



VENTURE PRODUCTION plc **Acquisition of CH4 Energy**

2 August 2006

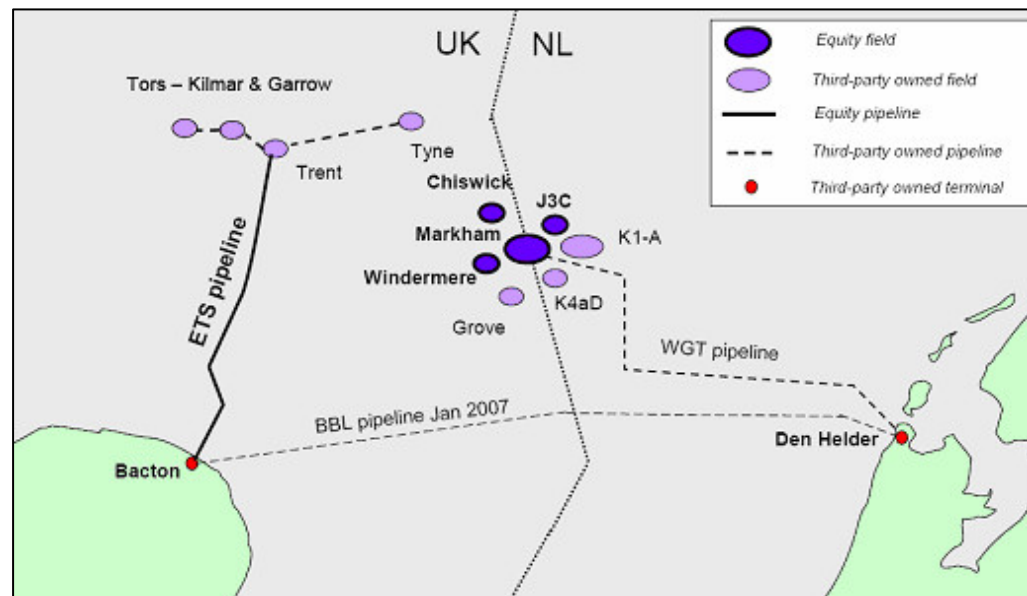


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Acquisition Summary

Addition of Fourth Hub and Strategic Entry to Dutch North Sea

- **Acquisition of CH4 Energy Limited** : privately owned UK / Dutch gas business
- **Consideration** : £153 million (45% paper, 55% cash)
- **Additional Reserves** : 30.6 MMboe (2P)
- **Additional Production** : 10,000 - 15,000 boepd (2007 onwards)
- **Staff:**
74 (42 onshore, 32 offshore)
- **Locations:**
Hoofddorp (Netherlands)
London (UK)
- **Corporate History:**
Established 2002
Built through five acquisitions
- **Assets:**
3 producing fields
1 field under development



Transaction Summary

- **Consideration : €224 million consideration (£153 million)** [£1= €1.4618]
Cash : €123.5 million (£84.5 million)
VPC equity : 9.05 million new Venture shares (valued at £7.60 per share)
- **Includes €16.5 million working capital**
Effective date 30th June 2006
- **Simultaneous signing and completion**
Deal signed and completed 2nd August 2006
- **Attractive valuation**
Equates to \$8.63 per 2P boe (excluding working capital) [£1=\$1.8671]
- **Cash consideration satisfied from existing cash resources and debt facilities**
CH4 assets not required to generate additional debt capacity to fund transaction
- **Earnings accretive from 2007 onwards**
Increases shares in issue to 132.1 million (undiluted)



Attractive Acquisition Funded From Existing Resources

Markham Overview

- Located in blocks 49/5a and 49/10b (UK) and blocks J/3b and J/6 (Netherlands)
- Discovered in April 1984 (49/5a-2 well) - extension confirmed by (J/6-1 well) in 1987
- 170km northwest of Den Helder in 36m water depth
- Two pipeline-linked fixed steel platforms:
 - J6A - manned, normal crew 14
 - ST1 - normally unmanned
- Production commenced in November 1992
- Gas currently processed from four third party fields
- Chiswick and Grove developments committed
- New compression tower (CT) currently being installed to enable tie-in of third party fields
- Total processing capacity of 400 MMscfpd delivering ample capacity for additional equity gas or third party processing
- **Partners and Unitised Interests :**
CH4 (37.5% and operator), EBN (29.5%), Total (22.1%), RWE Dea (3.4%), Euroil (3.1%), Dyas (4.4%)



J6A
Manned
platform
Dutch sector



ST-1
Unmanned
platform
UK sector



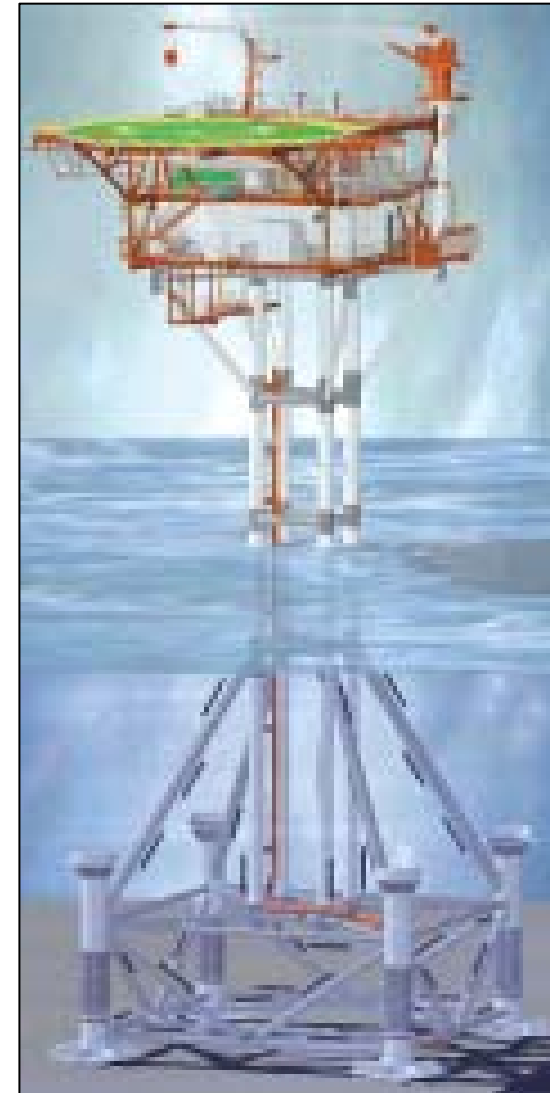
**Markham
Compression
Tower**

Stanislav Yudin
installing CT
jacket

(31 Aug 2006)

Chiswick Overview

- Located in block 49/4a
- Discovered in 1984 (49/4-1 well) with three subsequent appraisal wells
- 18 km northwest of Markham in 41m water depth
- FDP approval received in July 2006 to drill two initial development wells targeting two fault blocks (Alpha and Gamma 1) to be drilled in 2H 2006 and mid-2007 respectively
- Minimum facilities platform tied-back to Markham J6A with transportation via K13 extension and WGT pipelines into the Den Helder gas terminal in the Netherlands
- Expected field life of between 8 and 13 years
- Depending on the results of the first two development wells up to three further infill wells may be drilled into the reservoir
- **Partners and Working Interests :**
CH4 (95% and operator), Wintershall (5%)



Chiswick Minimum Facilities Platform

Strategic Overview

- **Material near term addition to both production and reserves**
CH4 adds materially to 2007 production and end 2006 proven and probable reserves
- **Creates a fourth operated production hub**
Strengthening and expanding Venture's business and leveraging existing skill sets
- **Expansion of southern North Sea operating capability**
Addition of high quality management and operating team
- **Attractive valuation**
Under the terms of the proposed transaction, the acquisition offers attractive value
- **Medium and long term 'stranded' reserves potential**
Balanced portfolio of production, development and infrastructure assets
- **Longer term strategic value**
Gas production into the UK and European gas markets

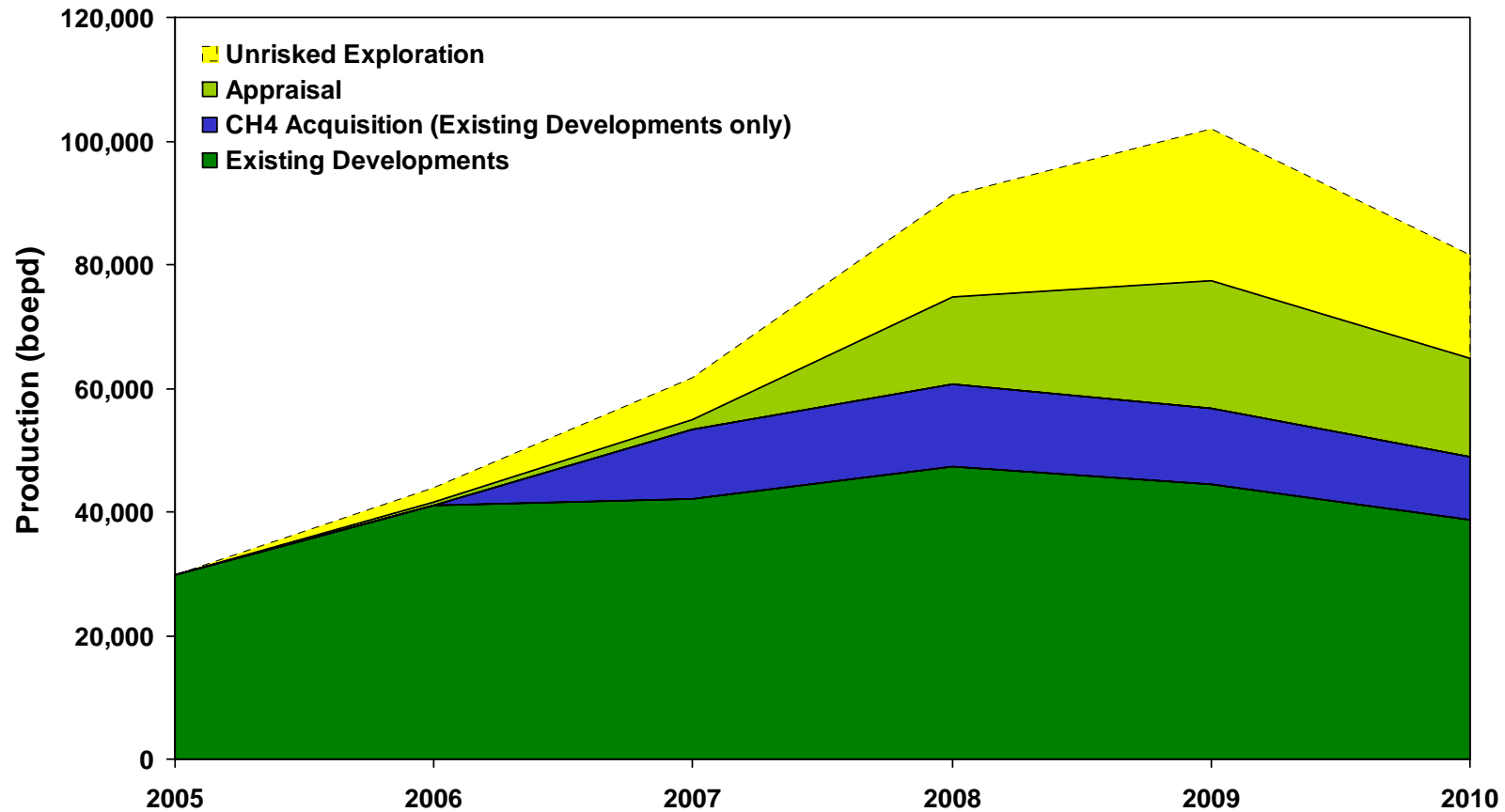


A Natural Extension to Venture's Existing Business

Pro Forma Impact

Group Production

2005 - 2010



CH4 adds significant production from existing developments



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Slide 8

Pro-Forma Operating Metrics

2006

- The impact on 2006 production is limited as Chiswick is not on stream until Q1 2007
- 2005 year-end reserves are increased by 19%

Pro Forma	Venture	Oil/Gas Split	CH4	Combined	Oil/Gas Split
Proven and Probable Reserves at 31 December 2005					
Oil (MMboe)	89	55%	-	89	46%
Gas (Bcf)	432	45%	184	616	54%
Total (MMboe)	161		31	192	
2006 Average Production					
Oil (boepd)	16 - 17,000	40%		16 - 17,000	39%
Gas (MMcfd)	145 - 150	60%	9 ⁽¹⁾	151 - 159	61%
Total (boepd)	40 - 42,000		1,500	41,500 - 43,500	

(1) Only 5 months contribution from acquired CH4 assets

- CH4 is forecast to add an average of around 67 MMcfd (11,200 boepd) in 2007

Impact Upon 2007 Financials

- Oil and gas prices taken at forward curve
- Slightly dilutive in 2006 but significantly EPS accretive from 2007 onwards
- Increases 2007 EBITDA by ~ 30 - 35%
- Additional £45 - 50 million capital expenditure in 2007
- Cash consideration can be funded from existing borrowing facilities
- Net cash position forecast by end 2007