

AGM PRESENTATION

Wednesday May 24 2006

BUSINESS MODEL

1.CLEAR STRATEGY

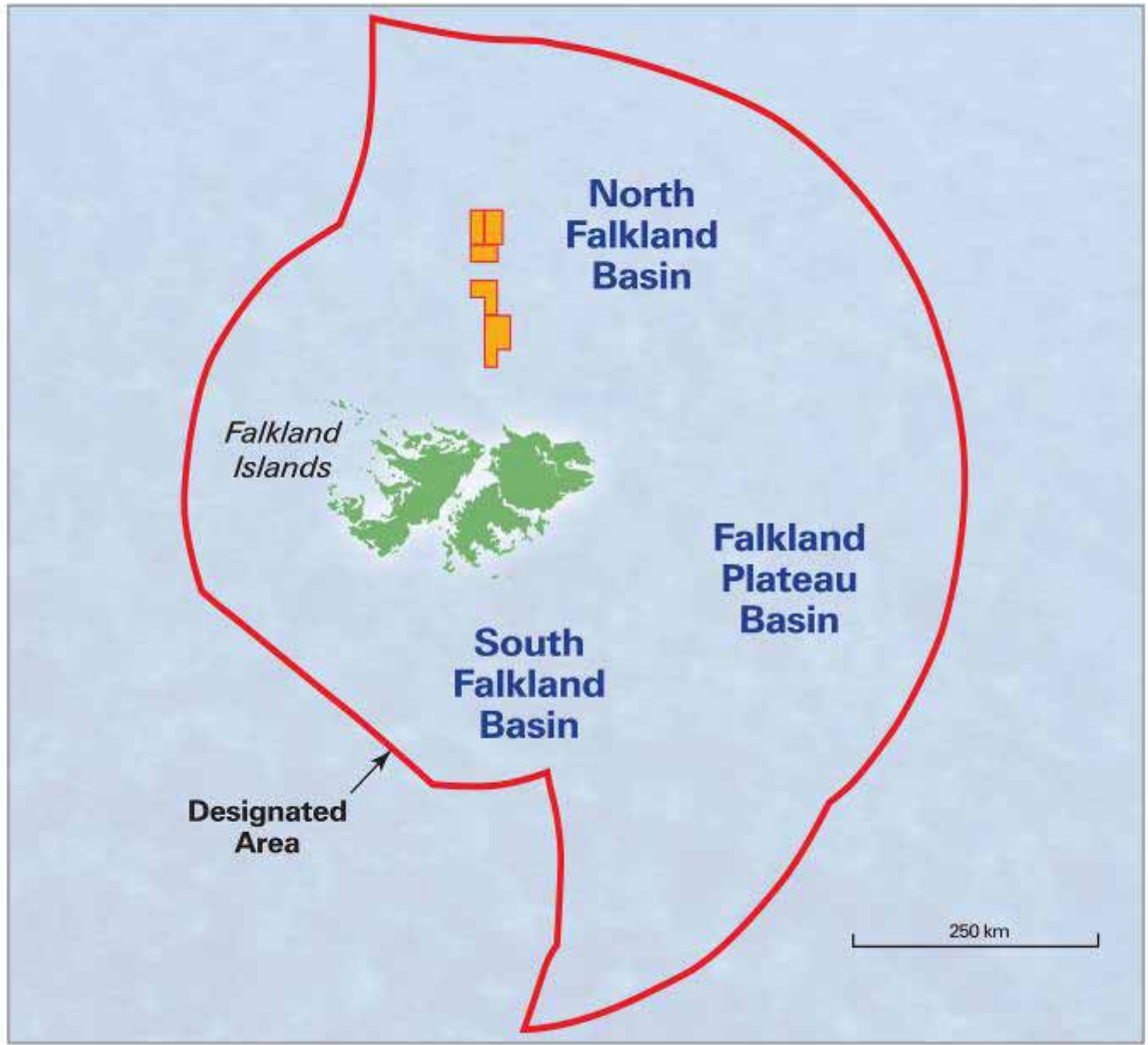
- Focussed – find commercial hydrocarbons in the North Falkland Basin
- Concentrate on what you know best- expertise and experience
- High risk-high reward “maximum bang for buck”
- Low overheads

2. PROFESSIONAL TEAM

- People- right knowledge, experience (over 100 years oil industry)
- Virtual company
- Outsource to high calibre, experienced contractors eg Peak , RPS, PGL
- Core competencies among directors; exploration, project management, accounting, legal, finance-all bases covered
- Strong local contacts- politically and commercially

3.GOOD ASSETS

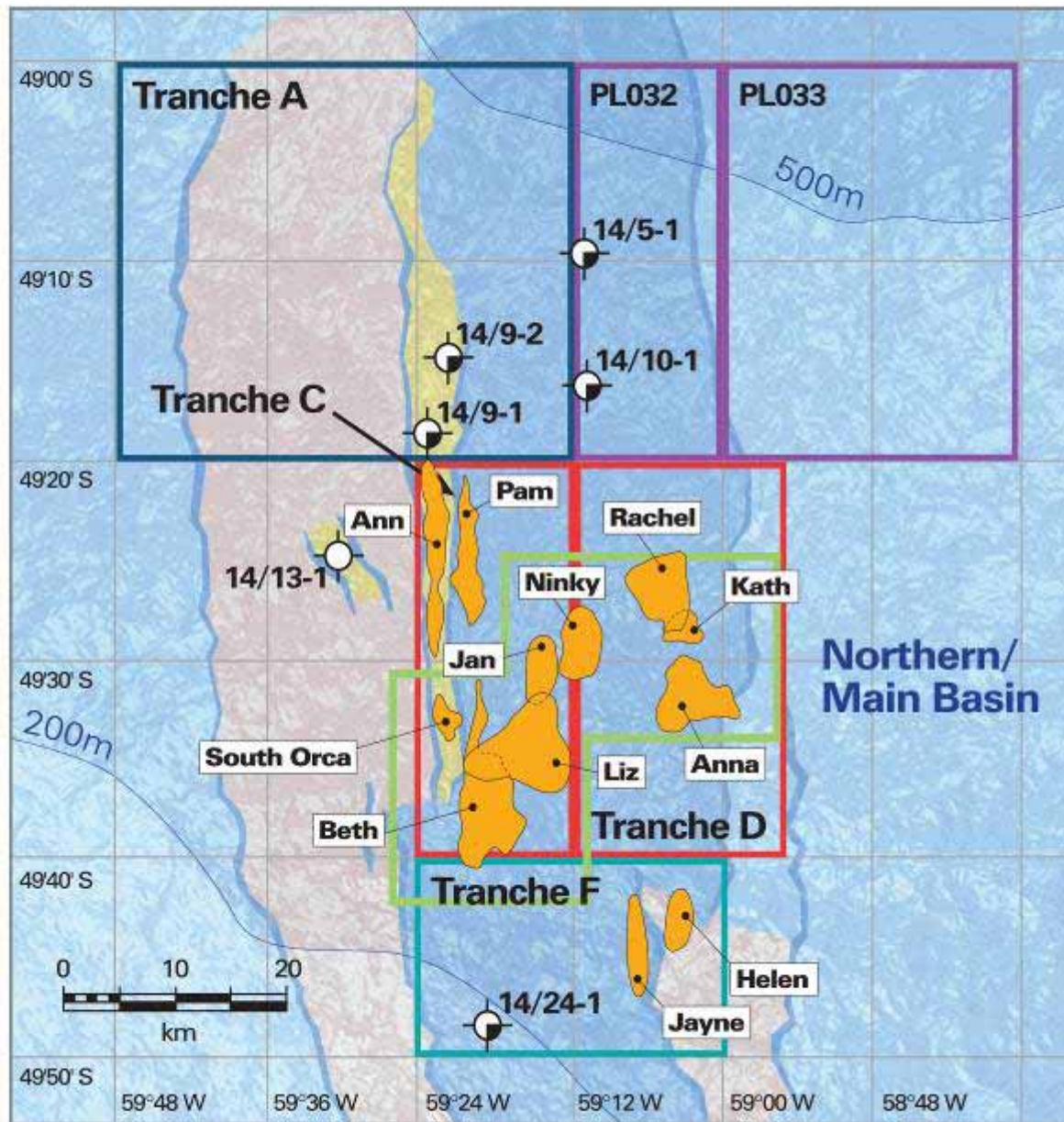
- Proven , mature ,world-class oil source rock
- Under-explored basin in unfashionable area
- Traps identified on 3D seismic
- Licences for 7 years
- Very good fiscal terms
- Shallow water and targets



**FALKLAND
BASINS**

 Desire
Licences

Desire
Petroleum plc



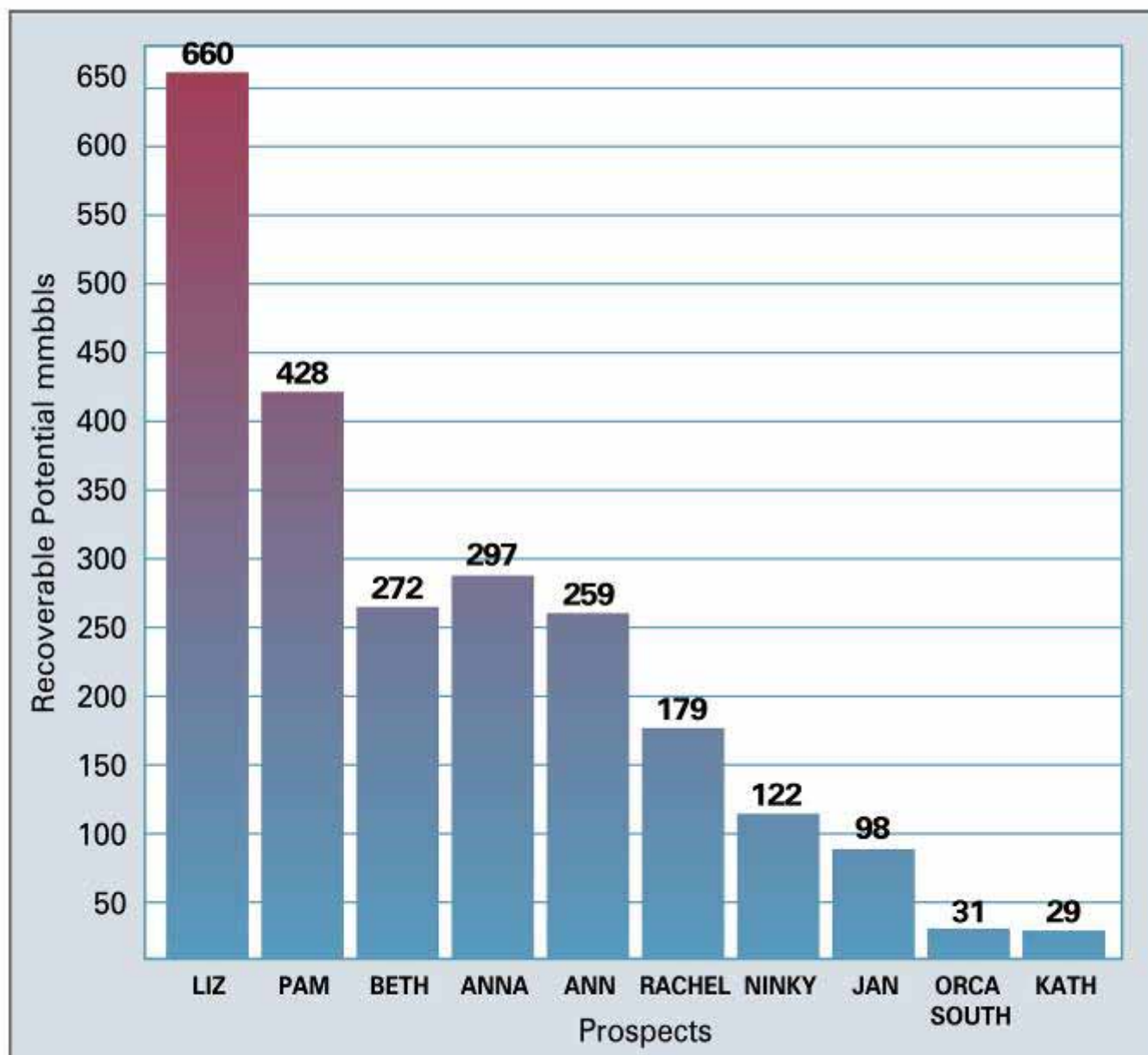
NORTH FALKLAND BASIN

Current Licensed Tranches and Prospects - Northern Area

- Tranches C & D
Desire 92.5%
Rockhopper 7.5%
- Tranches F, I & L
Desire 100%
- Argos
Evergreen 100%
- Rockhopper
100%
- 3D Seismic
Survey Area
- Prospects
- 100m Water Depth

NORTH FALKLAND BASIN

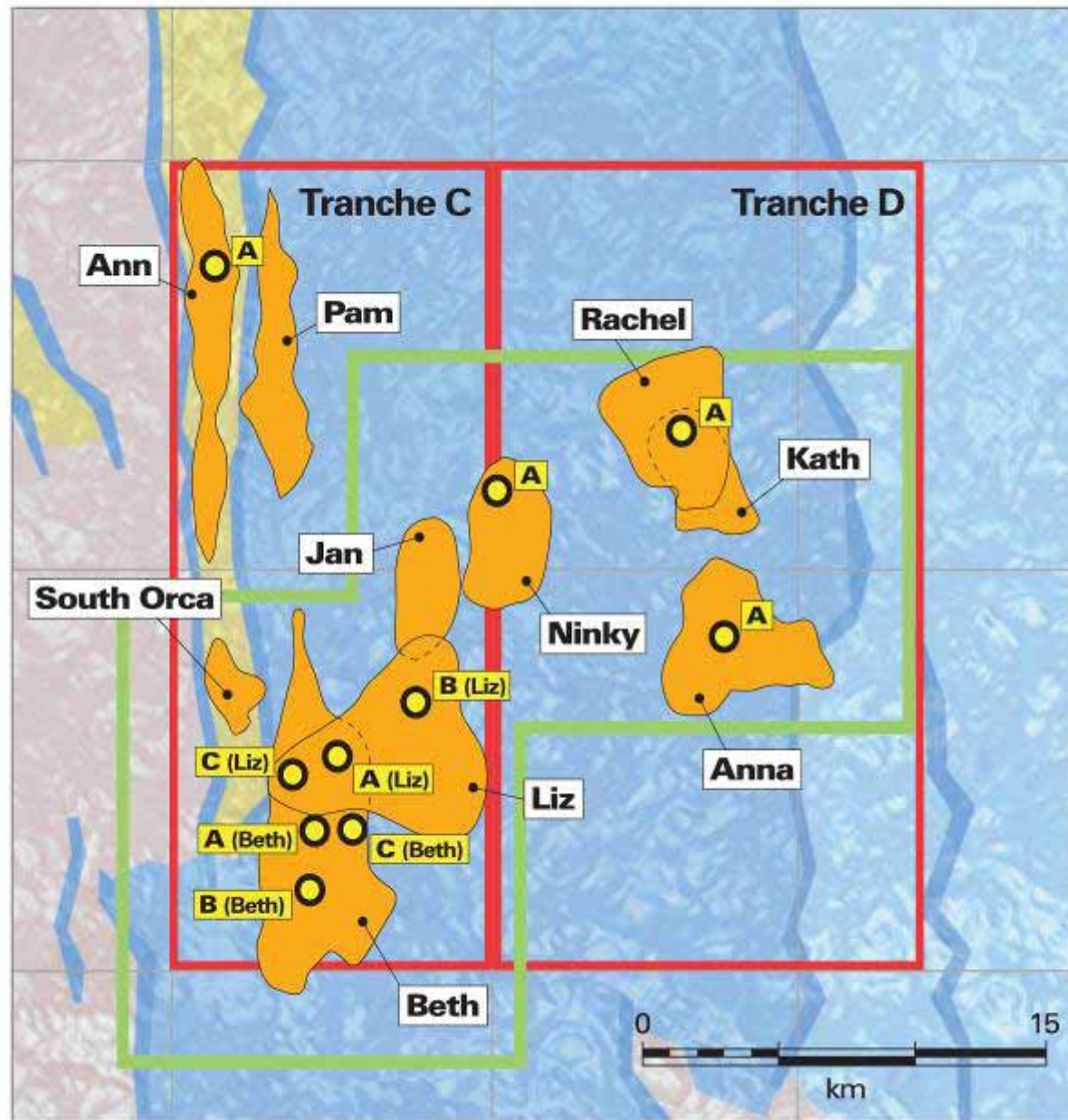
Tranches C & D Prospect Sizes




Volumetrics based on deterministic calculations using best estimates for the reservoir parameters. The amount of recoverable oil is unrisked and is based on a national recovery factor of 30%.

NORTH FALKLAND BASIN

Possible Drilling Locations



 Tranches C & D
Desire 92.5%
Rockhopper 7.5%

 3D Seismic
Survey Area

 Prospects

 Drilling location

Operations Status

- **Major contractors appointed - Peak Well Management, RPS, PGL and Hydrosearch**
- **All critical path items addressed**
- **Site survey review - 9 locations**
- **Geoscience –well locations**
- **Well design**
- **Well evaluation**
- **Environmental impact assessment**
- **Oil spill contingency plan**
- **Logistics plan**
- **Waste management**
- **Communication / IT**
- **Long-lead items – casing and wellheads**
- **Insurance**
- **Safety management system**
- **Obtain all necessary consents**
- **Discussions all stakeholders in project**