

BUSINESS MODEL & STRATEGY

OUR BUSINESS MODEL IS ALL ABOUT VALUE CREATION THROUGH THE DISCOVERY AND APPRAISAL OF HYDROCARBONS.

OUR TECHNICAL WORK IS MAKING GREAT STRIDES FORWARD. WE NEED TO SECURE PARTNERS IN ORDER TO TEST OUR GEOLOGICAL MODELS BY APPRAISAL DRILLING.

1. Access

NEW OPPORTUNITIES

The first stage is to access new opportunities, either through Licence Rounds or Open Door policies.

Our Frontier Exploration strategy directs us to focus on untested or emerging basins where significant acreage positions can be accessed at relatively low cost.

Comprehensive technical screening prior to access helps mitigate geological risk, however the project risk profile is relatively high at this stage.

Economic modeling of fiscal terms and potential discovery volumes is undertaken to ensure project rewards merit the investment decision.



2. Explore

COMMENCE OPERATIONS

Our Exploration work is underpinned by rigorous petroleum systems analysis.

Operations will typically begin with a 2D seismic survey, with limited financial exposure.

If positive results are gained from the 2D survey, giving confidence in a working source rock, reservoirs and trapping geometries, then further investment in 3D seismic will be made.

Following detailed analysis of the 3D survey a prospect inventory will be generated, prospects risks and volumetrics assessed.

Finally prospects will be high-graded for drilling and a rig mobilised.



PROGRESS IN 2014

- The Company's acreage in the Falkland Islands covers an area of around 10,000km². Only 2,500km² is covered with 3D seismic so there is ample room for further exploration within the Company's existing licenses

OUTLOOK

- Whilst the Company seeks to get a partner to fund the next phase of activity, we do not intend to add additional licenses outside the Falkland Islands

PROGRESS IN 2014

- Received merged 3D PSDM seismic data volume and commenced interpretation and undertook a seismic inversion project to help de-risk the portfolio and identify additional targets

OUTLOOK

- We are working on fully evaluating the inversion data in the Early Cretaceous shallow marine focus area and assessing the potential of the slope and basin floor portfolio
- We continue planning for the Darwin appraisal and further exploration wells