

Darwin Discovery, Falkland Islands

Investor Presentation



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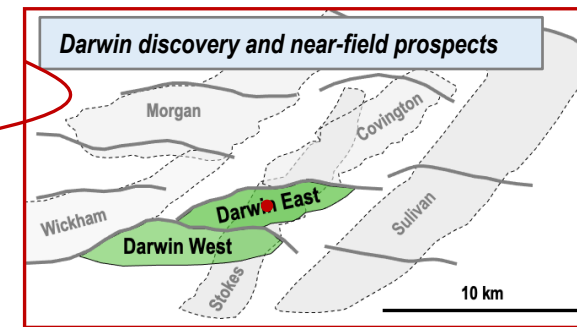
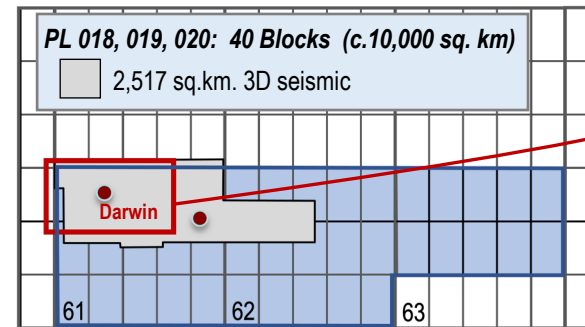
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Darwin's Appraisal & Phased Development

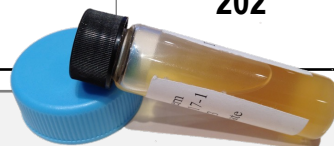


- Borders & Southern is a successful explorer – it has a 100% interest in a large gas condensate discovery in the Falkland Islands
- The discovery has excellent sub-surface definition
- The Company has designed, and had validated, a new phased development concept that requires relatively low capex and offers accelerated payback

Darwin – A Large, Liquids-rich, Gas Condensate Discovery

Estimated Wet Gas Initially In-place (Bscf)*			
	Low	Best	High
Darwin East	659	1,096	1,759
Darwin West	1,361	2,110	3,160

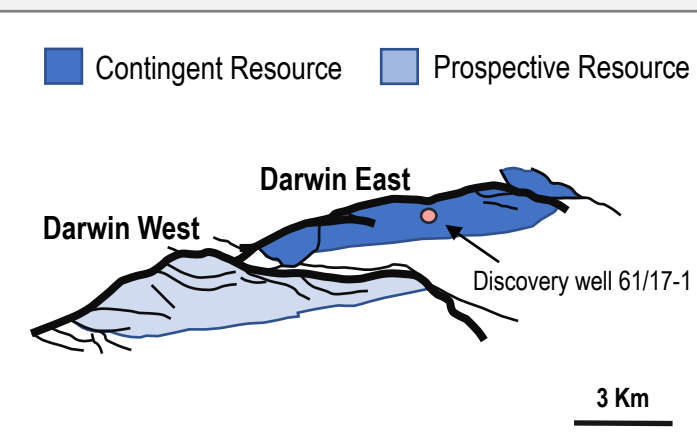
Best Estimate Gross Contingent & Prospective Resource*		
	Condensate (MMSTB)	Condensate & LPG (MMBBL)
Darwin East (Contingent (2C))	115	170
Darwin West (Prospective)	202	292



* Independent un-risked assessment

Darwin comprises two adjacent tilted fault blocks, Darwin East and Darwin West

An independent un-risked best estimate of wet gas initially in-place for the combined area is **3.2 TCF** and for gross Contingent and Prospective Resource **462 million barrels** of liquids (condensate & LPGs)

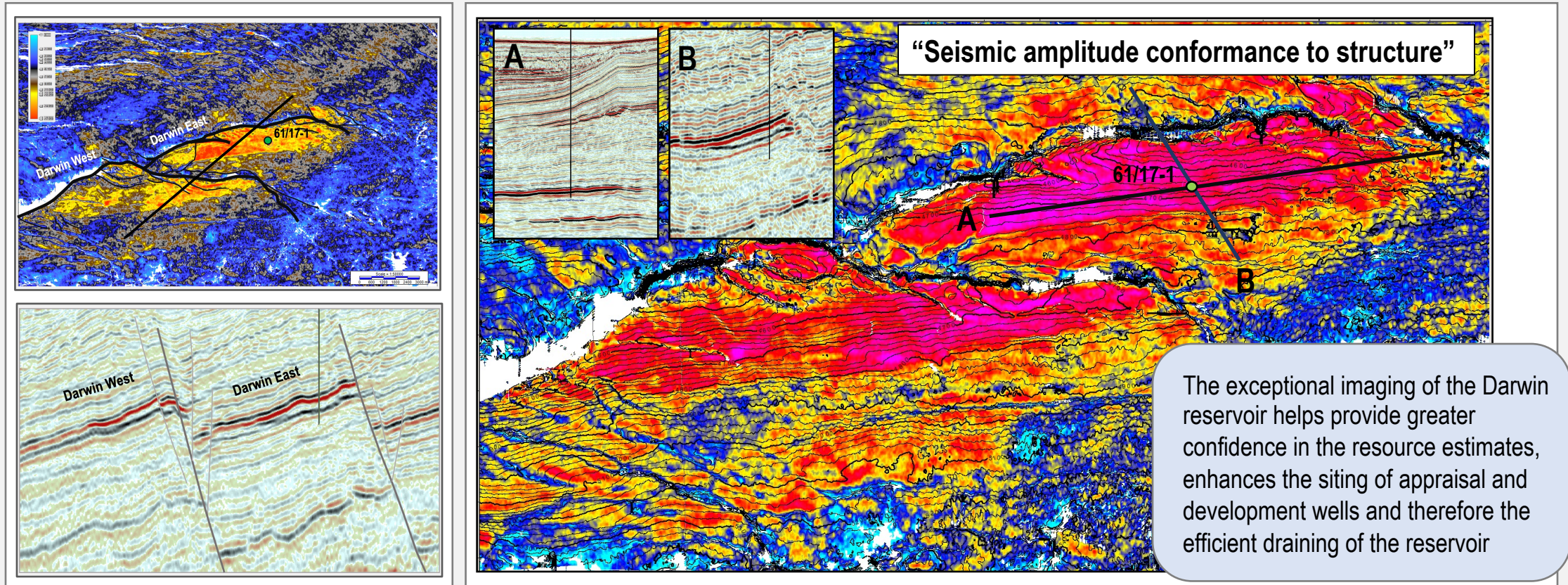


Condensate is a mixture of light hydrocarbons, similar to a very light (high API) crude oil, that exist in the gaseous phase at the original temperature and pressure conditions of the reservoir, but when produced, condense out in the liquid phase at surface temperature and pressure conditions.

Darwin Condensate: 46-49° API

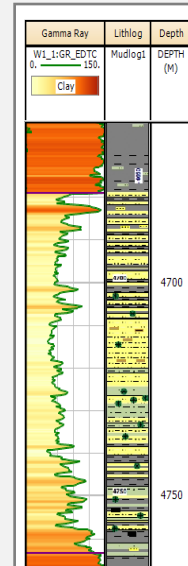
CGR (from samples): 123-140 stb/MMscf

Darwin – Exceptionally Imaged on 3D Seismic

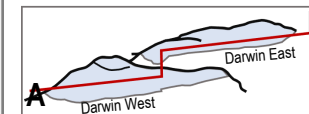


Darwin - High Quality Reservoir

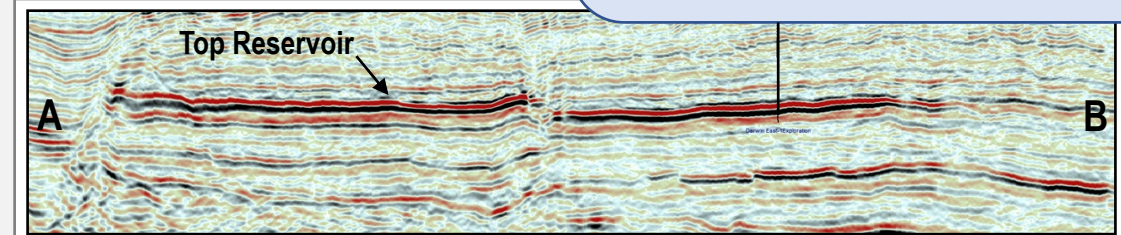
- Early Cretaceous (Aptian) shallow marine, quartz rich, sandstone reservoir
- Seismic data indicates that the reservoir interval forms an elongate unit trending parallel with the mapped Aptian shelf break, located to the east of the well location
- The reservoir is interpreted to represent laterally continuous, shallow marine shelf sand sheets and bars, with easterly progradation
- A positive AVO response, clear flat spots and amplitude conformance to structure help define the extent of the hydrocarbons within the reservoir



- Average porosity 22% (up to 30%)
- Average permeability 337 mD (up to 1 D)
- Net pay 67.8 m



A high-quality reservoir reduces the number of appraisal and development wells required to recover the hydrocarbons, which in turn impacts the development capital required

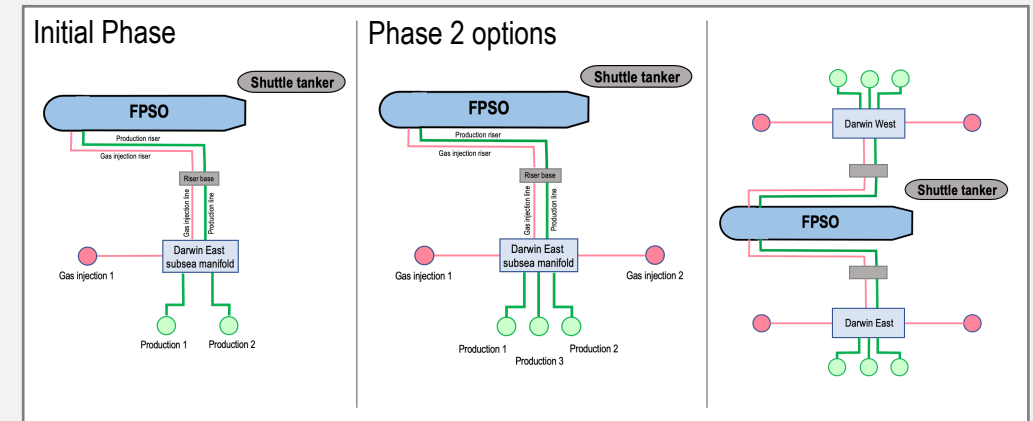
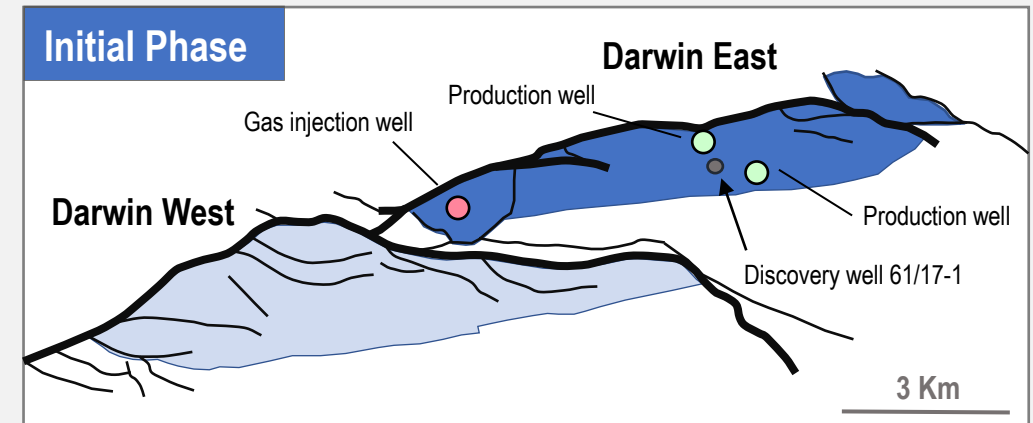


Darwin - Appraisal & Phased Development Scheme

- Numerous appraisal and development schemes have been considered, including a 10 well, 90,000 bbl/d, full field development, previously costed at approximately \$1.8 billion
- However, a new phased development concept has been designed, comprising 2 production wells and 1 gas injector, that could deliver initial production in excess of 26,000 b/d from Darwin East
- Project expansion could increase production towards 40,000 - 70,000 bbl/d by additional wells on Darwin East and the full development of Darwin West

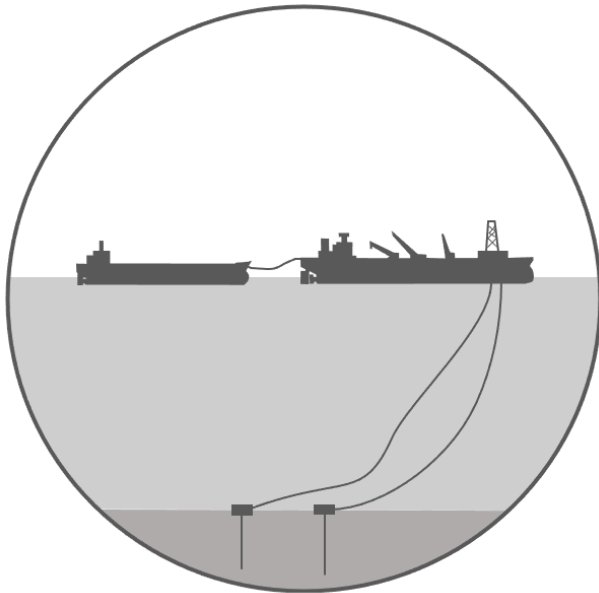
Benefits of a phased development:

- Reduced initial capital investment requirement
- Reduced time to first production
- Accelerated payback
- Project expansion from free cash flow



Darwin Phased Development Validation

Conventional FPSO development



The development concept is typical of deep-water petroleum field developments

- A new independent engineering feasibility study has validated a phased development concept for Darwin and provided up to date cost estimates
- The study did not identify any major technical risks or showstoppers associated with the subsea and topsides processing equipment
- The proposed subsea components and topsides processing technologies would be all tried and tested industry standards
- A conventional FPSO (Floating Production, Storage and Offloading) development would see a moored vessel in 2000m of water
- Reservoir fluids would be produced via two subsea wells tied back through manifolds and risers. Condensate would be processed and stored on the FPSO before being offloaded to shuttle tankers for export
- Dry gas would be re-injected back into the producing reservoir via a third well.

Darwin – Initial Phase Costs & Payback

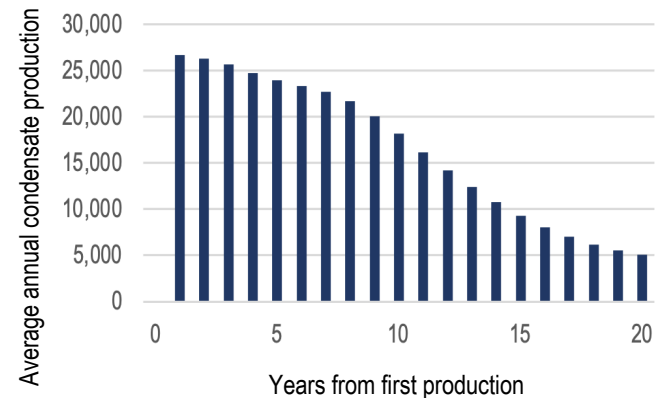
Initial phase CAPEX

Development CAPEX \$440 million
DRILLEX (3 wells) \$200 million

Assumptions:

- Leased FPSO
- Contingency not included
- Development CAPEX includes pre and post sanction costs, subsea engineering costs and supply bases
- Drilling expenditure is highly dependent on market rig rate when contract is negotiated and where equipment and services are mobilised from

Initial Phase Production Profile



For the purposes of planning, initial production is assumed to be 26,000 bpd, but the two production wells could deliver up to 30,000 bpd

Initial phase project payback is achieved:

<u>Years from first production*</u>	<u>Oil Price</u>
2	\$60/bbl
1	\$90/bbl

The short payback time allows project expansion from free cash flow

* Based on management scoping economics

Positive influences on project value:

- High quality, laterally continuous reservoir
- Low number of development wells required
- Fluid type – no challenging properties
- Conventional FPSO development
- Attractive fiscal terms: 9% Royalty 26% Corporation Tax

Strategic Considerations

- B&S have designed and had validated a phased development scheme that minimises initial capital expenditure and offers accelerated payback, allowing project expansion from free cash flow.
- The appraisal and development wells could be compressed into one drilling campaign
 - the first well would be cored and flow tested
 - if flow rates confirm our reservoir modelling predictions, the well could be saved as a producer
 - two additional wells could then be drilled, a second production well and a gas injection well
 - pre-FEED studies could be initiated as soon as the successful flow tested has been achieved
- The phased development scheme delivers maximum flexibility for capital allocation and growth
 - the 26,000 bpd initial development of Darwin East could be increased to 70,000 bpd by expansion to Darwin West
 - exploration drilling could be incorporated to increase the total discovered resource
 - B&S has a full prospect inventory that includes in excess of 1 billion barrels* of near-field prospects
 - constraints will occur from FPSO vessel(s) size selection

* Management estimate

Darwin's Appraisal & Phased Development

Experienced Team	Successful explorers – a discovery was made with the Company's first exploration well. Safe, competent operator.
Large Discovered Resource	Independently confirmed resource estimates - Best estimate wet gas in place is 3.2 TCF. Best estimate Gross Contingent and Prospective Resource of Darwin East & West is 462 million barrels of liquids.
Validated Phased Development Concept	A new independent engineering feasibility study has validated a phased development concept. No major technical showstoppers associated with the subsea and topsides have been identified.
Strong Project Economics	Attractive fiscal terms and a high-quality reservoir help deliver strong scoping economics and allow fast payback and project expansion from free cash flow. Stable fiscal and regulatory regime.
Significant Upside Potential	A large prospect inventory - in excess of 7 billion barrels un-risked estimated resource (Management estimates), including over 1 billion barrels associated with near-field targets (many with seismic amplitude support).
Enhanced Global Energy Dynamics	The industry appears to have entered a new phase as energy security receives increased attention. This has led to a period of elevated oil & gas prices.

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