



borders&**southern**
petroleum plc

AGM
Institute of Directors – Pall Mall
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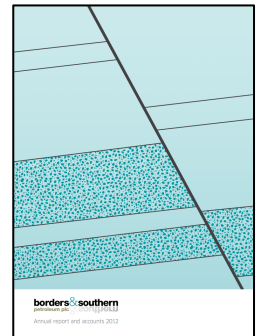
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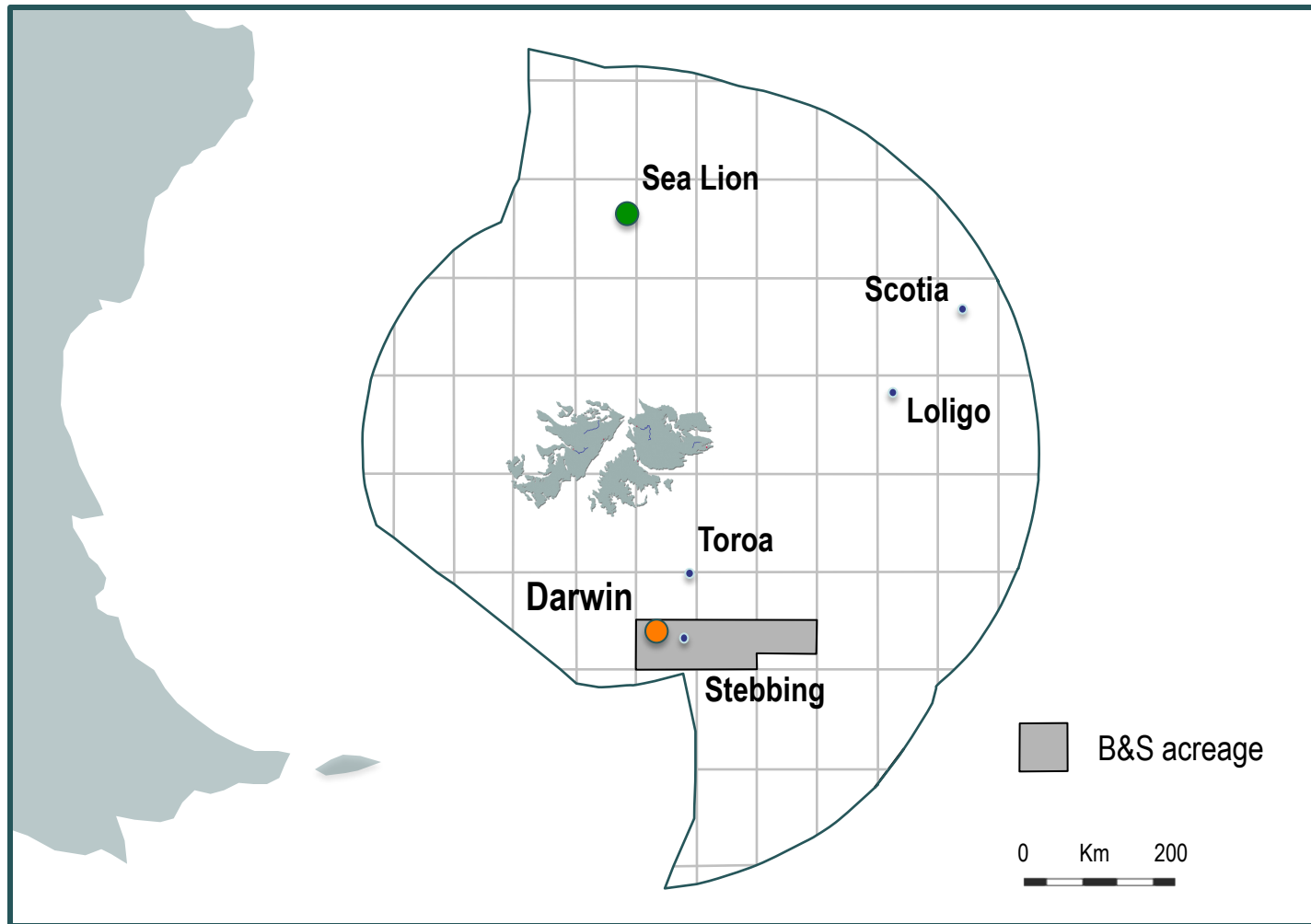
Financial Summary

as at 31 December 2012:

	2012 \$	2011 \$
• Profit (Loss)	(1,280,504)	(1,740,901)
• Cash Balance (including restricted use cash)	56,435,057	176,724,199



Falkland Islands

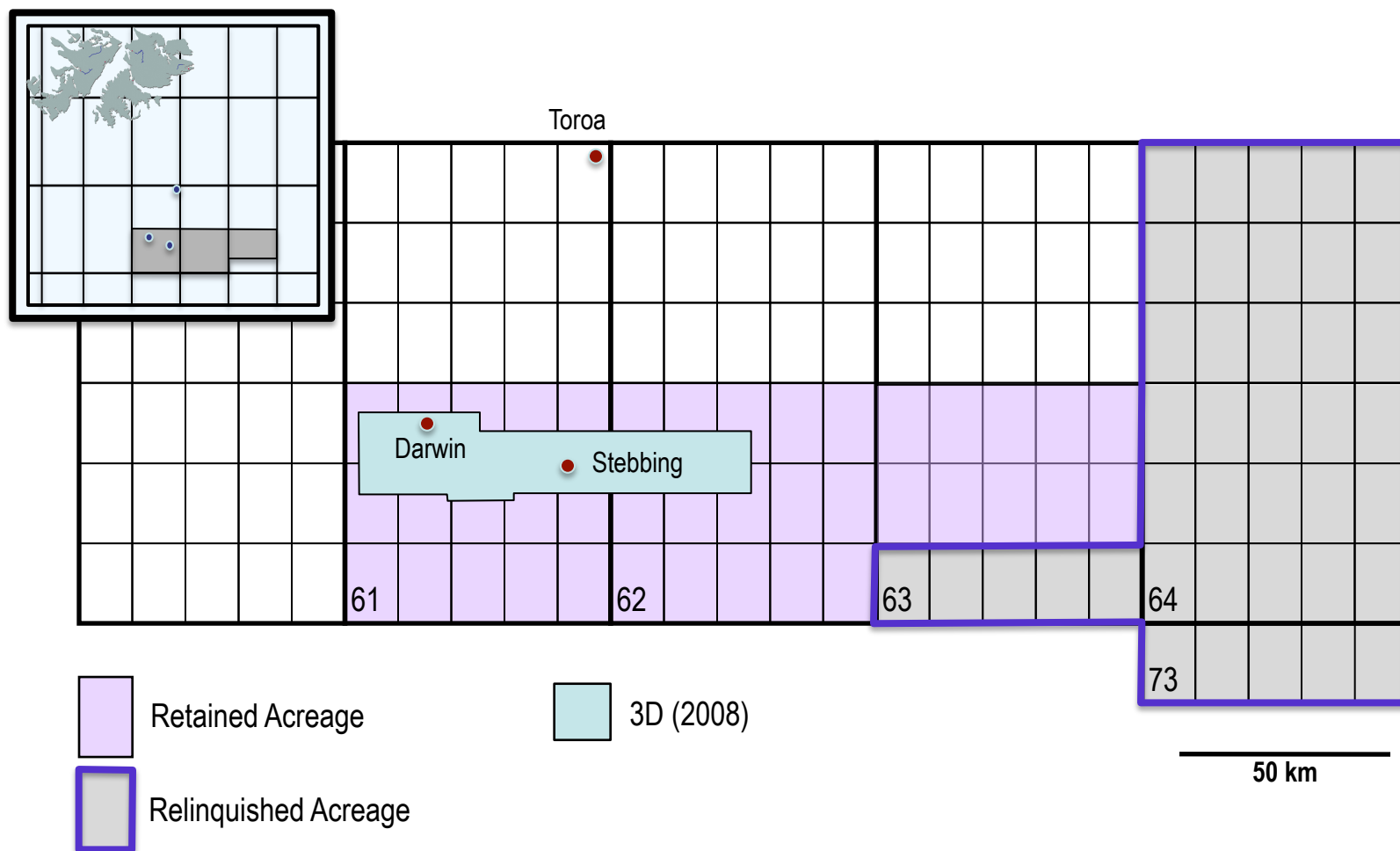


Falkland Islands Production Licences

Licences: PL018, 019, 020

- B&S interest: 100% and operator
- Defined a “Discovery Area” within PL018
- First Exploration Phase: 8 years from 1 November 2004
 - Work commitment: 2,500 km 2D seismic; 750 sq.km. 3D seismic; 1 well
 - Work completed: 2,862 km 2D seismic; 1,492 sq.km. 3D seismic; 2 wells
- Second Exploration Phase: 5 years from 1 November 2012 (potentially extendable)
 - 50% acreage relinquishment at end of first phase – no impact on prospect inventory
 - Post relinquishment B&S hold 40 blocks, nearly 10,000 sq.km.
 - Work programme commitment: 1 well
- Recent Work Programme: acquisition of 1,025 sq.km. 3D seismic

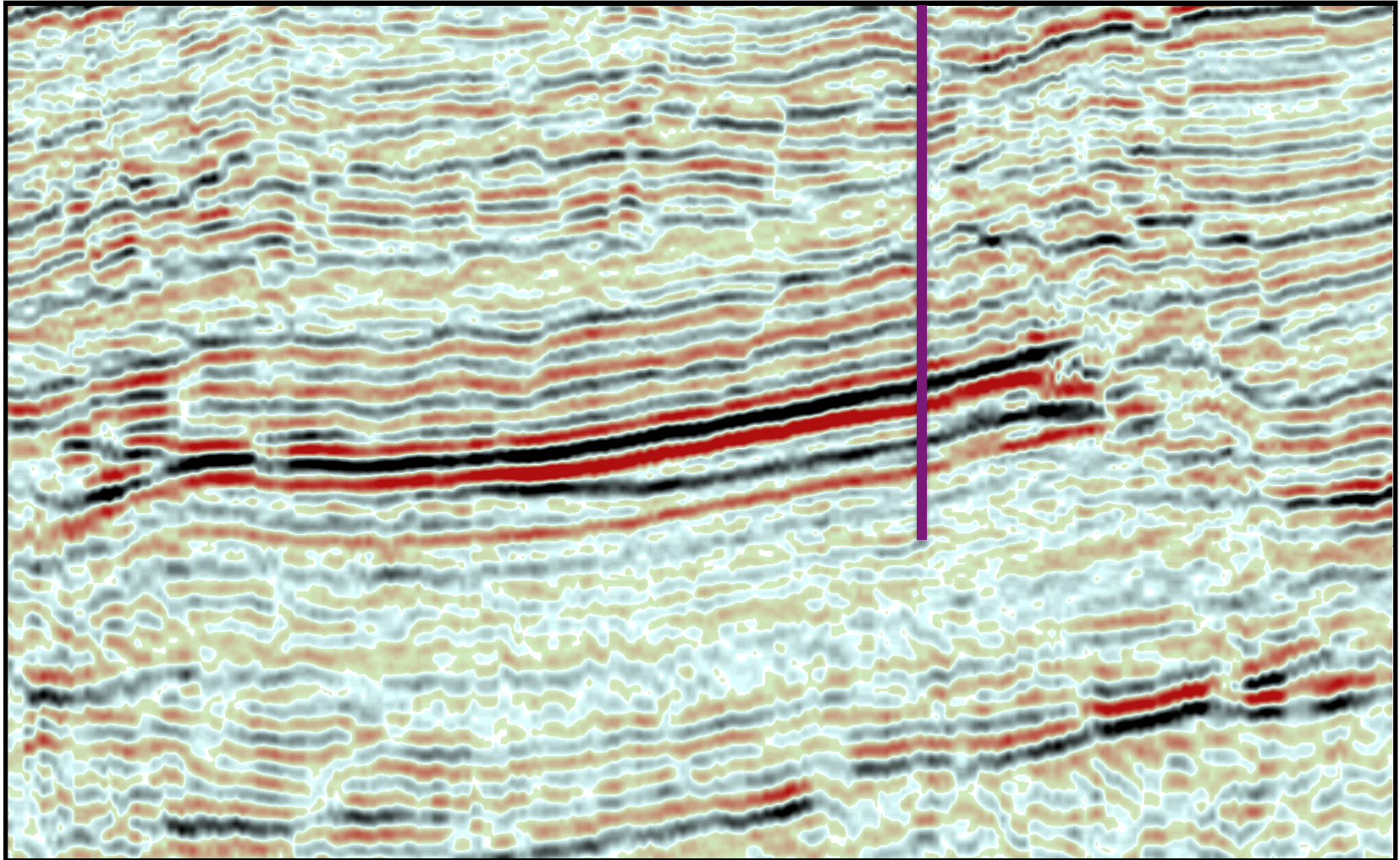
Relinquishment



Darwin Discovery

- Located approximately 150 km south of the Falkland Islands
- Water depth: 2km
- Hydrocarbon Phase: Gas Condensate
- Condensate API: 46⁰ to 49⁰
- Current view of estimated recoverable resource: 200 million barrels
- Potential for growth

Darwin Discovery Well – 61/17-1



Darwin Discovery

Confidence in the quality of our discovery continues to increase:

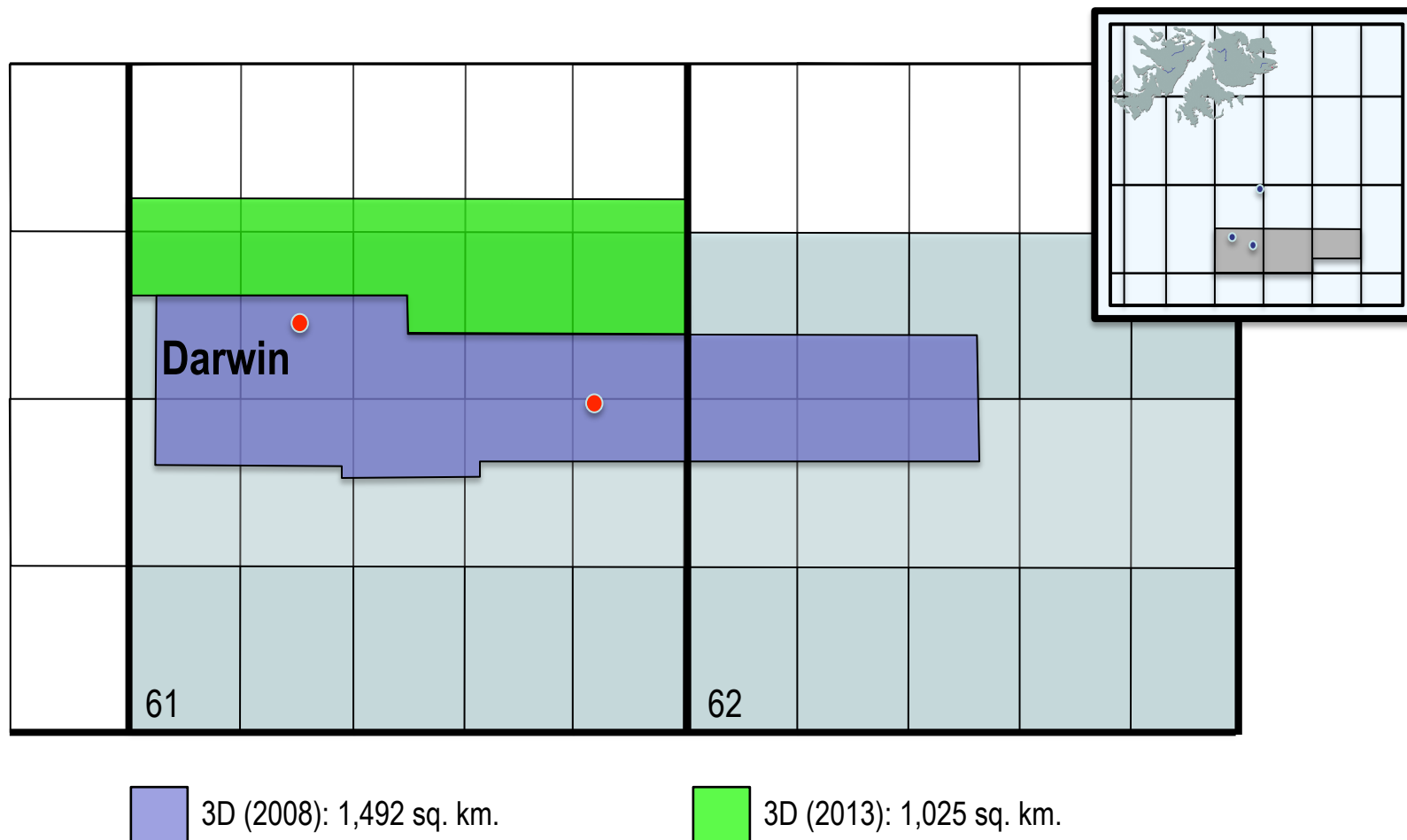
Reservoir:	high quality – anticipate high flow rates
Hydrocarbon product:	high value – close to Brent crude
Size of accumulation:	optimum scale
Appraisal:	simple programme required to confirm commerciality
Development concept:	use of current technology
Fiscal terms:	high value barrels

PGS Ramform Challenger

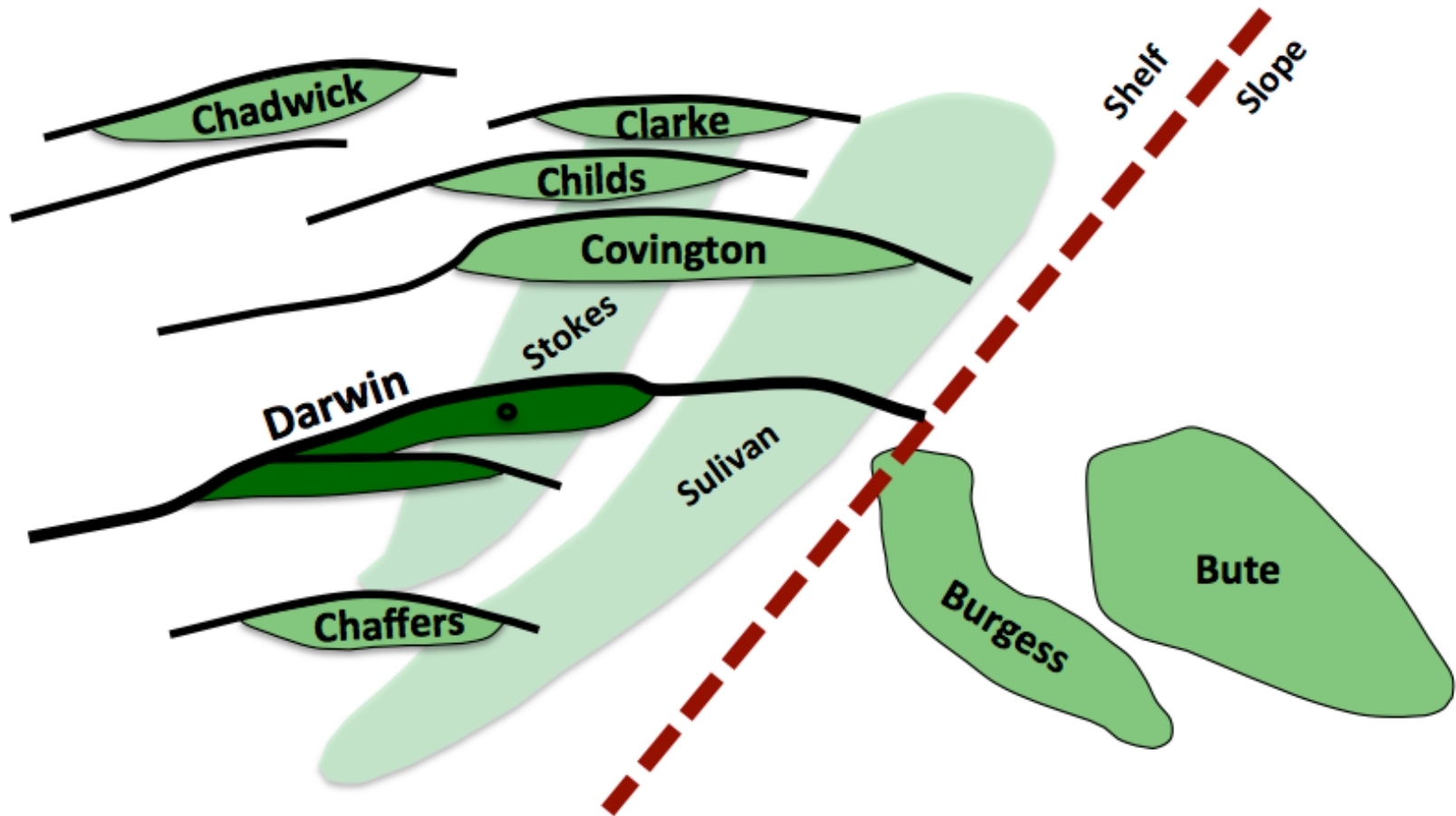
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3D Coverage – 2,517 sq. km.



Early Cretaceous Prospects



Current assessment of Prospect Inventory

- Contains numerous low to moderate risk Early Cretaceous prospects – structural and stratigraphic plays
- Contains numerous moderate to high risk Late Cretaceous / Tertiary prospects
- The merged reprocessed and new 3D seismic surveys will be used to remap, reassess, rank and prepare prospects for drilling

Current Activity

- Farmout
- Rig search – market enquiry planned for Q3
- Well planning – engineering and logistics already underway
- Fast track 3D

Future Activity

- Final 3D product
 - Reprocessed legacy data
 - Remapping, prospect reevaluation and ranking
 - Darwin resource estimate revision
 - Confirmation of targets and location of next wells
 - Procurement of long lead items
 - Detailed well planning
-
- Current target for next drilling campaign: late 2014 / 2015

Conclusion

- Strong confidence in the Darwin discovery and surrounding acreage
- Current most likely resource estimate is 200 million barrels recoverable,
- But potential for resource growth
- The Company is focused on preparing for the next drilling campaign in late 2014
- We have a clearly defined path to achieve that target