

# AGM Presentation

Falkland  
Oil and Gas Limited



22 May 2012

# Outline

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- 2011: Preparation for drilling
- Licences
- Implications of Darwin East well
- Drilling programme
- Safety & the Environment
- Funding and farmout option
- Summary

## 2011: Preparation for drilling

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- Contracted Leiv Eiriksson for 2 firm wells
- 5 site surveys acquired: Inflexible, Vinson, Scotia, Hero & Loligo
- Infill 2D seismic over Scotia & Hero
- Established drilling management team
- Contracted AGR well management
- Initiated farmout process
- Submission of EIA and other regulatory documents

# Licences

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## Southern Area Licences

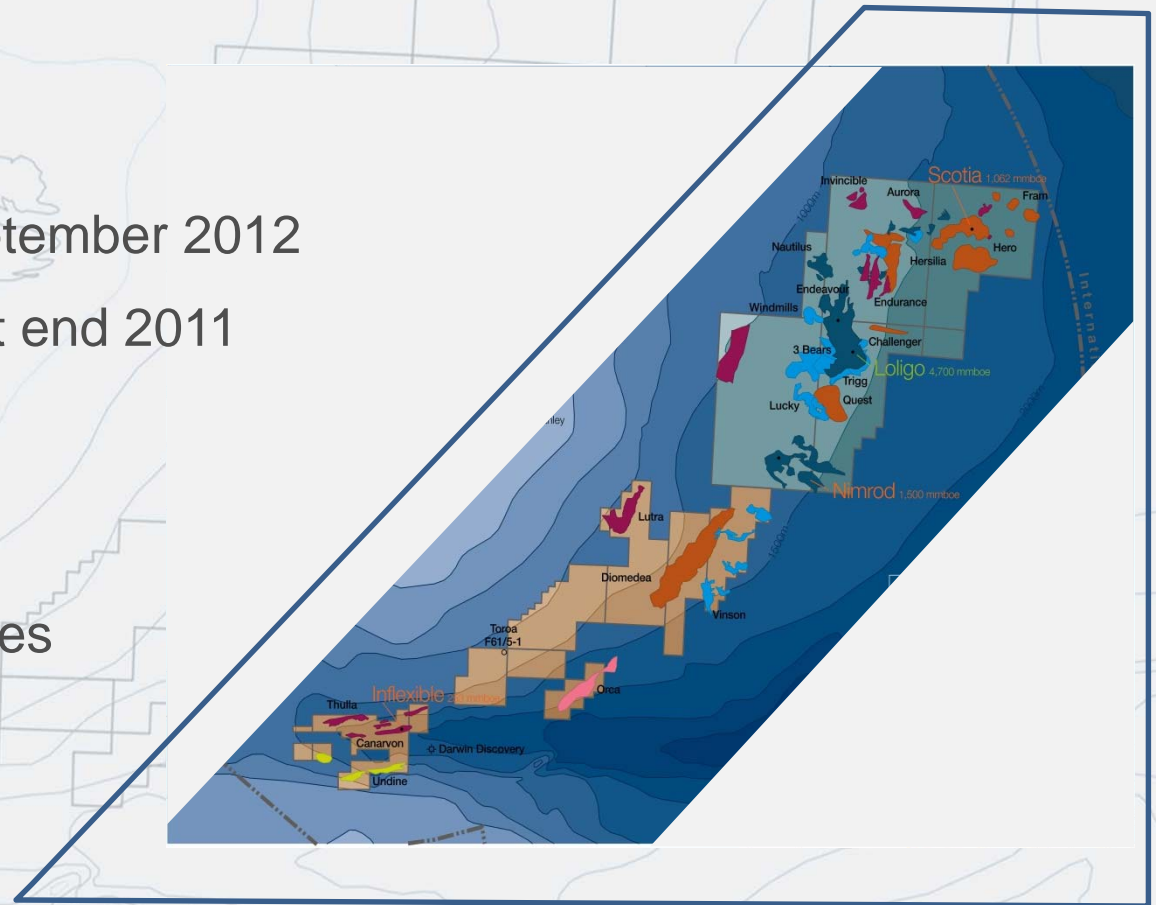
- Expire December 2015

## Northern Area Licences

- Extension granted to 30 September 2012
- 25% relinquishment made at end 2011
- Expire December 2016

## BHP Billiton

- Complete exit from all licences
- No option to re-enter
- FOGIL have received \$40 million in settlement

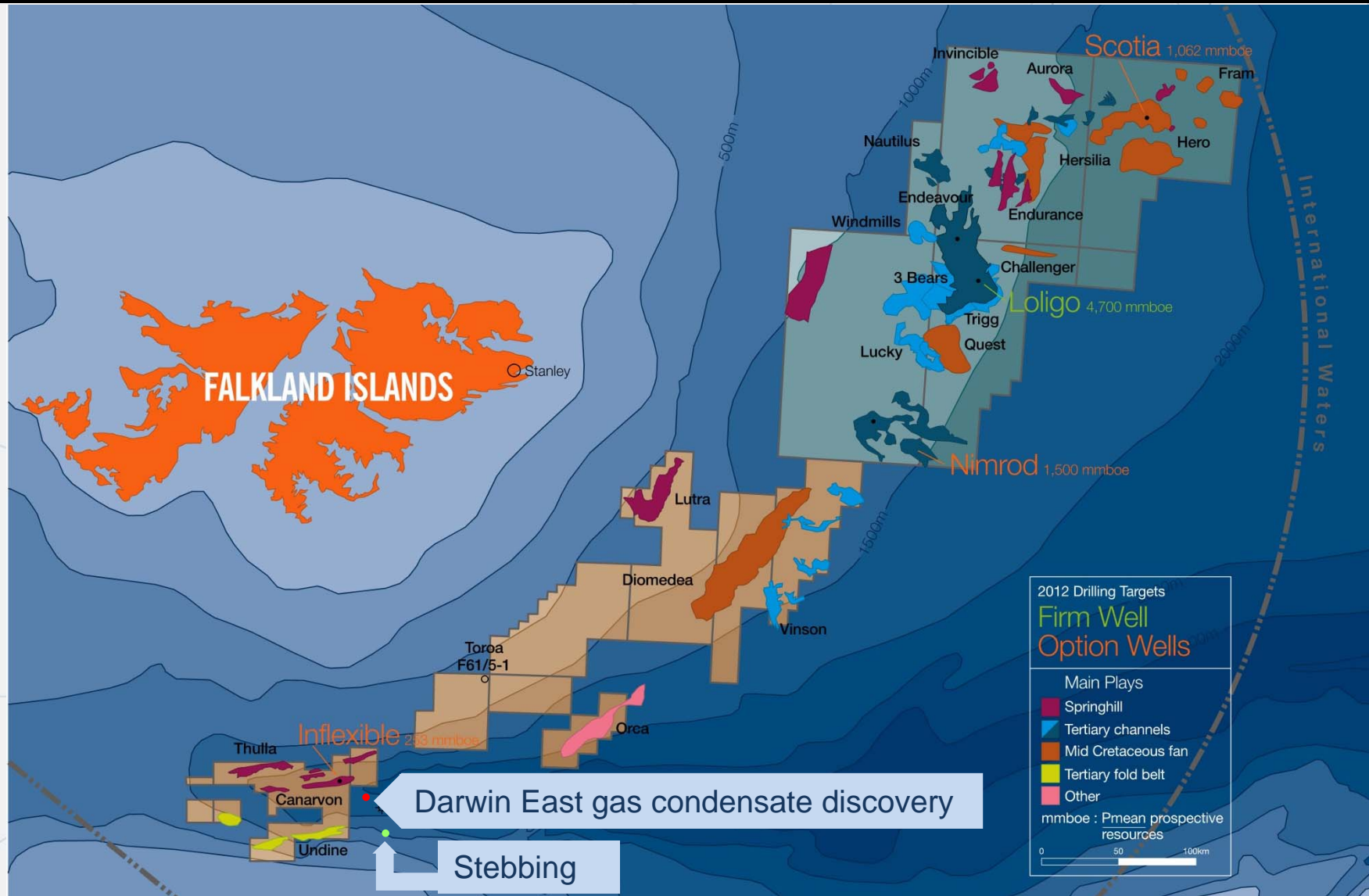


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# Implications of Darwin East well

# Location Map



# Darwin East well results

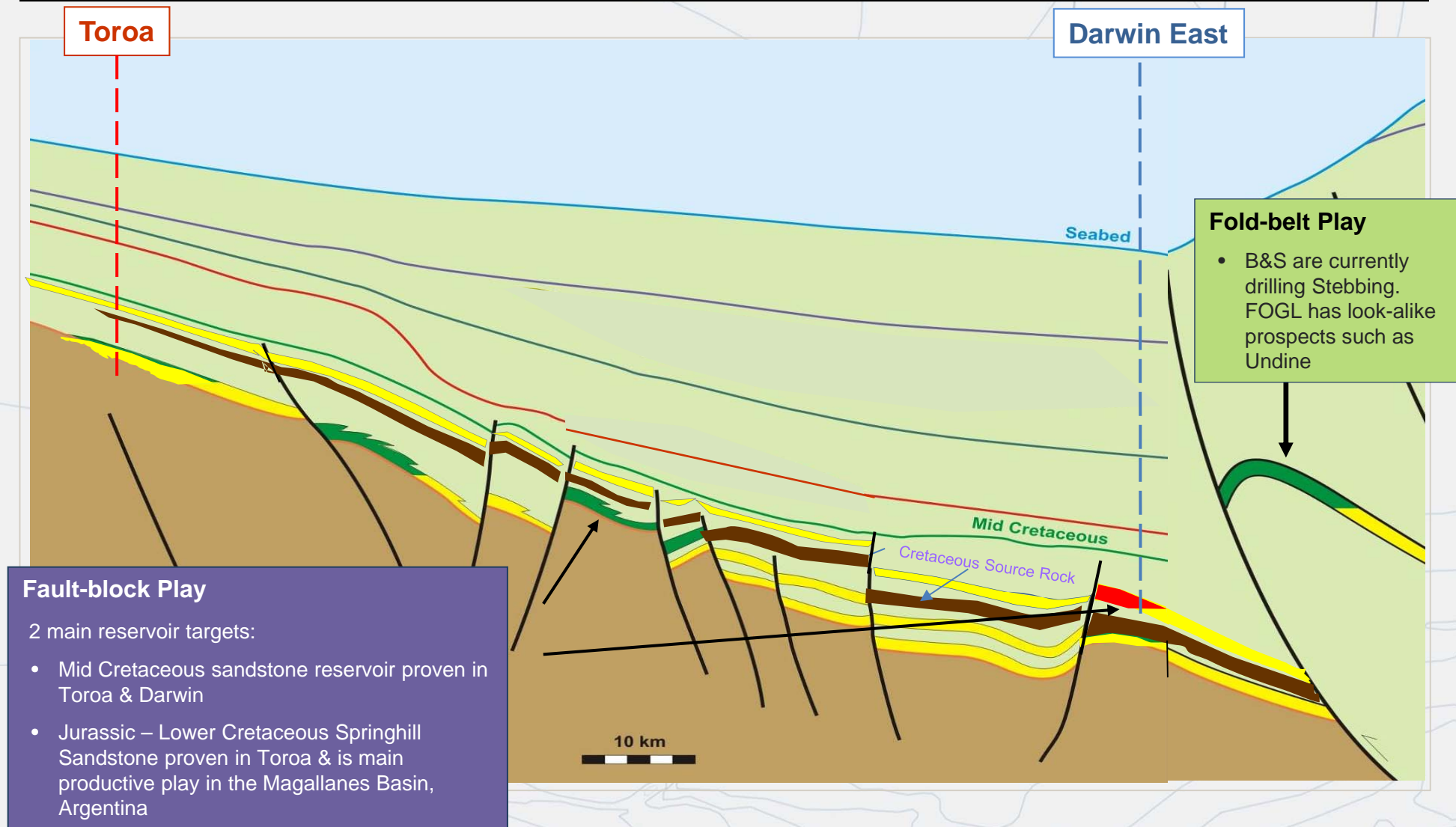
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**On 23 April 2012 Borders & Southern announced:**

- “Significant gas-condensate discovery”
- Total depth: 4876 metres, (Water depth: c.2000m)
- Strong AVO anomaly represented a porous sandstone reservoir containing hydrocarbons
- Hydrocarbon shows over 177m interval from 4633m to 4810m, within Mid Cretaceous
- Fluid samples from the reservoir have been recovered and will be brought back to the UK for analysis
- Main Mid Cretaceous reservoir comprised good quality massive sandstones, 84.5m thick, net pay of 67.8m, average porosity 22%, maximum of 30%
- 26 sq. km. trap – “likely to contain significant volumes”

**The well has successfully proven a working source rock, good quality reservoir and competent seals in the South Falkland Basin**

# Darwin East de-risks the 'Fault-block' Play





# Darwin East de-risks the Fault-block Play

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- De-risks FOGL's lookalike prospects
- Mature source rocks proven in the vicinity of Darwin
- Cretaceous reservoir sandstones now proven in 2 wells : Darwin & Toroa
- Good reservoir quality preserved at 4800m, similar depth to Scotia
- Darwin commerciality needs to be established.
- Potential condensate cycling project or LNG + condensate development, if more gas found in the basin
- FOGL has identified at least 6 Darwin 'look-a-likes' in our adjacent licence area
- The 'fault block' play is structurally complex and will require 3D seismic to mature drilling targets.
- FOGL will consider acquiring a 3D survey as part of its forward programme
- **The Darwin result does not however, impact FOGL's near term drilling plans. Loligo will be drilled next after the Stebbing well**

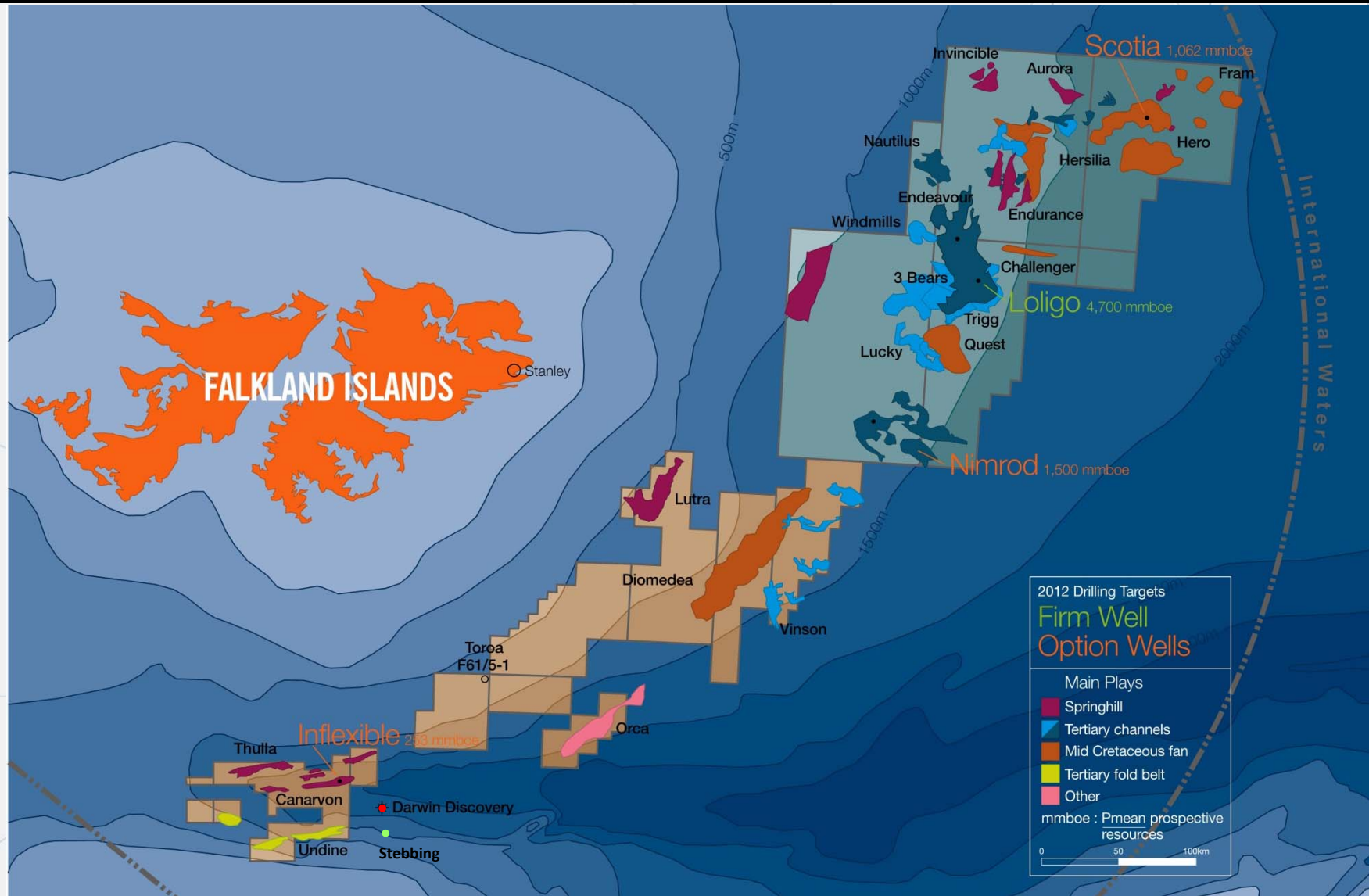
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The image shows a map of the Falkland Islands and surrounding waters. The islands are outlined in light blue. Overlaid on the map are several rectangular and stepped rectangular areas, also in light blue, representing drilling program zones. A large, roughly rectangular area covers the eastern part of the islands and extends into the water. Below this, a series of smaller, stepped rectangular areas follow the coastline of the main island. The text '2012 drilling programme' is centered in orange.

## 2012 drilling programme

# Location Map



# Drilling programme

- FOGL is planning a 2 well programme commencing in early July 2012
- First well on Loligo, identity of 2nd well dependent on results

## First well

Loligo  
4700 mmbbbls



Successful  
result

Disappointing  
result

Either

Or

## Second well options



2<sup>nd</sup> well on Loligo



Nimrod  
1500 mmbbbls

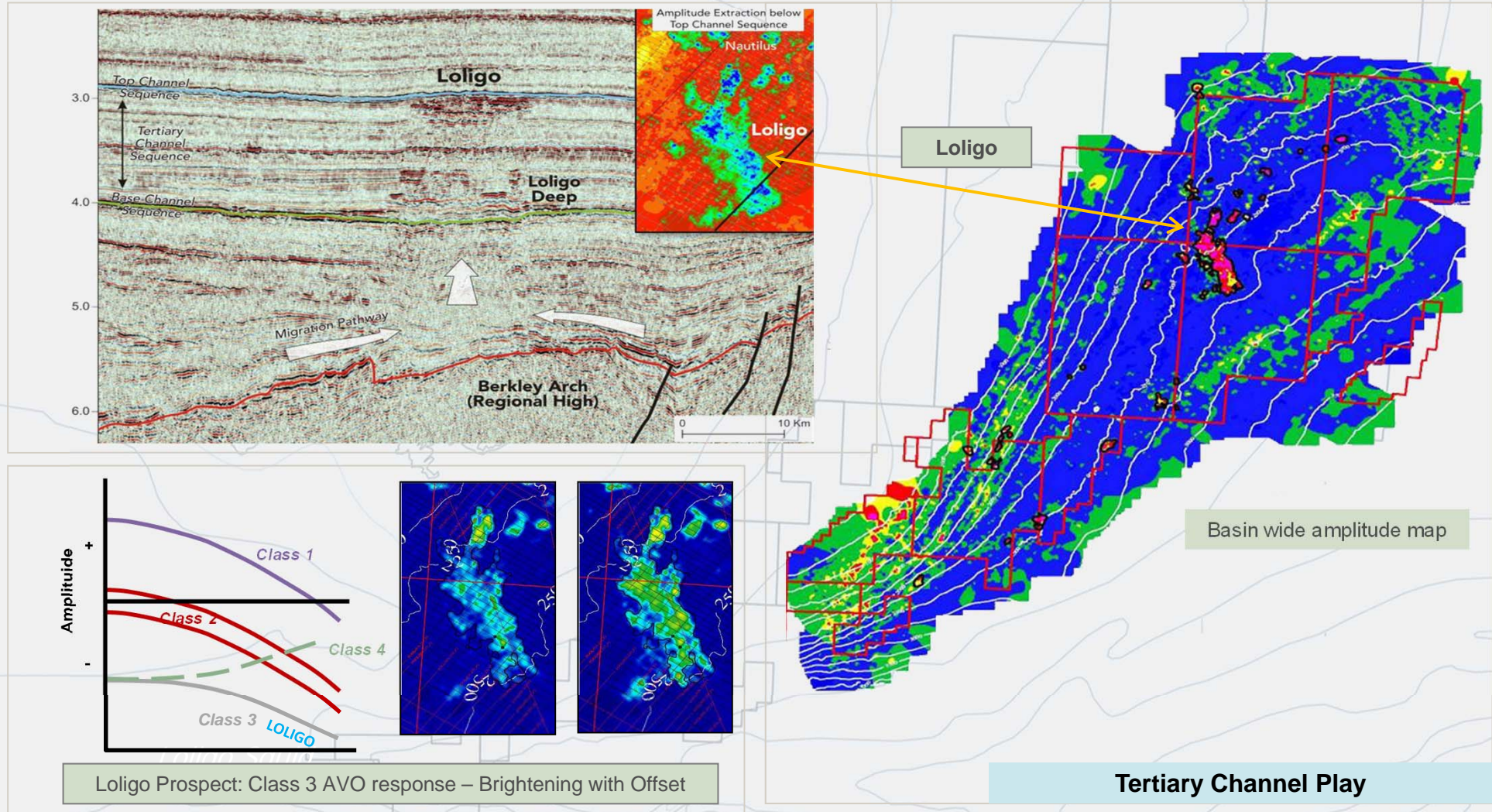


Scotia  
1062 mmbbbls



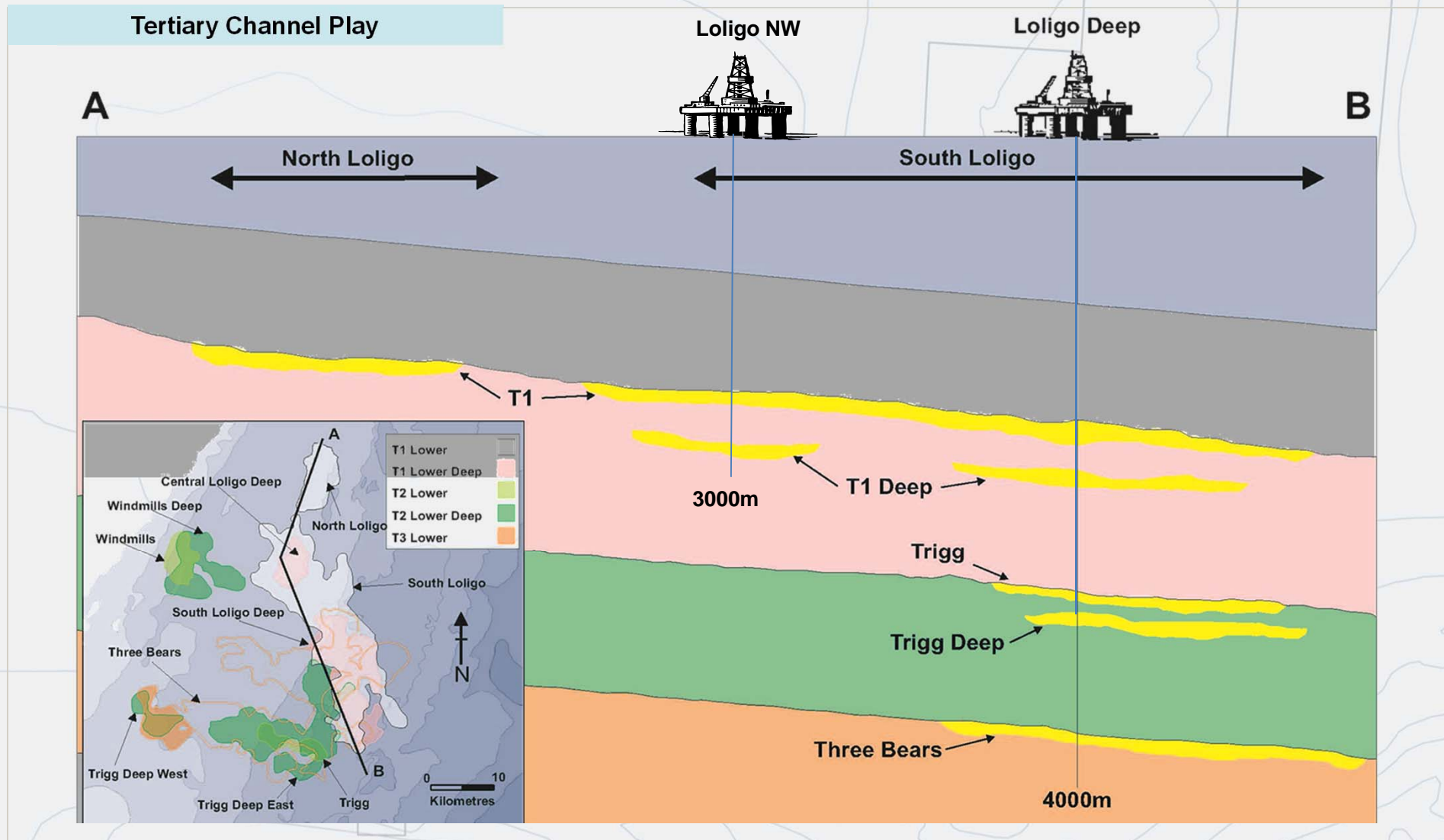
A third well remains a possibility, but this is subject to initial drilling results and rig availability

# Loligo – 4.7 billion boe resource potential

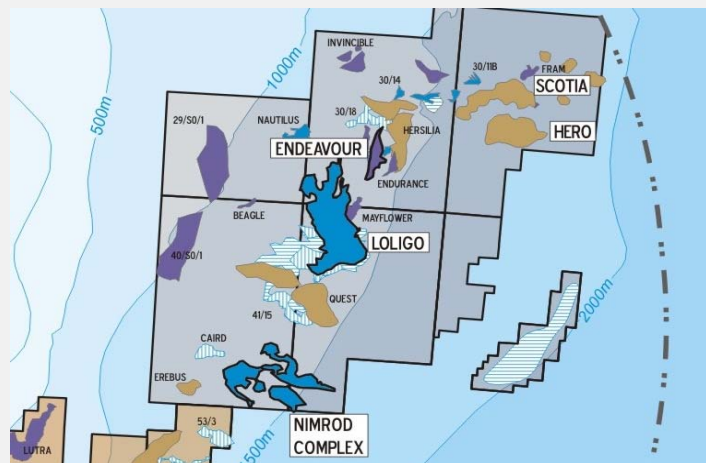


There are an additional 12 prospects/leads identified in this Tertiary play with an estimated resource potential of > 5 bnboe

# Loligo – 4.7 billion boe resource potential (cont.)

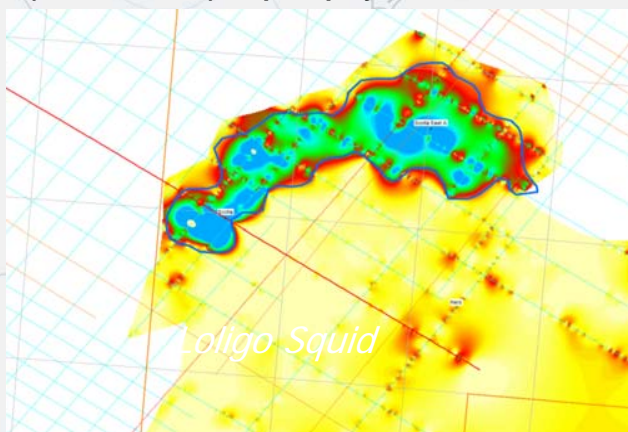


# Scotia – 1.1 billion bbl resource potential

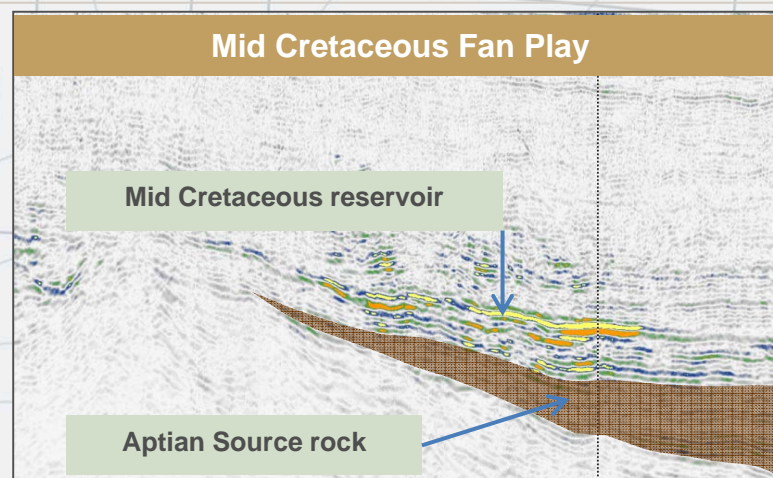


- Hersilia, Hero and Scotia are 3 large prospects in the Mid Cretaceous fan play and are part of the Hersilia fan complex
- Scotia has estimated mean prospective resources of 1.1 billion barrels (same play type as Jubilee, Ghana & Zaedyus, French Guiana )
- Strong seismic amplitude support (AVO class 2)
- Reservoir sits just above mature oil source rock

Fluid factor (AVO attribute) map display – massive standout on Scotia

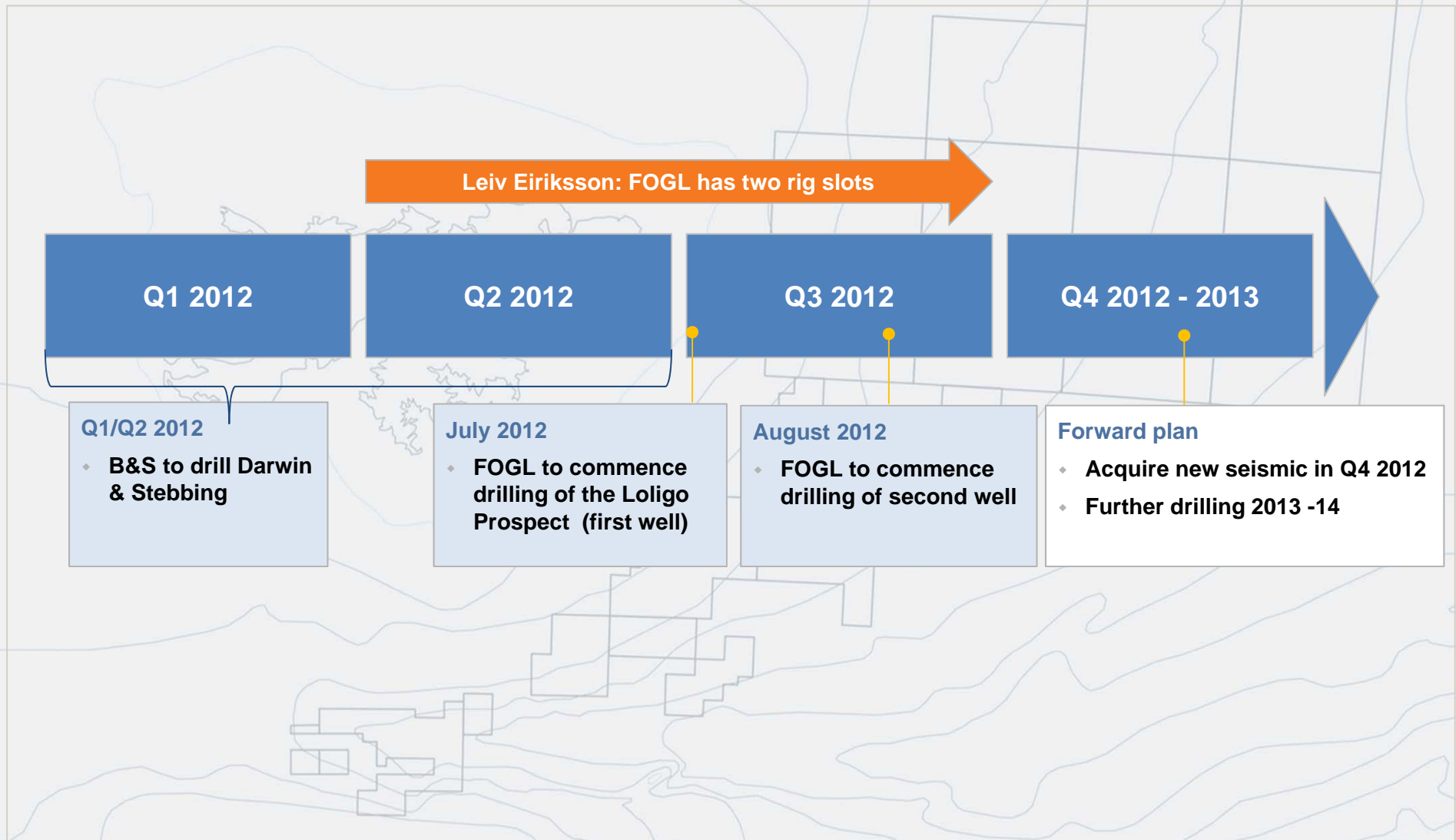


Mid Cretaceous Fan Play



There are an additional 7 prospects and leads identified in this play with an estimated resource potential of > 4 bnboe

# Expected timetable





# Safety & the environment

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- FOGIL is committed to high standards of health, safety, environmental and social performance
- An integral part of our business
- Prevent and minimise impacts to the environment
- Competent staff, preparedness & contingency planning
- Working under FIG regulations with oversight from DECC & UK HSE
- Environment Impact Statement is available on our website

# Funding & farmout option

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- Successful equity fund raising in January 2012
- FOGL has sufficient funds, plus a contingency of c.\$40 million, to drill a deep well on Loligo and a second well on Scotia

## Farmout Option

- Financial flexibility: c.\$95 million of additional cash
  - Additional drilling contingency
  - Possible 3<sup>rd</sup> well
  - 3D seismic
- Experienced industry partner, committed to drilling at least 3 wells
- FOGL retains a material interest in its licences, operatorship and control
- Independent third party verification of the technical case

# Summary

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- High impact frontier exploration with world class prospects
- Multi play exposure reducing exploration risk
- Darwin result de-risks fault-block play in Southern licence area
- Loligo success will also prove a concept with a large number of follow-on opportunities
- The results of 4 wells to be drilled during 2012 could open a new commercial petroleum province with multi-billion barrel potential