

VENTURE PRODUCTION plc

2002 Interim Results

13 August 2002

First Half 2002 : Financial Highlights

- Net Production : 9,072 boepd (up 86% over FY 2001)
- Revenue : £30.3 million (3.7x 1H 2001)
- Operating Profit : £9.2 million (25x 1H 2001)
- Pre-tax Profit : £8.4 million
- Operating Cashflow : £17.8 million (49x 1H 2001)
- Total capital expenditure of £27 million
- Listed on London Stock Exchange raising £32 million



First Half 2002 : Operational Highlights

- Strong production from Larch and Mallard in the North Sea
- Offset by lower than expected SNS gas sales volumes
- Dti approval for development of the Sycamore field
- Acquisition of four additional interests in existing fields
- Addition of 8.6 MMboe of 2P reserves (17.0 MMboe of 3P reserves)
- Drilling campaign commenced offshore Trinidad

Income Statement

£'000	2001	1H 2001	1H 2002
Turnover	25,242	8,245	30,320
Gross Profit	6,867	847	11,170
Administrative/Other Expenses	(2,914)	(478)	(1,952)
Operating Profit	3,952	369	9,217
PBT	1,769	(288)	8,370
Tax	(828)	-	(2,725)
Profit on Ordinary Activities	940	(288)	5,645
Finance Cost of Non-Equity Shares	(72) ^①	(36) ^①	(192) ^②
Attributable to Equity Shareholders	868	(324)	5,452
Cashflow from Operations	5,024	365	17,814

① Related to convertible preferred shares converted to ordinary shares in October 2001

② Redemption of 3i preference shares at IPO



First Half 2002 : Production

	1H 2002			Remarks
	Oil (bopd)	Gas (MMscfd)	Total (boepd)	
UK				
• Trees	5,905	0.4	5,970	Above forecast
• Mallard	678	-	678	Strong performance, completed in March
• A-Fields	-	8.4	1,410	Reduced volumes due to lower gas take
Trinidad	953	0.6	1,014	In line with plan
Total Production	7,536	9.4	9,072	Up 86% over 2001



Breakdown of First Half 2002 Costs

Item	£ millions	£/boe ¹	Remarks
Operating/Lifting Costs	6.3	3.85	
Royalty	0.4	0.24	Trinidad only, high oil prices
Other Cost of Sales	4.9	3.00	Mallard inventory, Trees overlift
DD&A	7.5	4.57	
Total Cost of Sales	19.1	11.66	
G&A	2.0	1.19	Includes currency losses and licence fees
Total Costs	21.1	12.85	

¹ Per barrel of oil produced

Balance Sheet

£'000	At 31 December 2001	At 30 June 2002
ASSETS		
Cash	5,425	5,913
Other Current Assets	13,927	17,856
Investments in Fields	76,236	97,138
Investments	422	323
Total Assets	96,010	121,230
LIABILITIES		
Current Liabilities	11,462	18,035
Long Term Liabilities		
- Bank Loans	24,943	7,278
- Provisions and Other Liabilities	13,386	14,684
Shareholders Equity	46,219	81,233
Total Liabilities	96,010	121,230

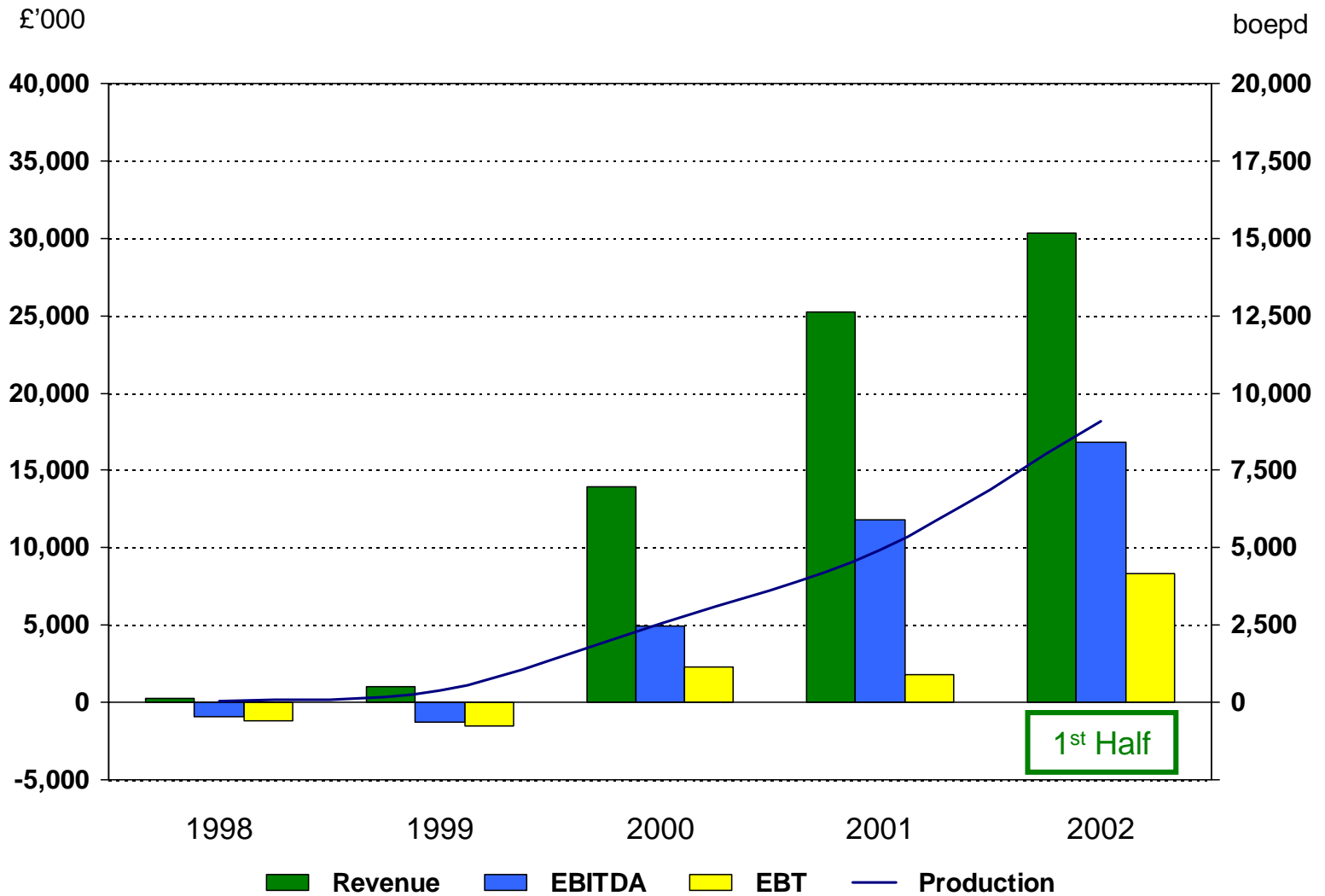


Acquisitions Since Flotation

- March : Acquired additional 17.78% in Sycamore
- April : Annabel earn-in; additional 11.11% plus operatorship
- May : Acquired additional 14.85% of Chestnut
- June : Conversion of Petrotrin interest in Brighton to ORR

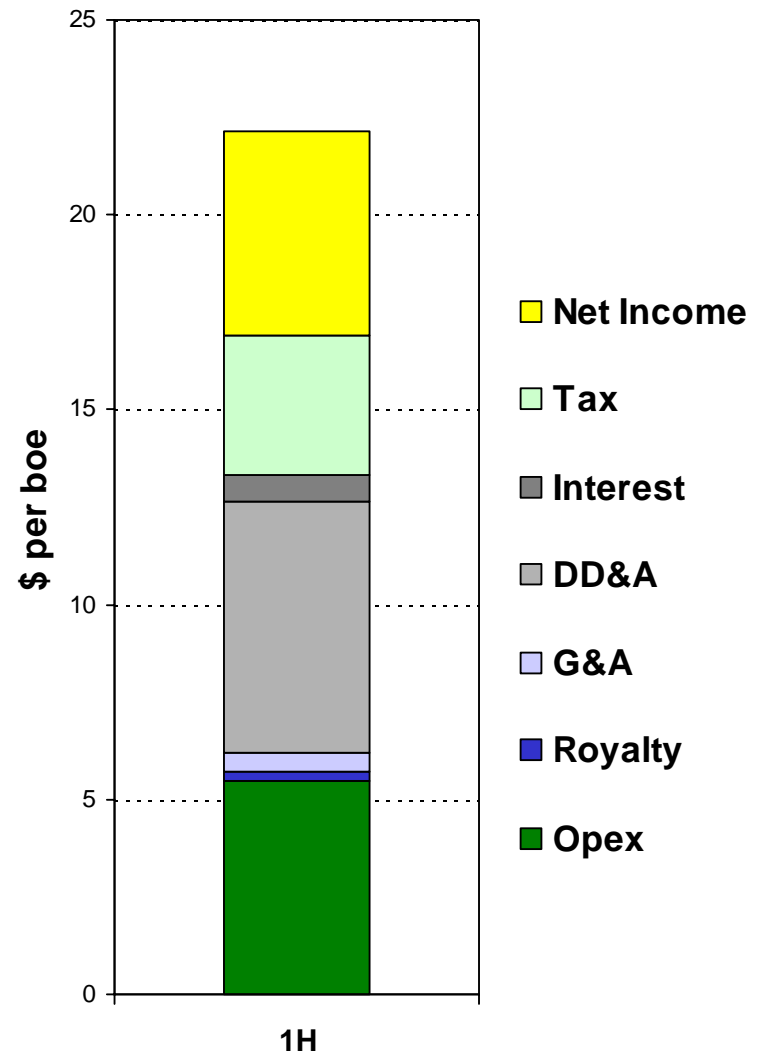
**In aggregate, 8.6 MMboe of 2P reserves (17.0 MMboe of 3P) added at \$0.82/boe
Expected to deliver additional ~ 6,500 boepd at peak (2004/5)**

Financial Performance



First Half 2002 : Margin Analysis

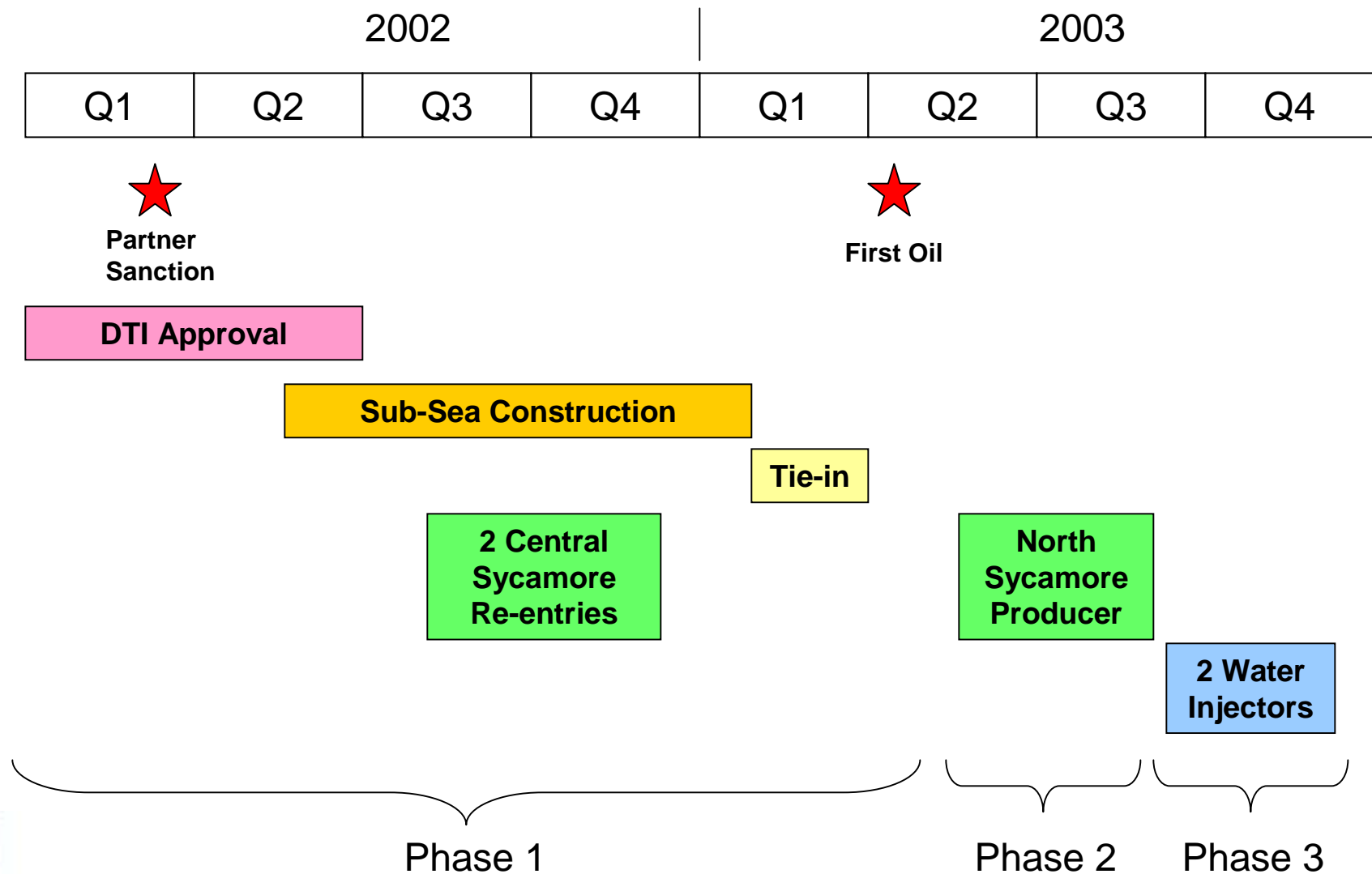
- First Half net realised price \$22.40/boe
- Operating cost \$5.44/boe, primarily driven by Larch opex
- DD&A of \$6.44/boe
- Taxation charge virtually all deferred tax
- Net income of \$5.26/boe
- Cash break-even of \$6.20/boe



Sycamore Development : Update

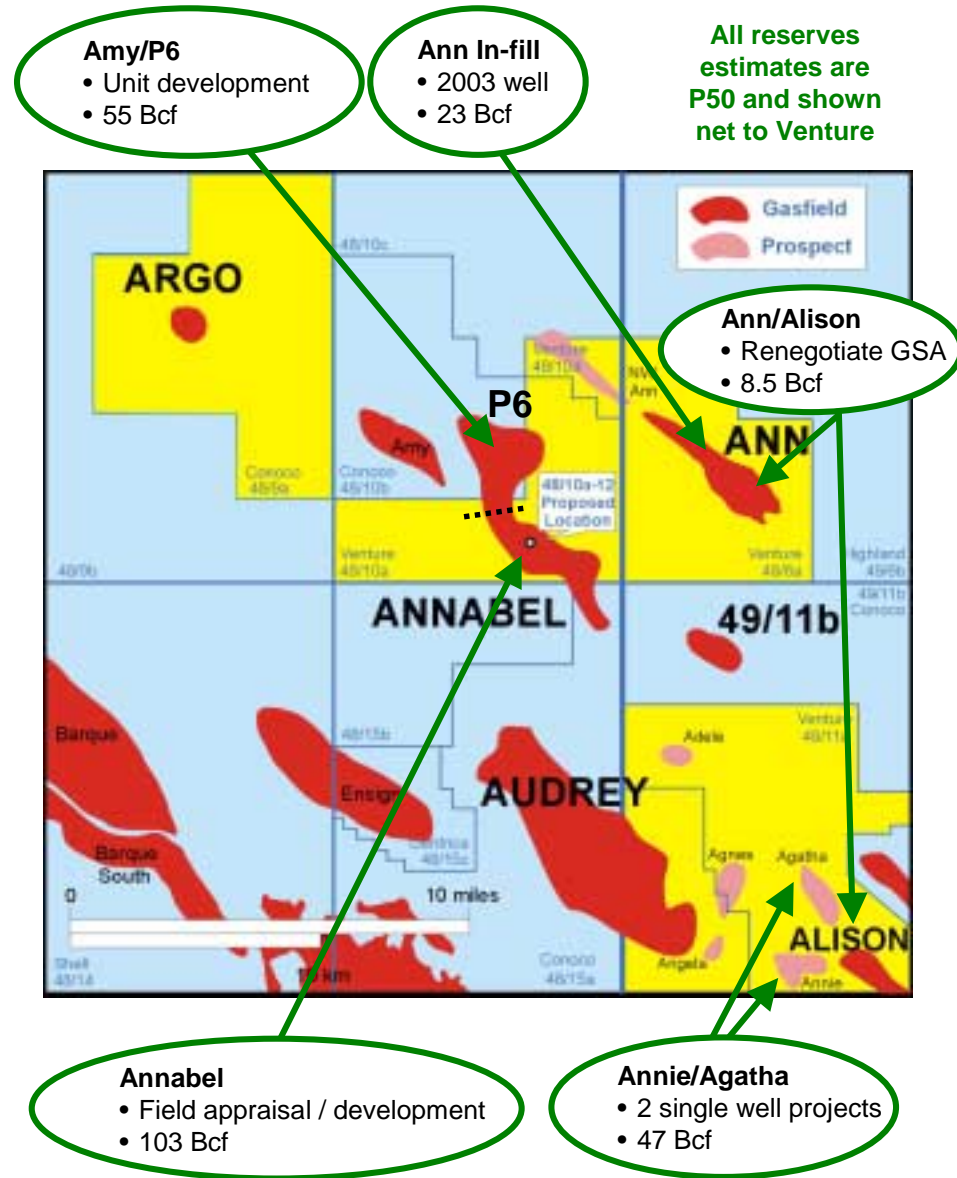
- Potential for > 20,000 boepd
- Field Development Plan approved by the Dti (May)
- Rig contract awarded, rig on location at end July
- Construction of pipeline bundle:
 - Procurement on schedule
 - Engineering complete
 - Construction commenced early August
- On time, with costs in line with AFE (\$89.5 million net to Venture)

Sycamore Development



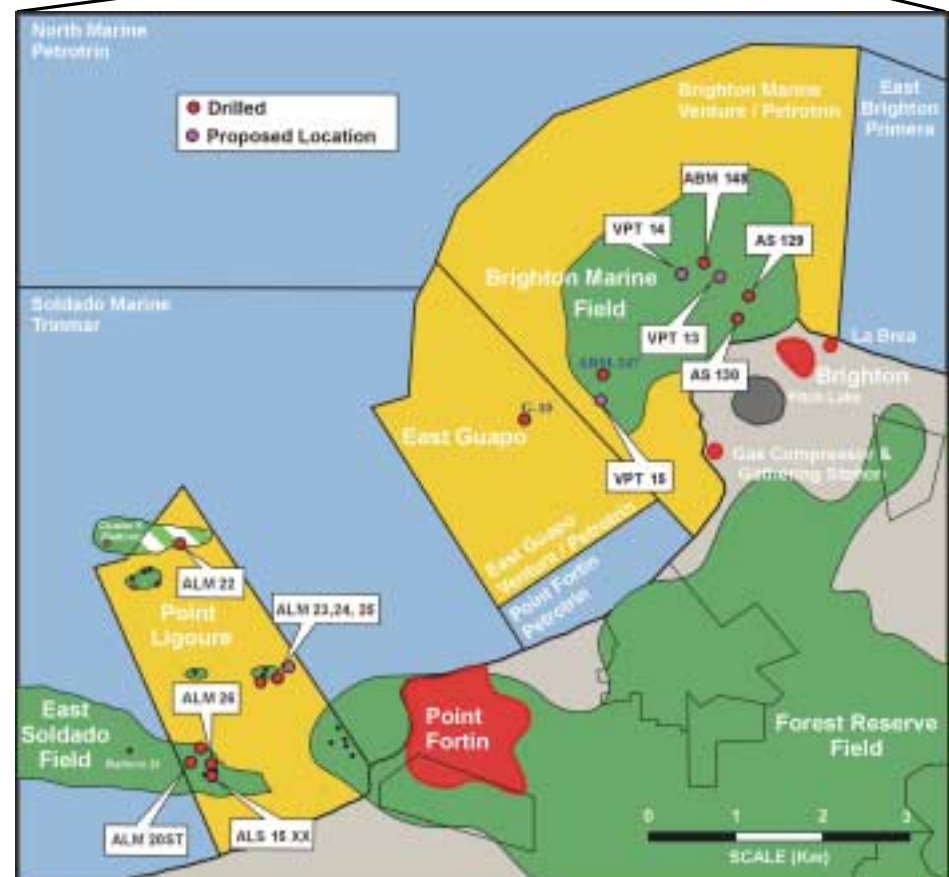
UK Gas Assets : Opportunities

- **Platform to build significant gas business**
- **48/10 Development : Amy/Annabel/P6**
 - P6 accumulation extends into 48/10a
 - ~ 50 Bcf reserves net to VPC
 - First gas planned for Q4 2003
 - Annabel well Q4 (Venture operated)
- **Alison Satellites**
 - 5 prospects high-graded
 - 2 most attractive : Annie & Agatha
 - P₅₀ reserves ~ 60 Bcf (gross)
 - Wells planned for Q4/Q1
- **Ann/Alison**
 - In-fill well planned for 2003
- **Audrey**
 - Rejuvenation project review underway



Trinidad : 2002 Work Programme

- Offshore drilling
 - Brighton Marine
 - Pt. Ligoure
- Onshore drilling
 - Forest Reserve
 - 5 new wells (Q3/Q4)
- Equity Conversion on Brighton
 - Venture 100% WI for ORR
 - Control of asset/flexibility
 - ~ 400 bopd net to Venture
 - Reserves increased
- Point Ligoure
 - Initial wells drilled in proven trends
 - Latest well has proven up deeper oil reservoirs (± 200 ft. net pay) in an unproven trend in SW



Current Trading and 2002 Outlook

● Production

- Larch : Producing above expectations at ~ 9,000 bopd
- Mallard : Steady production at ~ 5,000 bopd
- A-Fields : Production levels driven by buyers, gas market and weather

● Costs

- Operating costs dominated by tariffs

● Development

- Sycamore drilling (16/12a) on track, budget and timing
- Annabel appraisal well (48/10a) in Q4
- Drilling on Annie/Agatha Q4 or Q1 2003

2002/3 Outlook

- Corporate Development

- Point Ligoure equity - ORR conversion
- Restructure Ann/Alison gas sales agreement - unlock 25 Bcf stranded reserves
- 48/10 development - unitisation

- Project Development

- Sycamore on stream Q2
- Annabel development post appraisal well
- Chestnut development
- Annie/Agatha, tie-in post drilling wells

Summary

- First half of 2002 continued strong growth
- Increasing portfolio diversification
- Sycamore on target; will drive growth in 2003
- Acquisitions have added significant reserves at low cost
- Increasing development inventory to drive growth for 2004 and beyond
 - Annabel
 - Amy/P6
 - Chestnut
 - Annie/Agatha