

Nautical Petroleum

Annual General Meeting

11 December 2007



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Agenda

- **Operational Highlights**
- **Financial Highlights**
- **Portfolio Review**
- **2007 Activity**
- **2008 Activity**
- **The Future**



- Successful Kraken (9/2b-2) appraisal well
- 3 firm wells to be drilled in 2007/08 –Mermaid (exploration) drilling*, Selkie (exploration) in the North Sea and Grenade 3 in France
- Seismic acquisition in September 2007 over blocks 3/27a and 9/2b primarily to firm up Hydra Leads
- Portfolio augmented by award of 7 blocks in the UKCS 24th Licensing Round to 16 blocks and 6 discoveries
- Up to 3 wells currently planned for remainder of 2008 – Catcher, Hydra and Kraken (production test)

* See 10 December 2007 Announcement



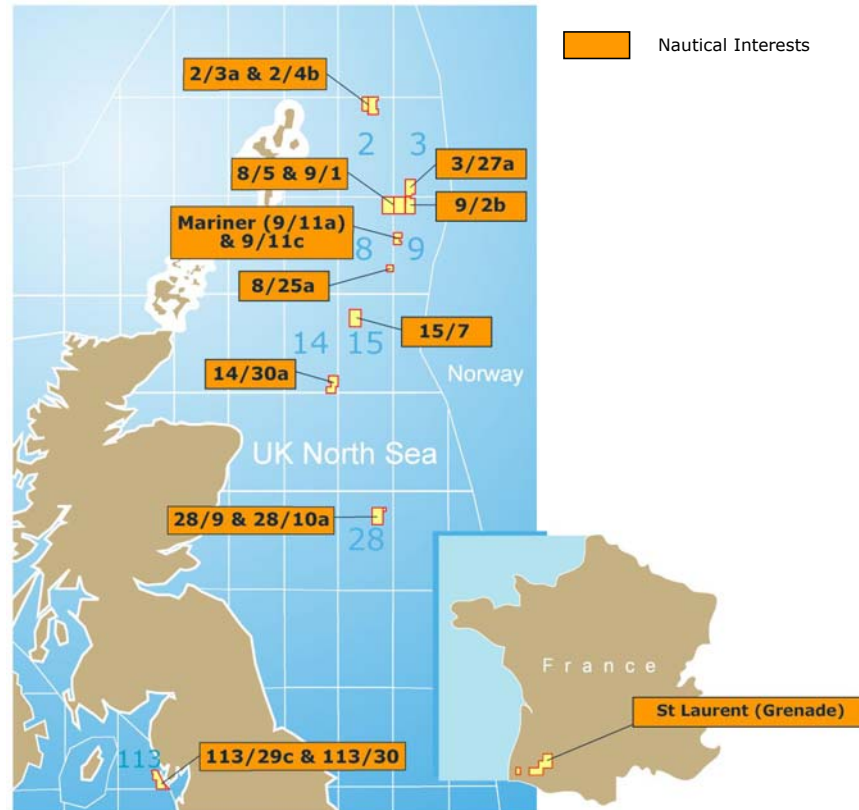
- Modest after-tax loss of £0.4 million
- Cash reserves of £8.9 million, adequate to meet current planned drilling
- Net assets of £51 million, now representing a sizeable portfolio of E & P interests
- Successful transition to IFRS from UK GAAP
- Implemented strategy for rapid but carefully managed progression to revenue
- Post year-end successful placement in October to raise £20 for 2008/09 work programme, plus £7.5 million Bank of Scotland working capital facility



Portfolio Review

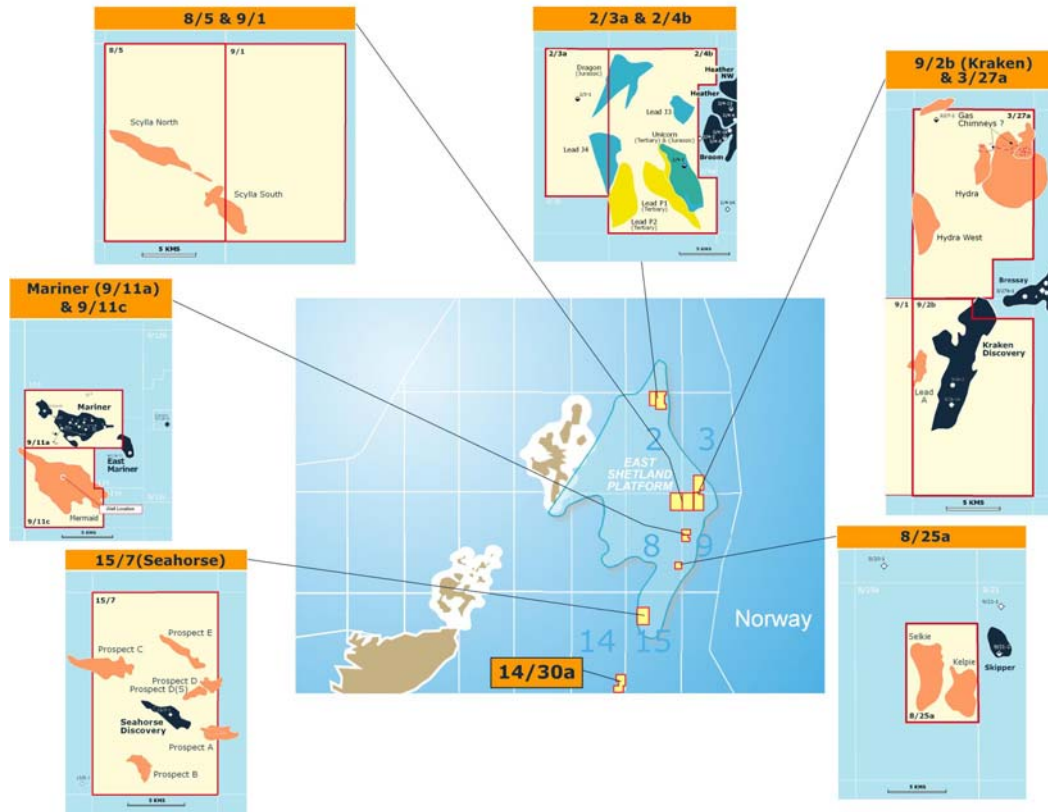
Significant, mostly controlling interests

9/2b (Discovery)	45%
9/11a (Discovery)	26.67%
15/7 (Discovery)	50%
14/30a (Discovery)	20%
St Laurent/Grenade (Discovery)	22%
3/27a (Exploration)	45%
9/11c (Exploration)	50%
8/25a (Exploration)	60%
8/5 & 9/1 (Exploration)	100%
113/29c & 113/30(Exploration)	50%
28/9 & 28/10b (Exploration)	15%
2/3a & 2/4b (Exploration)	33.33%



East Shetland Platform

Core Area



UKCS and France



Reserves and Resources

Discoveries

Discovery	2P Reserves/Net Best Estimate Contingent Resources
Mariner (Maureen)	21.9
(Heimdal)	13.6*
Kraken (9/2b)	23.9**
Seahorse (15/7)	8.5
Grenade (St Laurent)	2.8
Tudor Rose (14/30a)	6.9
Total	78.4

* Chevron estimate

** Pre-drill

As verified by RPS Energy



Prospects

Net Best Estimate Prospective Resources

*Mermaid (9/11c)	64.5
Selkie (8/25a)	13.2
Kelpie (8/25a)	7.8
Seahorse (15/7)	8.5
Catcher (28/9a & 28/10b)	3.3
Total	97.3

Leads currently too immature to assign prospective resources

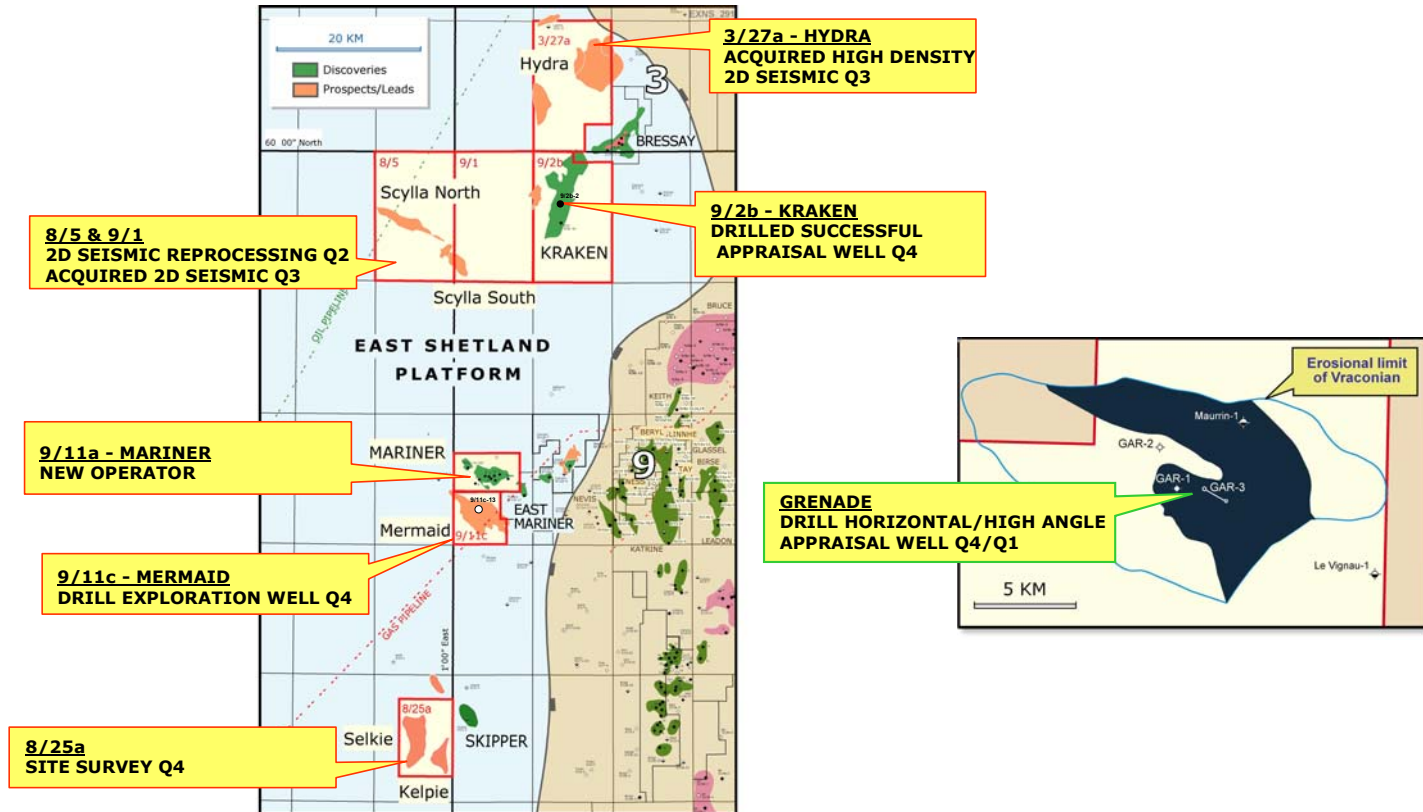
* Pre-drilling - see 10 December 2007 Announcement

As Verified by RPS Energy



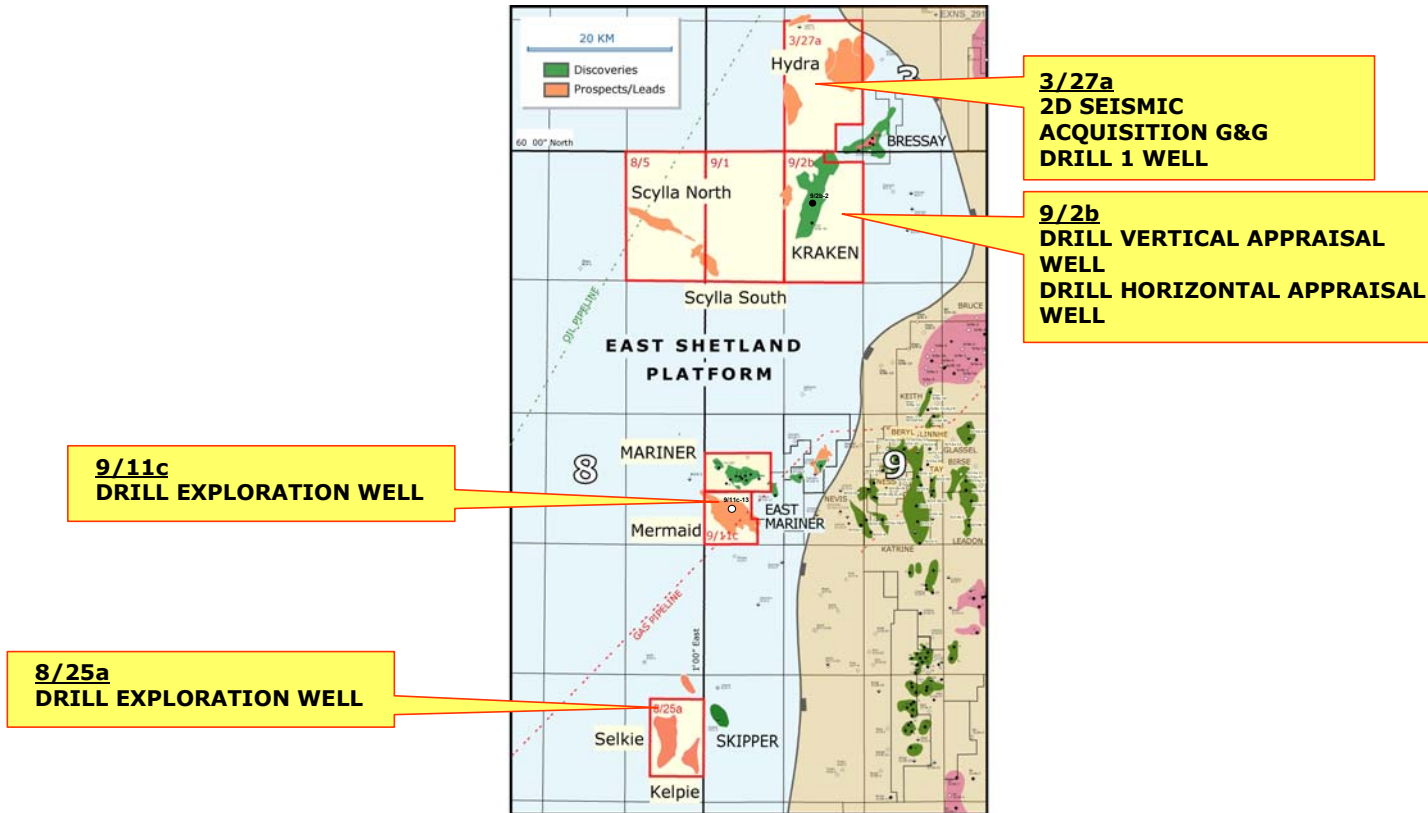
Firm Activity in 2007/08

3 wells and seismic acquisition



Farmout to Celtic Oil & Silverstone

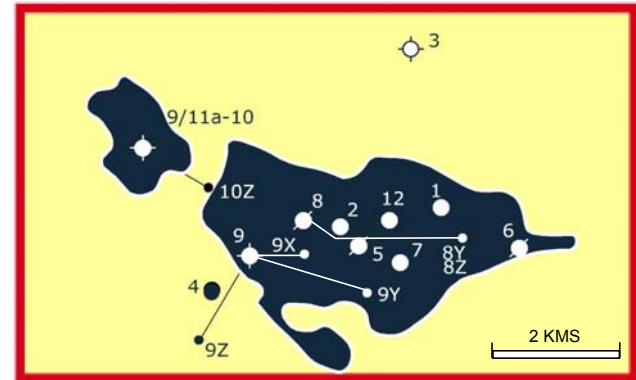
Portfolio Approach





Maureen Formation

- Gross 2P reserves 82mmbo (21.9mmbo net)
- Proven well deliverability-produced 0.66 mmbbl during an extended well test at a maximum rate of 15,000 bopd
- Highly appraised (16 well penetrations) excellent reservoir quality
- New operator – Norsk Hydro
Expert heavy oil developer



Upside

- Heimdal Sandstone large volume of oil in place, verified best estimate contingent resources 51mmbo (gross), 13.6mmbo (net). Statoil Hydro P50 significantly greater.

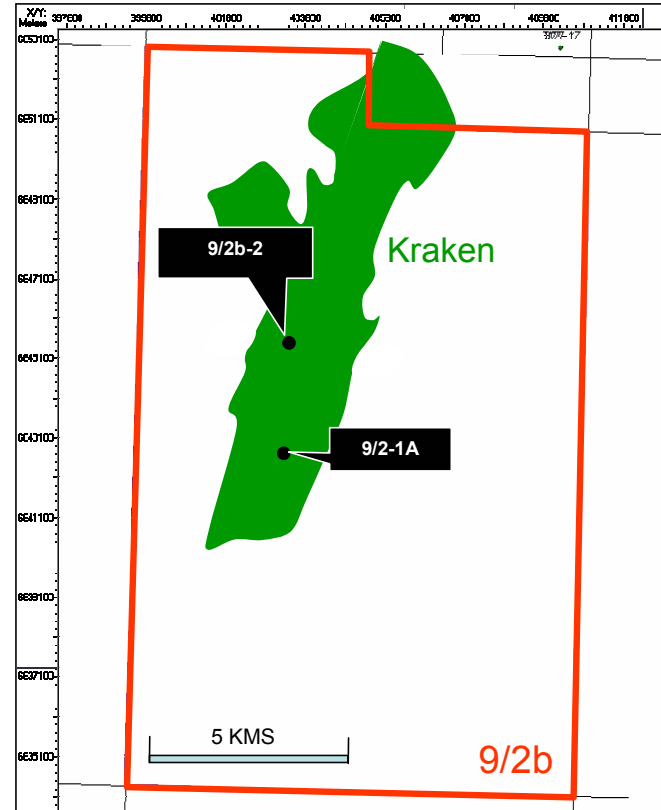


Kraken (9/2b)



Proven oil, large structure

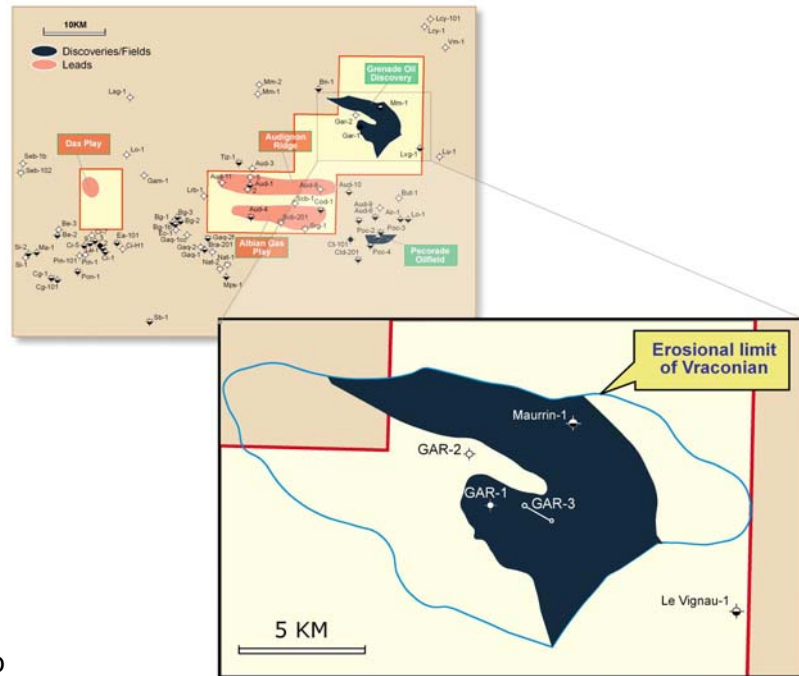
- Discovered in 1985, tested oil on DST from the Heimdal Sandstone
- Successful 2007 appraisal well
- Excellent reservoir characteristics ($\varnothing=31\%$ $k=3.7D$)
- $>18^\circ$ API oil in 9/2b-2
- Hydrocarbon column at least 77m
- 9/2b-2 ODT 51m deeper than 9/2-1
- Recovery factor higher than prognosed, most likely in place oil greater than maximum (pre-drill)



Grenade (St Laurent)

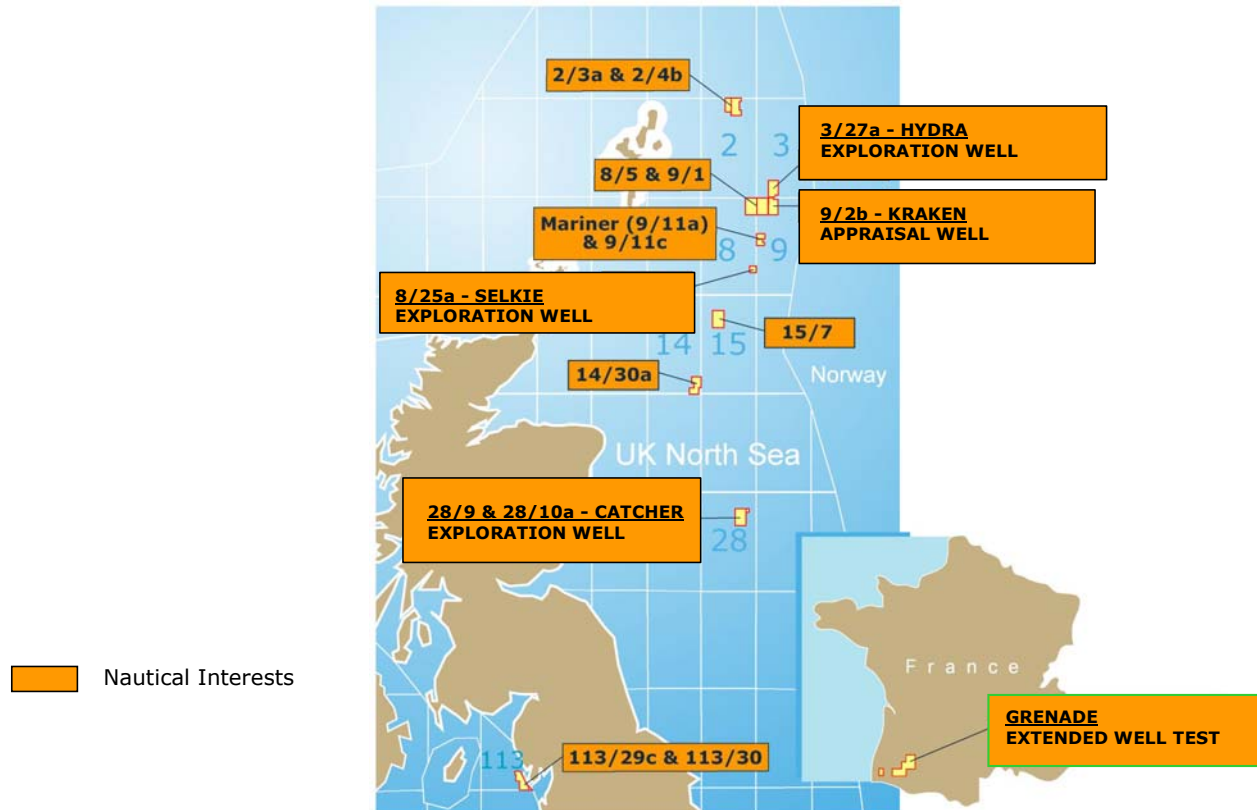
First production

- Located in Aquitaine Basin, SW France
- Discovery well GAR-1 drilled in 1975 encountered 97m heavy oil column in Cretaceous Albian Carbonates
- Produced 8000 barrels in a series of tests
- 12km² 3D and 40km 2D shot and interpreted in 2005/06
- Gross best estimate contingent resources 12.6mmbo (gross), 2.8mmbo (net to Nautical)
- Horizontal/high angle appraisal well to be drilled Q4 2007. Testing in Spring 2008
- Further prospectivity on the permit - up to 3 TCF gas in place in Audignon Ridge



Firm and Possible Activity in 2008

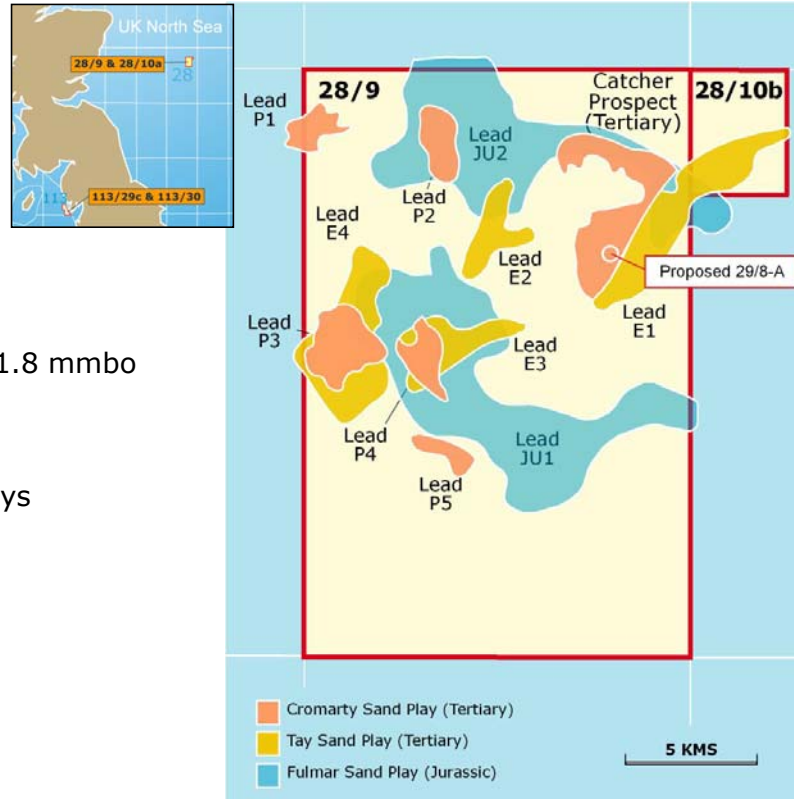
4 wells



Blocks 28/9 & 28/10b

Catcher well March 2008

- Located on West Central Platform
- Nautical equity 15%
- Catcher prospect and numerous leads defined on 3D seismic (DHI'S)
- Best estimate prospective resources 21.8 mmbo (gross), 3.3 mmbo (net to Nautical)
- Tay sandstone (Eocene) and Cromarty sandstone (Paleocene) reservoir fairways throughout the block
- Low 20's API oil predicted
- Well to be drilled in 2008 (Nautical 20% carry)

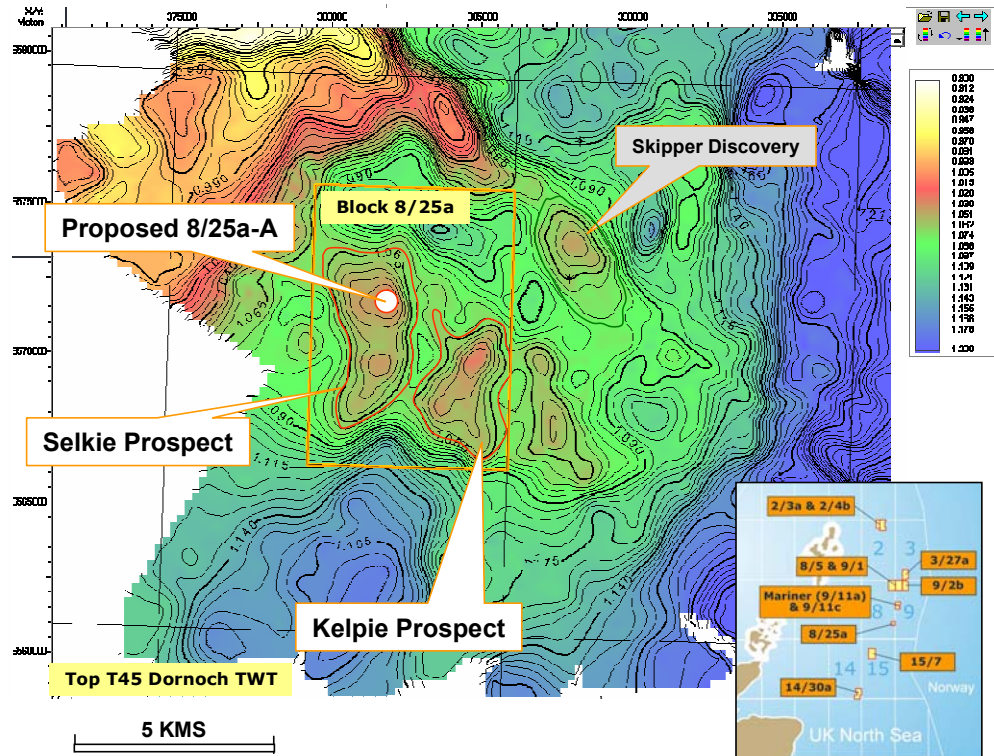


Block 8/25a Area



Selkie well in 2008

- 2 Large shallow (1000mss) robust closures (Selkie & Kelpie)
- Skipper discovery well 9/21-2 15.7m oil column (14.6°API)
- Proven excellent reservoir (Dornoch Formation)
- Proven oil migration
- Well to be drilled in Q2 2008

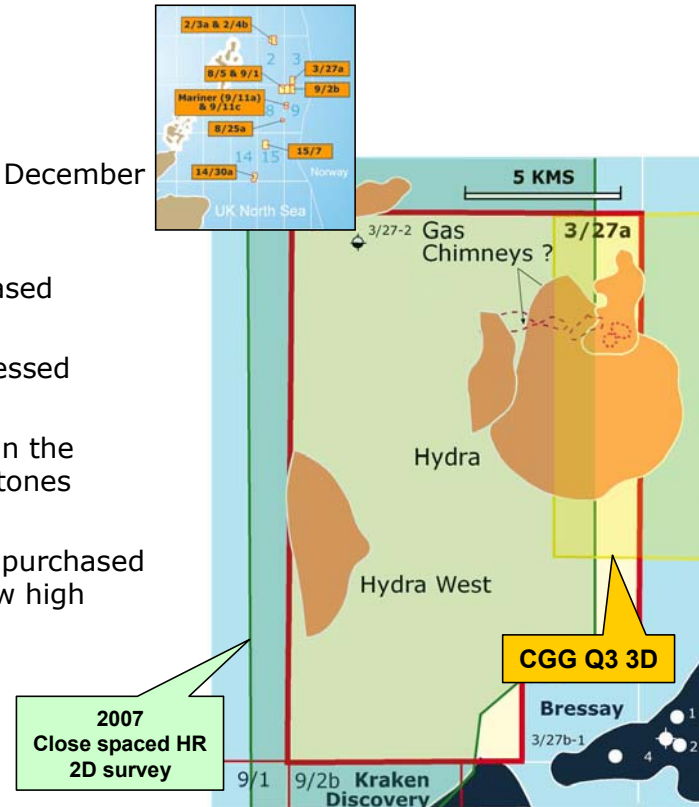


Block 3/27a



Contingent Hydra well in 2008

- Block 3/27a – contiguous to 9/2b
- Promote licence converted to traditional in December 2006
- 476 km of 2D seismic and well data purchased
- 50 km of 2D seismic data has been reprocessed
- Interpretation has identified several leads in the Heimdal and upper Jurassic Humber sandstones
- A further 100 km² of 3D seismic has been purchased and will be processed with 1,413 km of new high density 2D seismic in Q4 2007



- Appraise successful Kraken well
- 3 firm wells in early 2008
- Further active 2008 drilling programme
- Secure further heavy oil discoveries in UKCS and EU through acquisitions, farm-in and licensing rounds.
- Achieve near term production on current assets.
- Acquire heavy oil exploration blocks with low/moderate commitments. Farm-out to mitigate portfolio risk.

Resulting in enhanced shareholder value



Nautical Petroleum

Steve Jenkins



*Parnell House
25 Wilton Road,
London
SW1V 1YD*

+44 20 7550 4890

www.nauticalpetroleum.com

info@nauticalpetroleum.com