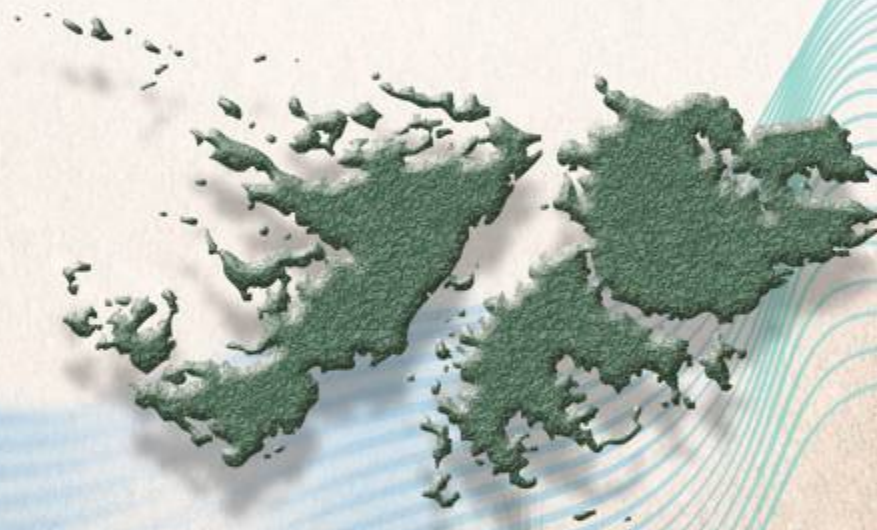


Desire



North Falkland Basin

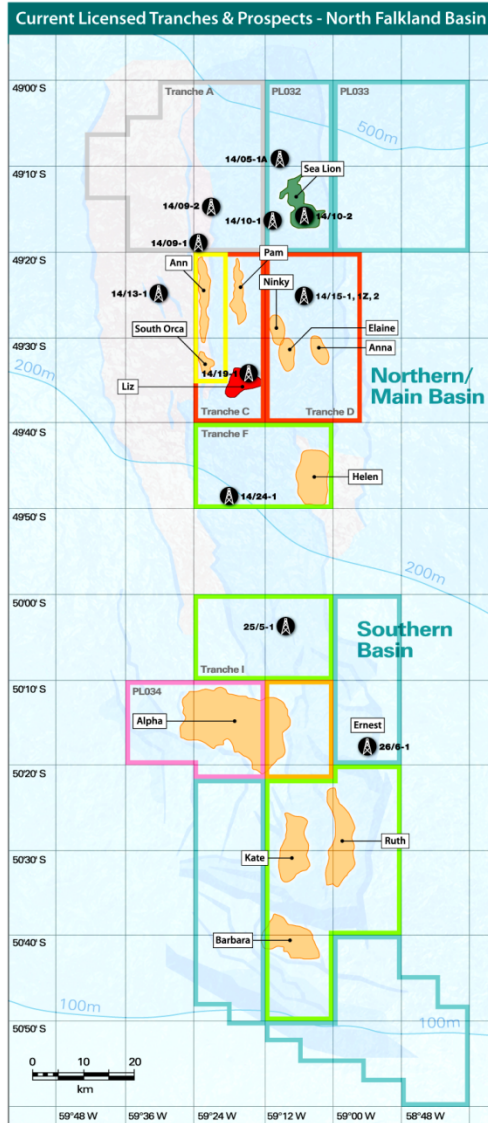
PRESENTATION FEBRUARY 2011

Agenda

- 1. REGIONAL REVIEW**
- 2. WELL RESULTS**
- 3. EAST FLANK PLAY FAIRWAY**
- 4. PROSPECTS and LEADS**
- 5. 3D SEISMIC SURVEY**
- 6. NINKY PROSPECT**
- 7. FUNDING**
- 8. ECONOMICS**
- 9. CONCLUSIONS**

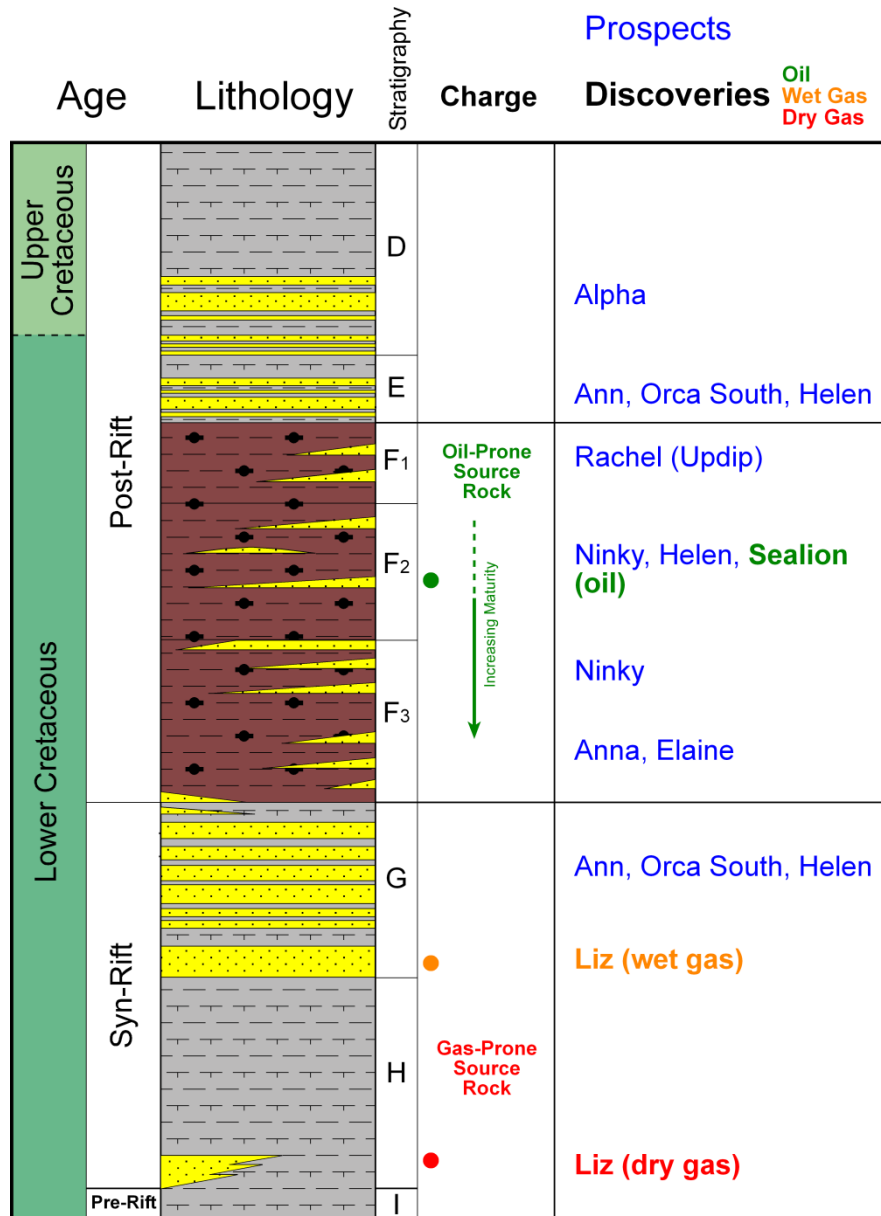
Subsurface technical consultancy is provided to Desire Petroleum plc by Senergy (GB) Limited

Licensed Tranches and Prospects



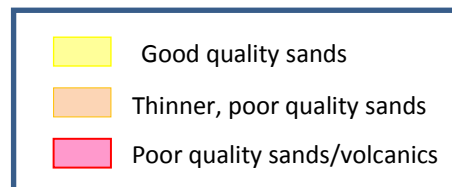
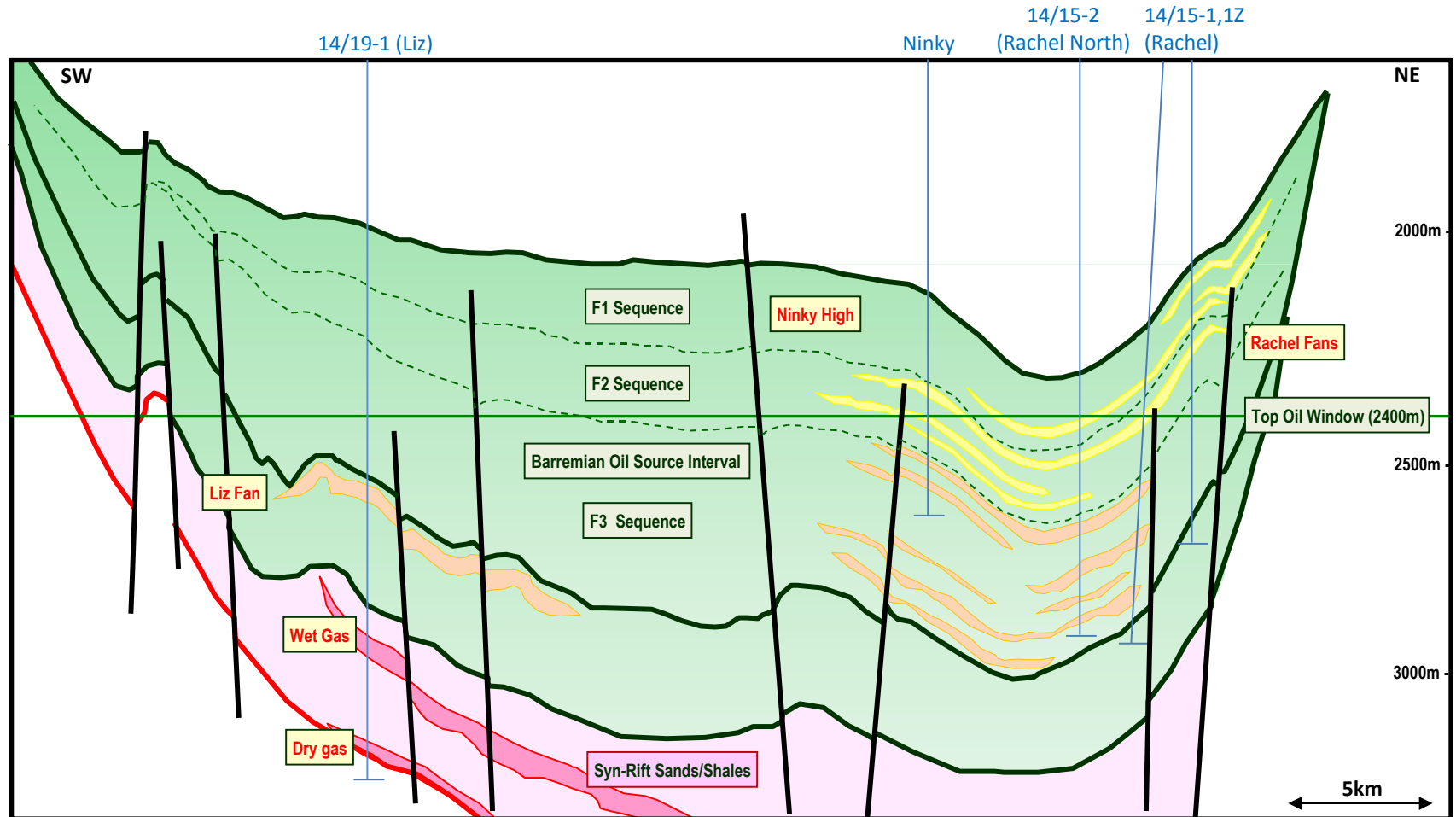
- Desire 100%**
- Desire 57.5% Denholm 35% Rockhopper 7.5%**
- Desire 92.5% Rockhopper 7.5%**
- Desire 50% Denholm 50% (Sub-area Tranches I & L)**
- Denholm 80% Desire 20%**
- Argos 100%**
- Rockhopper 100%**
- Desire Prospects**
- Oil Discovery**
- Gas & Condensate Discovery**
- Wells**

Generalised Stratigraphy and Well Targets



North Falkland Basin Plays

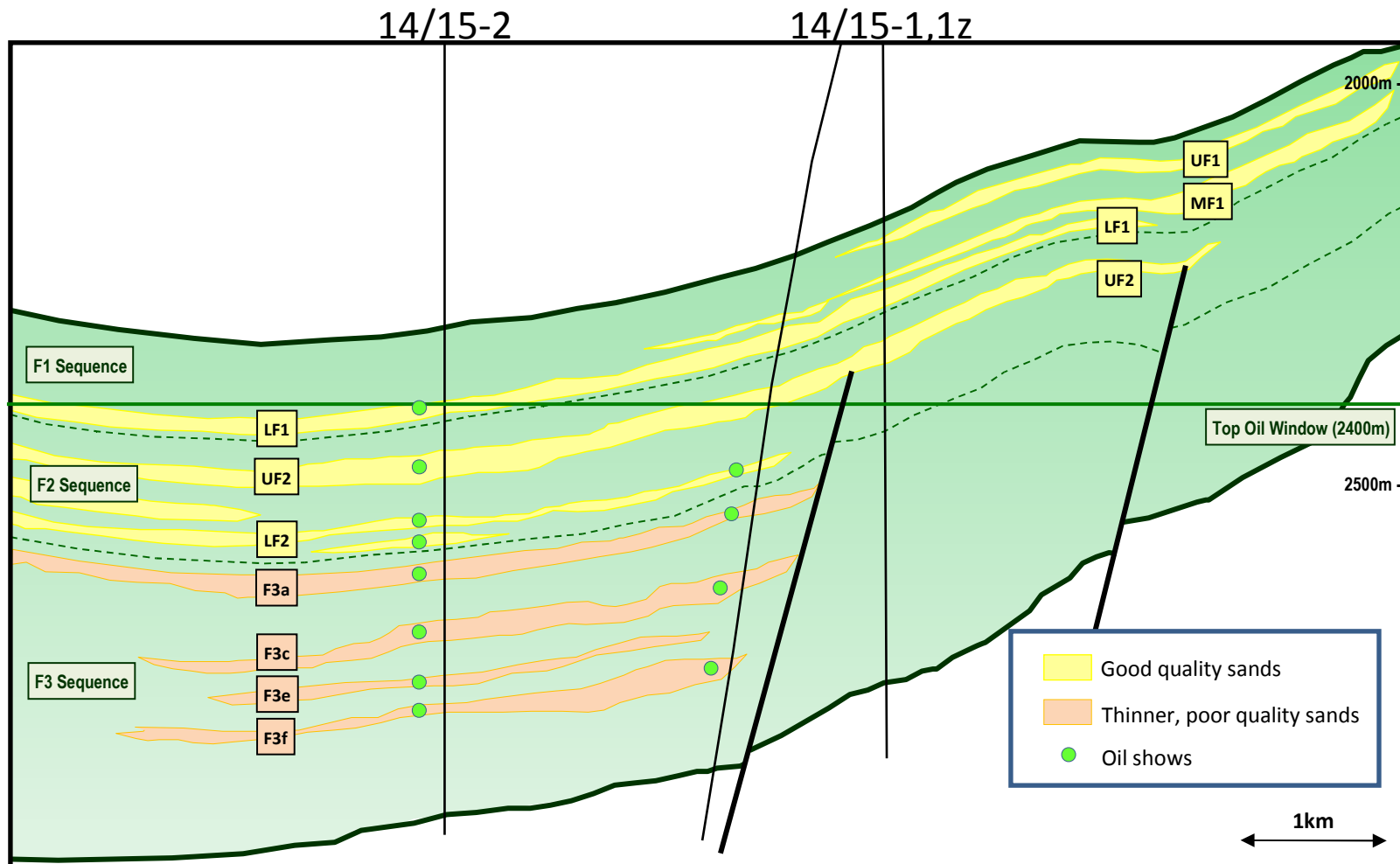
Desire



The Liz Fan is located at the base of the source rock interval and the sand is derived from the west. Liz encountered gas and condensate in the deeper syn-rift sequence. The Rachel Fans are inter-bedded with the source rock and occur at multiple levels. The Rachel Fans are part of the East Flank Play fairway and are sourced from the east.

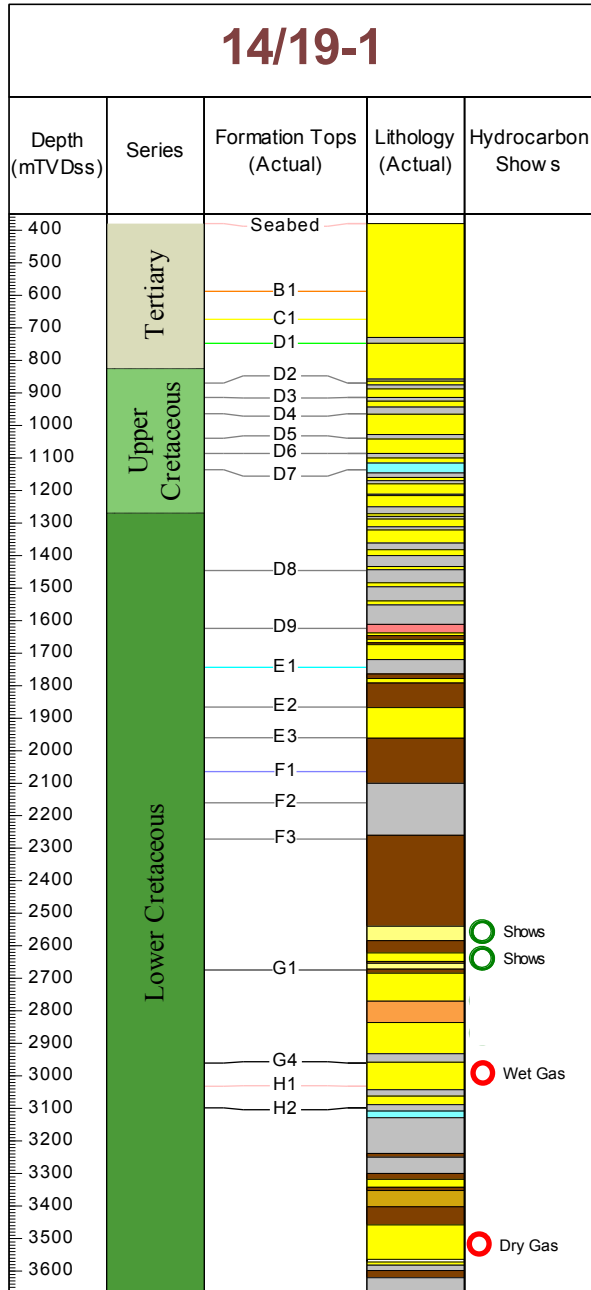
Rachel wells

Desire



14/15-1 targeted sands in the upper part of the Barremian source rock sequence (F1 and F2). All sands were water-wet. 14/15-1z targeted sands down-dip in F3 and encountered oil shows, which could not be logged due to borehole instability. 14/15-2 targeted the same sands as 14/15-1z and encountered water-wet sands in F1/F2 with oil shows and tight sands with oil shows in F3. Good quality sands were found in the F1 and F2 intervals. Sands were also found within F3 but these proved of poor quality. Failure of the Rachel wells is most likely due to issues of trap definition, updip seal and hydrocarbon charge (for the shallower sands).

14/19-1 (Liz)



Liz Gas Discoveries

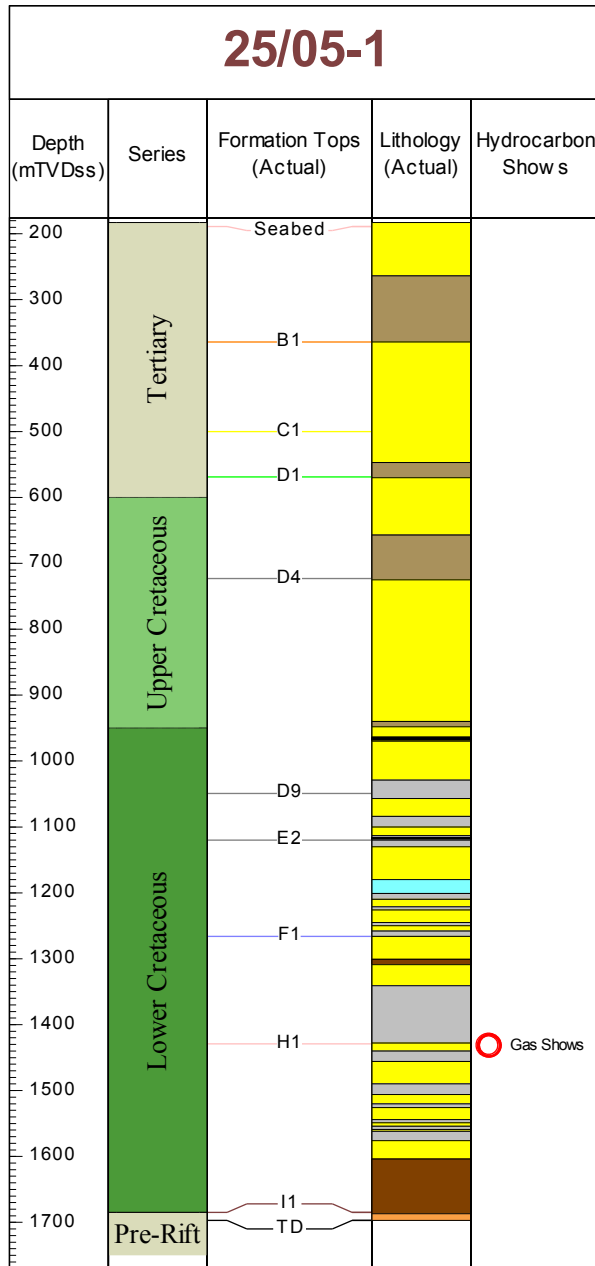
The primary Liz target was encountered with oil shows, but tight reservoirs. Deeper secondary targets in the syn-rift sequence were found to be hydrocarbon bearing (gas and wet gas) but reservoir quality was also poor.

In addition, both discoveries are in complex stratigraphic traps with the resulting large uncertainty on potential volumes.

We are currently reprocessing 3D seismic data over the Liz area, and we will also be acquiring new 3D data adjacent to Liz, which will help to define the volumetrics.

25/05-1 (Dawn/Jacinta)

Desire

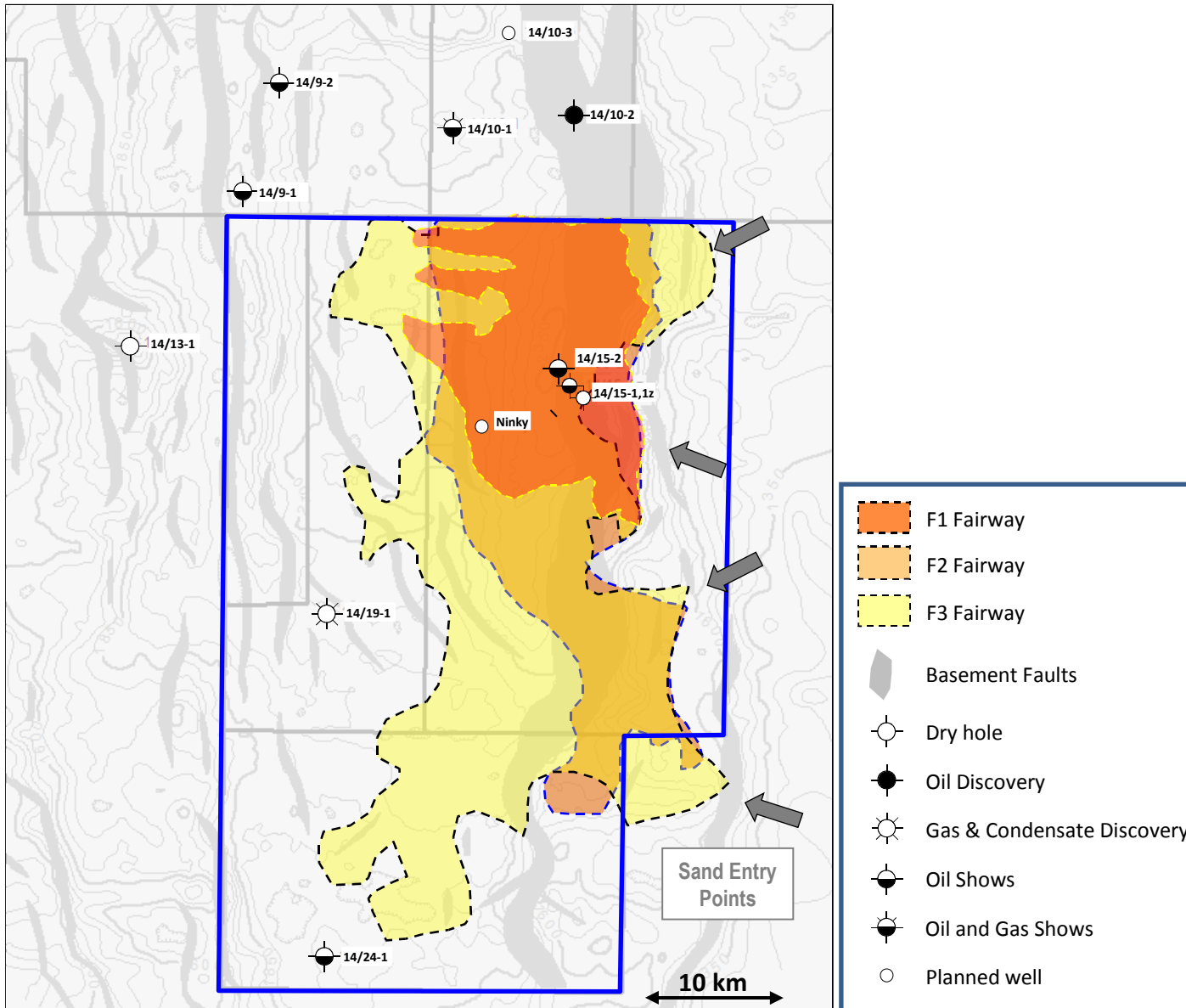


Dawn/Jacinta

The 25/5-1 well showed significant sand development at the Jacinta level but no shows. The Jacinta prospect is likely to have failed due to lack of charge or poor top seal. Significant, good quality sands were also encountered in the syn-rift sequence with gas shows (Dawn targets). Failure would again seem due to lack of charge.

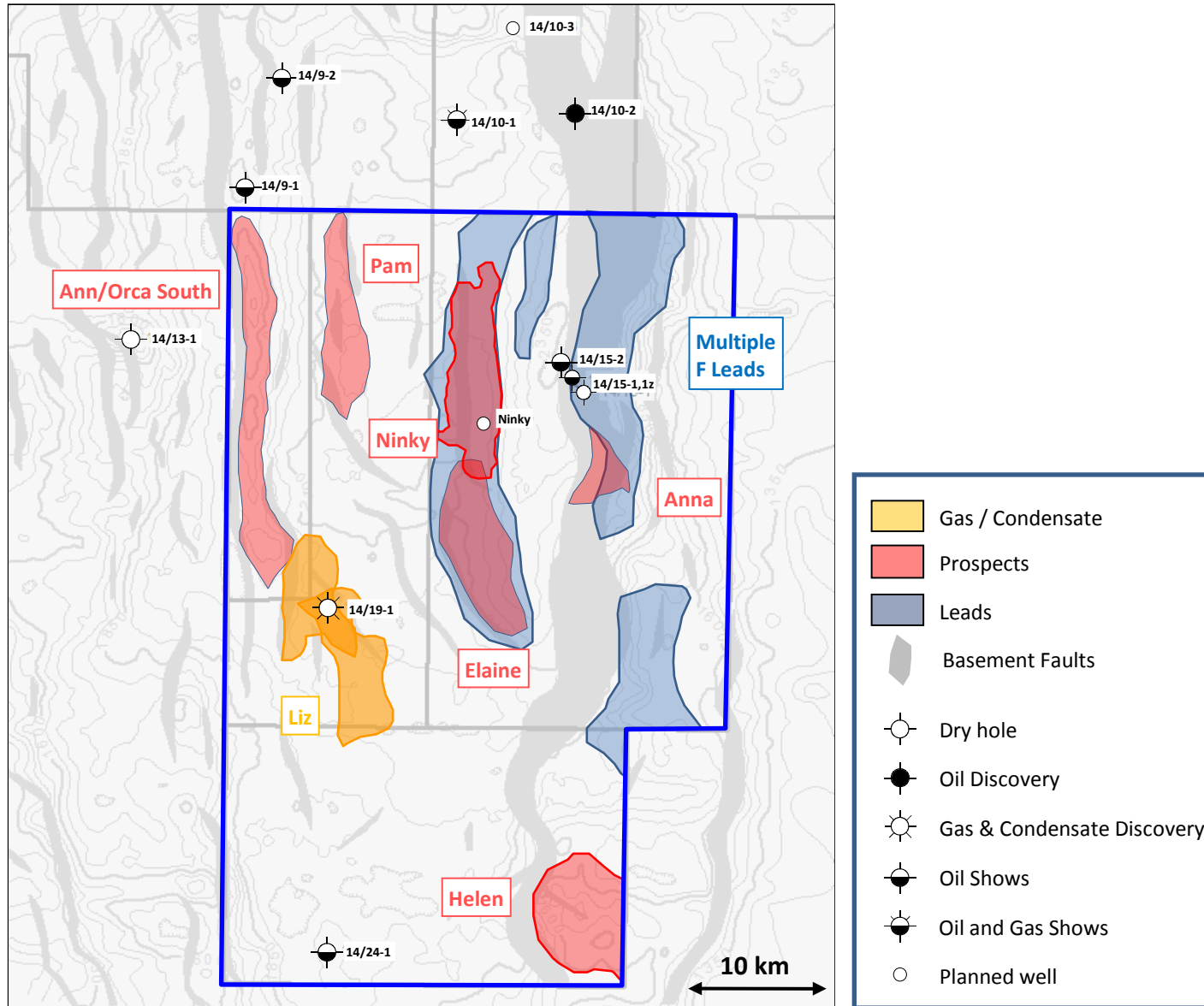
East Flank Play Fairway

Desire



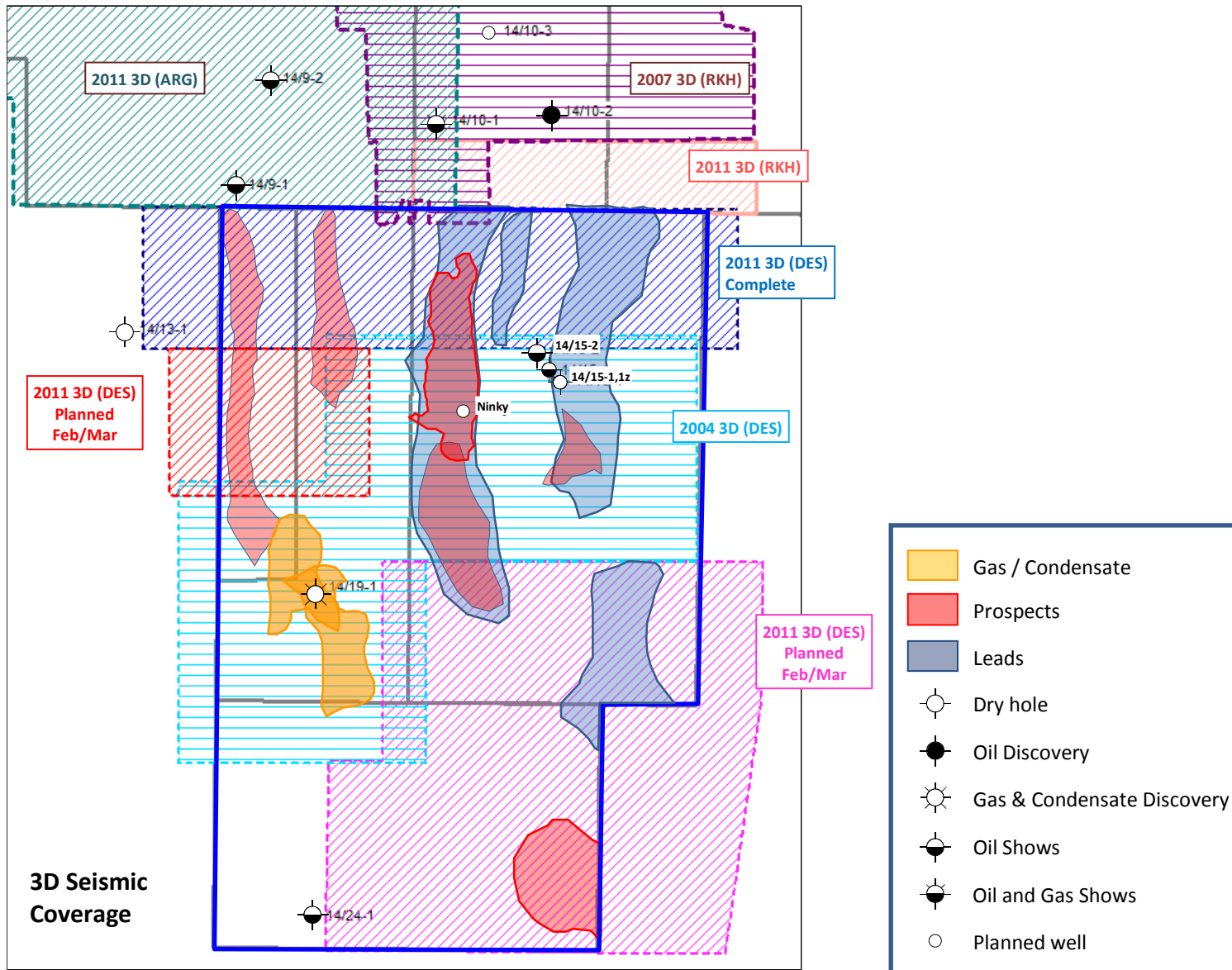
Prospects and Leads

Desire

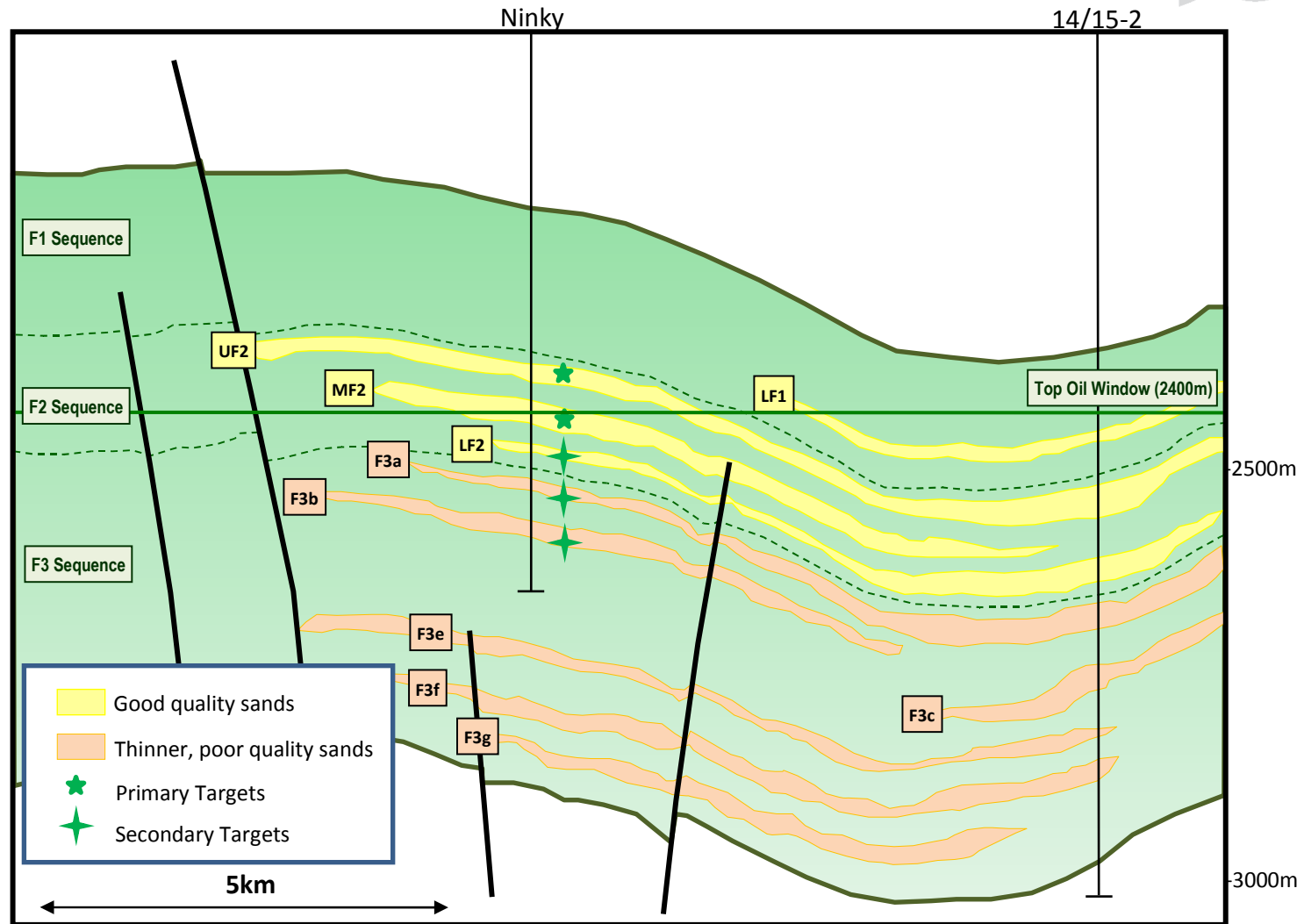


3D seismic

Desire



Ninky Prospect – Cross-Section



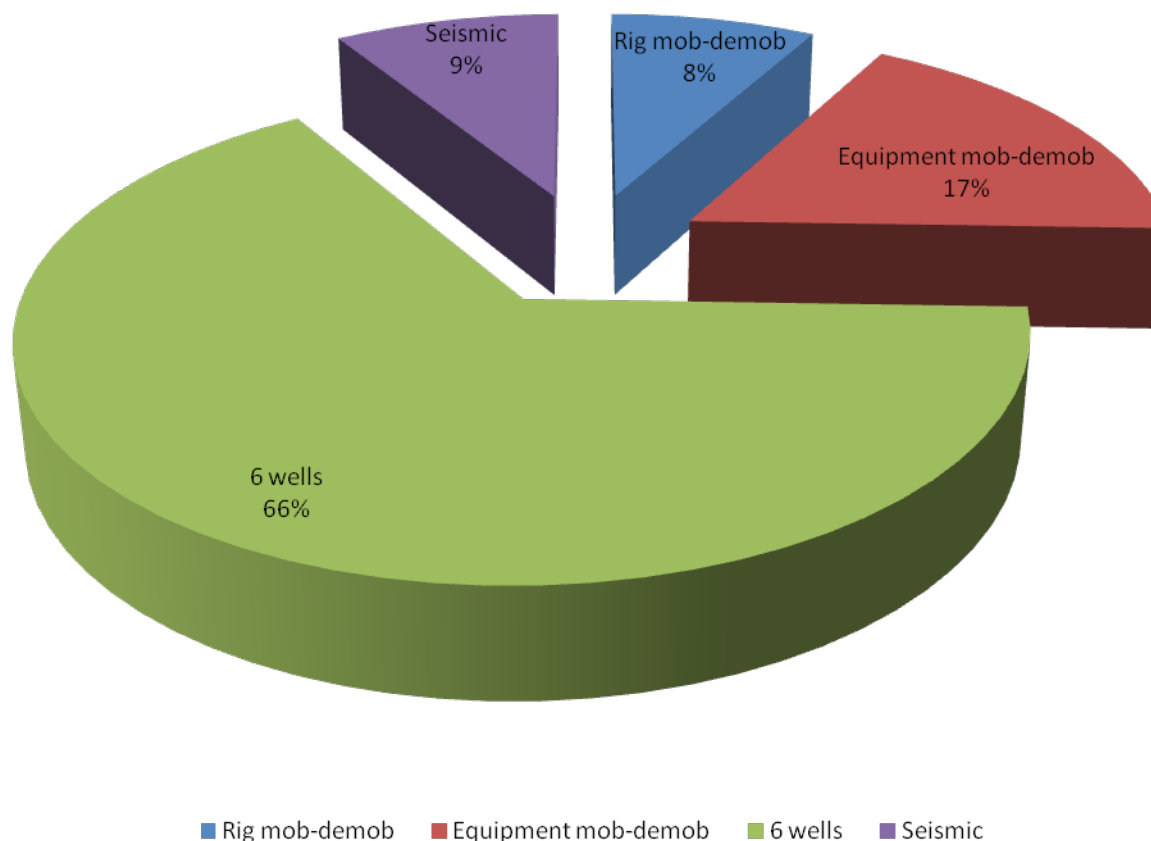
The Ninky prospect is a combined structural dip and stratigraphic pinch-out trap with multiple reservoir horizons within the Barremian F2 and F3 zones. The main targets have been mapped using seismic reservoir characterisation techniques and are correlated to the recently drilled 14/15-1, 1Z and 14/15-2 wells. The sands are expected to be up to 20 m thick and are deposited within a rich, oil-prone source interval. Preliminary geochemical sampling from the 14/15-1Z well suggest that the top of the oil generation window is around 2400 m. This allows direct communication between the hydrocarbon kitchen and the reservoir sands in the deepest part of the basin. Hydrocarbons would migrate up-dip and be sealed by the encasing lacustrine shales. The main geological risk is associated with the effectiveness of the hydrocarbon charge, given that the reservoir horizons are near the upper limit of the oil generation zone.

Campaign Costs

- **Six Desire-operated wells (5 drilled to date - Liz, Rachel, Rachel sidetrack, Rachel North and Dawn/Jacinta)**
 - Rig and equipment contracted to Desire
 - Shared rig & equipment mobilisation and demobilisation costs
 - Costs shared with Rockhopper and BHP
- **3D seismic survey**
 - Acquire data over East Flank play fairway and adjacent areas of interest, including Ann prospect
 - Shared mobilisation and demobilisation costs with Rockhopper
- **Total Campaign cost ca. £126 million gross (includes 100% of 6 wells and 100% of mob-demob)**
 - Ca. £97 million net to Desire
- **Ca. 70% of total costs have been incurred to date**
- **Demob costs are incurred at end of combined campaign**
 - >10% of campaign costs

Desire-operated campaign cost

Falkland Islands 6 well campaign costs - estimated at ca. £126 million gross



Funding Position

- **Current cash position ca. £53 million GBP equivalent**
 - £36 mm in Desire bank accounts
 - £17 mm in escrow bank accounts

- **Sufficient for**
 - Remaining well costs for 6 well programme
 - Remaining 3D seismic survey costs
 - FIG contingency requirement
 - Demob costs at the end of the campaign

- **Potential upside if another operator utilises the Ocean Guardian rig**

- **Further drilling will require additional fund-raising**

Economics

Oil Price Scenario	Case 1: 50 MMbo NPV @ 10% (\$MM)	Case 2: 150 MMbo NPV @ 10% (\$MM)	Case 3: 400 MMbo NPV @ 10% (\$MM)
\$50/bbl	-86	802	3255
\$75/bbl	296	1990	6202
\$100/bbl	704	3170	9142

Falklands Fiscal Terms

Royalty 9%

Corporation Tax 26%

Source: Senergy (GB) Limited Competent Person's Report 2010

Conclusions



1. East Flank Play Fairway

- Sea Lion oil discovery in East Flank Play Fairway
- Only circa 40% of this play is currently covered by 3D data on Desire acreage
- Rachel wells in this play type unsuccessful but play de-risked by establishing presence of good quality sandstone reservoir
- Ninky, Elaine and Anna prospects plus a number of leads identified on the existing 3D in this play type
- 3D seismic acquisition underway to obtain full 3D coverage of play on Desire acreage; new 3D required to identify and map target sands and to generate prospects from leads
- Rig due to return to Desire in March/April with Ninky prospect likely to be drilled, subject to all regulatory approvals

2. Other Play Types

- **Ann:** It is planned to acquire 3D over the Ann prospect not already covered by 3D - 135km² has already been acquired in December/January with around 162km² still to be acquired. With 3D over the entire prospect including Orca South it will be possible to select the best location to test this prospect.
- The planned new 3D data will also allow the detailed mapping of the Helen and Pam prospects.
- The Dawn/Jacinta well results will be integrated into the existing 2D data to re-evaluate the nature of the petroleum system in the southern part of the North Falkland Basin.

3. Funding

- Sufficient funding available to complete 6 well campaign and 3D seismic programme.