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Geophysical Service  
Incorporated

# Play Types

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- Frontal folds
- Tilted fault blocks
- Sub-thrust closures
- Stratigraphic traps

Source rock: Upper Jurassic to Aptian marine black shales proven in DSDP wells on the Falkland Plateau to the east, and proven in exploration wells in the Malvinas basin to the west

Independent play types in respect to reservoir (Tertiary & Cretaceous), seal, structure and hydrocarbon migration pathways

None of these play types have been tested in the South Falkland Basin

## Leads - Initial Observations

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- Numerous structures and multiple play types – more than anticipated
- Large sizes – leads have mapped area of closure up to 140 sq km
- Vertical structural closure up to 3 km – allowing the possibility of stacked reservoirs
- Extensive evidence for gas hydrates throughout the acreage
- Many “amplitude anomalies” throughout acreage, some of which are associated with the simple folds. These may be indicative of hydrocarbons



# Scoping Economics

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Scoping Economics for a 600 mmbbl discovery in 1850 metres of water

Fiscal terms: 9% Royalty, Corporation Tax 25%

Oil Price (\$/bbl)	\$20	\$25	\$30
NPV <sub>10</sub> \$million	1,277	2,047	2,818

Source: Scott Pickford independent analysis (Borders & Southern's IPO prospectus)

# Ongoing Project Work

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- Structural modelling and restoration
- Gravity and magnetic modelling
- Thermal / geochemical modelling
- Lithology / fluid prediction
- Seismic facies mapping
- Regional palaeogeography and sediment transport mapping
- Prospect maturation – reserves calculation
- Risk analysis
- Economic analysis

# Future Activity

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- Complete technical evaluation and generate a ranked prospect Inventory
- Define 10 top ranked prospects
- Increase awareness of the South Falkland Basin to the industry
- Options: negotiate 3D seismic contract or farmout acreage during 2006
- Target drilling programme for 2007

# Summary

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- The South Falkland Basin is an excellent first project for the Company
- The new seismic data has shown that the “sweet spot” of well imaged, simple folds is located within Borders & Southern’s acreage
- Operations have gone well, prospectivity is looking very good
- Future operations may include more seismic before drilling – partners will be brought in at the appropriate time
- We will build the portfolio over the next few years with projects similar to the South Falkland Basin

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