**Company:** **Tullow Group Services Ltd**

**Conference Title:** **Tullow Oil 2011 Full Year Results**

**Presenters:** **Aidan Heavey, Ian Springett, Paul McDade, Angus McCoss**

**Date:** **Wednesday 14th March 2012 – 09h00 IRE**

Operator: Good day, ladies and gentlemen, and welcome to the Tullow Oil Results Presentation conference call. Today's conference is being recorded. The host of the call today will be Aidan Heavey, CEO, and the conference will be starting shortly.

Aidan Heavey: Morning, and welcome to the results presentation. Just to start it off, I think the results really speak for themselves with very strong results throughout the whole Group, mainly driven by the Jubilee field. You'll also see that since the year end we have completed the Ugandan deal and I think that, coupled with the strong cash flow, has put the Group in a very strong financial position with a very strong balance sheet, very strong cash flow going forward. And what we hope to show you today in the presentation is that we have a very rich opportunity set both on the exploration side, where we have some very big wells in some key new basins, and obviously some very good wells from around our existing production and in development. But also in Paul's area we've got some very good development projects, not alone just in Uganda but in the quite material TEN project in Ghana. So I think it's a very strong position to be in. We're very much focused on organic growth. You know, we don't have any big acquisitions or acquisitions on the radar. It is, we're focused on building the company organically as we have done for the last few years. So I'll say that, I'll hand over to Ian, who'll take you through the numbers.

Ian Springett: Thanks very much, Aidan, and good morning, ladies and gentlemen. So I'll take you through the financial side of things. As always, we start with just a reminder of our overall strategy and our financial strategy which underpins that and as you know, Tullow very much about creating value growth of the company through sustainable, long-term value growth, getting that balance right between being exploration-focused and the right amounts of major projects, selective developments and funding that goes along with it, and of course doing that very safely. Certainly, as Angus will talk about, we continue to build a very high-impact exploration portfolio. That portfolio in terms of the number of basins we're looking at and its attractiveness continues to increase. From a developments perspective, we'll talk also about how we're progressing with Jubilee in terms of ramp-up, the new project TEN which is moving on apace and of course, the Uganda farm-down completed, we're now very much focusing on moving ahead with Total and CNOOC there. Certainly over the course, year of course, we opened the new basin in French Guiana and also within the North Sea, the Nuon/EO acquisitions. So a lot of things happening I guess which are evidence, if you like, of having delivered significant elements of that strategy in 2011.

Then we've gone to the financing side of it, the objective there really is to underpin that activity set with a solid balance sheet. We have access to debt and equity funding from early in 2011. As we were waiting for Uganda farm-down to finalise, we were able to access further debt, which was good. Also, after year end we completed Uganda farm-down, we made some cash inflow and that, coupled with the significantly increased cash flow from Jubilee means as a whole we're in very good financial health. I mean our funding situation has never been better than it is as I stand here today, so excellent place to be.

Now looking at the actual financials, how that translates to financials, you can see down the right-hand side the very significant percentage in terms of increase from the year before. The impact of the Jubilee production and higher oil and gas prices really benefited our financials. Our operating profit at $1.1 billion; it's a record and clearly the first time it's been over $1 billion. So revenues, profits, net profit, earnings per share all very, very significantly up on 2010. I shall allude more on that on the next slide. We also decided to increase our dividend. We increased our dividends at half year from 2p to 4p, at the year end increased from 4p to 8p, to 12p for the year, and we recognise that with the increased cash flow from, again from Jubilee, then it makes sense to do that. Cash generation from operations, as I said, very significant at $1.8 billion which you can begin to see certainly in 2011, the idea being to try and get some sort of comparison, if you like, between the level of cash we generate from operations and the level of capex we spend. As CFO of course, that's always a good place to be. At the same time, Angus and Paul queuing with great opportunities which always stretch me in that regard. But, and then in terms, finally in terms of net debt ($2.8 billion at year end) of course that was before receiving the Uganda farm-down proceeds.

Just to quickly move through our net income 2011 versus 2010, so net income $90 million 2010, $689 million 2011, the benefit there of the $30 a barrel increase in the oil price, 15p per therm in terms of the gas price, that's $700+ million in price benefit. Volume through largely Jubilee, with solid performance from the rest of our field. Increases in operating costs $165 million in DD&A and impairments – $213 million – but remembering that actually much of that of course is the fact that we didn't have Jubilee production in 2010, we do in '11, and about 70% of those increases are in fact just the Jubilee costs coming through for the first time. Also in DD&A and impairments, there's a $50 million impairment for the M'Boundi field partially offset by a write-back on Chinguetti. Exploration write-offs, $121 million, $34 million lighter than last year; good performance there. Net finance cost up primarily, because a lot of our interest is capitalised and our level of interest expense pretty similar year to year, it's actually the finance cost associated with our FPSO before we purchased it towards the end of 2011. Tax, as you imagine, higher with profits, and the IAS 39 adjustments is just a reflection of the fact that the value of our derivative instruments is sort of higher this year, a credit this year of 27 and a charge last year of 27, 54 in total. So a very, very good story on net income.

Moving onto revenues, just to make the point that at the half year that our revenues have been fundamentally transformed by Jubilee and these higher prices too, $2.3 billion, significantly more than doubled since 2010 and you'll see on the left-hand side there in grey the impact of Ghana but also to remember the solid performance which we get year-on-year from existing assets in Europe and Equatorial Guinea, Gabon, etc.

Source and use of funds on the left-hand side with cash coming in on the right-hand side. The cash going out, the cash inflow of $1.9 billion after taking account of working capital adjustments, a big chunk of money in. In addition we drew on debt ($880 million) and we had some proceeds from the share issue, the secondary listing in Ghana, $87 million and that allowed us to spend capex, to acquire Nuon and EO, and then to finance the business, finance costs and fees, and purchase the FPSO and pay our taxes. The finance costs and fees, a sort of biggish number there but it includes effectively our interest costs, the interest costs on the FPSO, debt arrangement fees and of course our dividend.

If we look at capital expenditure, you'll see a capital expenditure there for 2011 which we're reporting of $1.4 billion; just under $2 billion forecast for 2012, as we've previously guided. And in many ways that recognises the increasing scale of activities. So as we up our expenditure in Ghana around the TEN project, around Phase IA, around the remediation work, we get out to Uganda but also we start appraising and spending money and exploring in places like more work in French Guiana, in Guiane, also in Mauritania and other places as well. So a sort of, an increase but it's really about just the scale of the business.

Which really leads me to my last slide which is really in summary then, it's a record result, profits, operating profits over $1 billion and the Uganda farm-down after the year end has really transformed our financials. A very great, you know, a great place to be. In turn, that gives us a strong and well-funded balance sheet. We have very significant unused debt facilities, well in excess of $3 billion and that, coupled with a step change in our ongoing operational cash flow, really gives us the basis I think, as Aidan was leading in, to get after some very, very significant value growth opportunities. You'll see our capex is up in 2012 in anticipation of that. We very much, you know, we've opened that third new basin. We're after opening more basins, whether it be in Kenya, whether it be in Guiane, whether it be in Mauritania, etc. A lot of work going on there. We've got our big development project, Phase IA TEN and Lake Albert in Uganda, and also it allows us to get after the appraisal and development of exploration successes which Angus is yet to have.

So you know, very much a significant pot there and you know, so the way we look at it really is that that money that comes in, particularly from the business flows, from the cash flow and also from Uganda is to allow us to access what we believe are the best opportunities for us at Tullow. We believe our best opportunities are the ones in front of us that actually fit within our portfolio at the moment. And in order to make sure we can keep driving forwards with that scale, or even an increased scale, it's very much about driving our funding strategy even harder. So we'll continue to look at the portfolio, at a high grade within the portfolio, to make choices. You know, Uganda is a very good example really of a place where you could say the major discoveries in Uganda were actually in 2009 and we've monetised a very big proportion of those discoveries already in 2012. So we've moved actually in many ways very quickly in Uganda in monetising a very significant proportion of our assets. So it's making choices about our assets, what equity to retain, how much to develop, how much to farm down, and creating options so we can monetise those assets at different levels along the value chain. We'll also look to create more diversified funding strategies. We've certainly done a fair bit of research, for example on high-yield bonds, and we'll just be looking to make sure that we have good and broad access from a funding perspective, which will again give us great flexibility. And it's all about, I think, flexibility and having the ability just to fund those significant growth opportunities. And then finally we'll just make sure that the right balance between being very much still exploration-led, and we believe the best value from our capital spend is the value we derive from the exploration and drill bit, having the right level of selective development to go along with that and this virtuous circle between the growth opportunities and the funding to make sure we can fund it as well. So with that I'll hand over to Paul.

Paul McDade: Thanks, Ian. Morning, everyone. In September we mentioned then that we had quite a busy six months and I can guarantee that the rest of the year and the early part of this year has just been as busy. I mean, before I go into the detail, a lot of effort's been put in to safely manage all the operational activities, so the exploration, the appraisal, the development and the production and the track record in 2011 has been excellent. Really the focus has been on completing Phase I of Jubilee and then the subsequent remediation work regarding the completion problem, getting Phase IA sanctioned, which we did earlier, and now moving on to do that, progressing TEN which I'll talk about in a bit of detail, the new Tweneboa-Enyenra-Ntomme project in Ghana which is almost as substantial as Jubilee itself, and obviously trying to finalise the deal in Uganda and now move on with the development. And I'll kind of wrap up towards the end with a slide that just shows that we actually continue to invest pretty heavily in the rest of the assets in the portfolio.

Before we go into detail, I just wanted to make one point, and it's a kind of theme we don't talk about a lot in these sort of forums but we do talk about a lot elsewhere, I mean not only on safety performance and environmental performance, which is at the forefront of everything we do, but also on Tullow's approach to local content and nationalisation, and it's a big differentiator. I mean, it may not appear to be a kind of explicit value item but in terms of creating value in Africa and then in the Atlantic Basin, it's a very important differentiator for Tullow. So that kind of theme runs throughout, or is in the background of pretty much everything I talk about, to a certain extent what Angus is talking about as well.

On the reserves and resources, let's just take a moment to explain the chart on the top left, so obviously our combined commercial reserves and contingent resources have continued to grow. You'll probably ask what are these strange new colours. Chris got the graph wrong. I mean, what we're trying to point out here is this point, you know, that there's two ways to commercialise contingent resources. One is to monetise them, as we've done in Uganda, and the other way is to push through development and invest in the development and take the cash flow, or a combinations of both. So I think what you can see there is a substantial monetisation of the Ugandan resources.

If I then focus on the remaining, so post-Uganda completion, the remaining reserves and resources, it's made up of a component in Uganda, though that's mainly TEN. There's a bit around the greater Jubilee area and some of the West Cape Three Points discoveries, and you'll see that we're working hard to monetise TEN and then kind of move on and monetise West Cape Three Points. In Uganda now that the deal's done, we can get on and start really focusing on monetising or commercialising the other third of Uganda that we've retained, and then within the rest of the portfolio we'll talk a little about that, made up of areas like discoveries in Mauritania, the gas field that we have in Namibia which again we continue to work.

So the theme here is really monetising or commercialising those very substantial contingent resources. And as we do, you can see the performance in 2011, 235 million barrels of resources added, which is very significant if you look at that in terms of the existing reserves and resources. I think more importantly, the pie chart in the bottom right-hand corner, you know, as we produce the blue, as we turn the red (the contingent resources) and commercialise it into the blue, the real important thing about future value is turning the grey into red, and that actually the existence of the grey and if you look back on previous charts that have shown it this way, you'll see substantial growth within the grey, as Angus, he will talk about it, continues to build the portfolio prospective resources, which is really the feedstock that allows us then to make discoveries and then turn them, either through development or monetisation, into cash.

Looking at production, as Ian mentioned, okay, Jubilee we've not seen the full potential of Jubilee but even the production we had from Jubilee in the last year has transformed the financials for the company. And as we reported in the last conference call, 2012 in Jubilee is a year we're going to take to solve the completion problem and get back on track with that field in terms of 2013. So the guidance there, both Group-wise, which will be influenced heavily by Jubilee, and for Jubilee itself remains the same at 78-86 and for Jubilee itself still in the range of 70-90 thousand barrels a day.

When we look at the portfolio again on the theme of kind of maximising value and monetising, you know, you could group the portfolio, the production charts that are on the right into three non-core assets (the Pakistan, Bangladesh and Congo). They're not really core to our portfolio and we announced today in the statement you may have seen that we've started a process for the divestment of the Asian assets, so that's something that will now get underway. Congo we have no activities in terms of portfolio management activities in Congo but it really is not a core asset to us. The four assets down the centre of the diagram, you know, the North Sea, Ghana, EG and Gabon are very core to the financials of the company and what we do, and then over to the left-hand side, Mauritania and Côte d'Ivoire, okay, on a production measure they don't look core but when you take the whole exploration potential cycle and production combined, those two areas are very core, and Angus will be talking about them. But again, you know, we continue to focus – despite having the cash in from Uganda, we continue to focus on how do you monetise, how do you commercialise the portfolio and maximise the value, just looking at – sorry, rather than just looking at production targets and taking production targets.

Going on to Jubilee, we've continued to safely operate Jubilee. Again, that FPSO has now been there for quite some time and we have had no safety incidents at all offshore. We have zero LTI records, which is quite exceptional for a new facility. Thirty million barrels and thirty cargos exported. Water injection, gas injection, the whole facility is working well with high uptime, in fact exceptionally high uptime for a new facility and as I said earlier, we continue to work on remediation.

We continue to monitor the sidetrack I mentioned before, J-07, and the new completion design. That continues to be monitored. We continue to hit that well and see how that new completion design is performing. We guided before that we might do up to four sidetrack completions, which is still the plan, but actually what we're looking at some acid stimulation work on J-05. We're going to try acid stimulation. If that was to work, it might avoid doing all those re-completions and certainly be a much more capital-effective way to manage the problems than re-completing. So that's another avenue that we're trying to get remediation, and then we have a number of other completely different completion designs that are normally used within deep water. I mean, there are alternatives, so kind of open hole gravel packs is another one. That's something we're looking at actively and we'll probably run one of those around the middle of the year in another well that we're planning. So that still gets a lot of focus of the team. As I said, in addition to that we've sanctioned Phase IA. We've got government approval and that's now underway: 18-month project both to add production and significant reserves to the Jubilee area.

TEN: really a huge amount of progress on TEN over the last 12-18 months. We're really marching towards submission of a POD around the middle of the year. On the appraisal side, Ntomme is a critical well. It changed somewhat the balance of oil and gas, so that obviously has a critical implication in terms of value. So that was a great result. We then tested Owo-1. We got combined rates across three test zones of about over 20,000 barrels a day, again good productivity of this reservoir, and we have a number of gauges that are in the field which we monitor to try and determine the connectivity across the reservoirs, and then obviously we reported previously we'd already tested the Tweneboa well. Enyenra-4 is ongoing. We've got a number of DSTs still to do, one in Ntomme and one in probably Enyenra-4 when we get it finished in terms of what we find there will determine what to test. So that appraisal work is working towards getting completed around about the middle of the year. In parallel with that, we have design competition going on in Singapore at the moment with tenders expected around kind of May/June from the competitors for that FPSO. It says there it's being designed for 100,000 barrels a day, maximum gas handling to either export the gas or to re-inject it in the reservoir, and significant water injection. As it's subsea equipment, the feed work in that is almost complete and will be going out to tender for the subsea and really again, all of that work coming together with the final appraisal result to get a POD submission around mid-year. And then subject to a prompt government approval, we'd expect the first oil to be about 30 months from government approval. That's the critical factor in getting that POD in and get it approved.

Uganda, obviously excellent news as Ian mentioned, and Aidan, in terms of getting the deal completed. We now truly have an aligned partnership of ourselves, Total and CNOOC, who are all aimed on one thing, which is getting a plan of development in front of the government and then progressing that through sanctions and execution to first oil. There's been a lot of work going on. We now can now embark and engage with the government. The deal was only signed, so we've not had a chance to do that so unfortunately not going to stand here and go through much detail on the development plan. But as we progress the year, we'll be able to engage with the government. As you all know, focused on a local refinery which will manage local product demand, export pipelines to the coast and then a very significant upstream development. The rigs were being utilised but the utilisation rate was quite low over the last kind of six months due to the discussions with government over extensions of the licences and while the new licences are signed. Those four rigs are starting to get active again. We've got one active, another one about to be active and the two are just waiting on various regulatory approvals and PSA type approvals to get going. So we expect to have the four rigs up and running and they'll be focused on both appraisal of the existing discoveries, which is then a key input to that development plan, also Angus is going to talk about exploratory programme for Uganda that will continue through 2012 and into '13.

So again, in terms of timing, the major production, we estimate that it will be about 36 months after government sanction. So you know, if we're able to get a government sanction in 2013 then you can add 36 months to that for the ramp-up of major oil. However, we will, we're testing wells at the moment. We're looking to monetise that test group and actually build up some low production for local consumption, but that is relatively minor from a financial perspective, a couple of thousand barrels a day. Quite important from a learning perspective in terms of the development and the operational and logistics issues that we'll have to manage within Uganda.

Just a penultimate slide here which I often, I kind of talk about the rest of the portfolio, which often gets a bit overlooked. I showed you the production charts and the core assets, and I thought I'd put the split of the D&O, to the development and operational capex, up just to show you that if you split it between the rest of the portfolio, Ghana and Uganda, the majority of that development capex for 2012 is actually being spent on the rest of the portfolio, about $500 million. And that's really aimed at maintaining the West African production. We've got big programmes of infill wells across Gabon, EG and Côte d'Ivoire. In the UK and Netherlands we're investing as well in the gas basin to maintain production. So a lot of investment going there really to try and maintain the kind of 30,000 barrels a day from West Africa and c. 20 from the UK. And as I mentioned earlier, that final segment of contingent resources is kind of around Mauritania, Banda discoveries and a few other minor discoveries. We're working them hard as we've now taken over operatorship of that key area in Mauritania from Petronas, so we've increased our equity up to 60% so now we can get after trying to commercialise the Banda oil and gas, and in the background we continue to try and commercialise Kudu. We have all the technical work done. We're ready to go for FEED and tender, but we will not start that until we have a commercial agreement with both local power company and the government there.

So a significant amount of activity. I won't go through the list there but suffice to say that the whole team really is working to commercialise the discoveries that Angus makes through either pushing them through development selectively, into production and cash flow, or as in the case of Uganda, monetising them earlier to recycle the cash back into exploration. So with that I'll hang over to Angus.

Angus McCoss: Thank you, Paul. Morning, everybody. So I'll start off with a familiar looking slide for you. This is the map of our exploration and appraisal successes in 2011. Again we've had a good success ratio 2011 with 74% success rate. Over the last five years the average has been 77%, our success ratio.

Just to highlight some of the successes there, 8 out of 9 wells were successful in Uganda, 9 out of 11 were successful in Ghana, 6 out of 8 successful in Gabon, and a success in each of the UK, Mauritania and most significantly, French Guiana where we opened up the Guyanas. We've got the Jubilee play across from Ghana to the Guyanas and a successful well in French Guiana, the Zaedyus well. More on that later. You'd also see on this map that we're very busy acquiring seismic and airborne surveys, gravitational surveys, magnetic surveys, a lot of geophysical data acquisition and processing ongoing. This is building up the leading prospect inventory for years far ahead of us as we continue to replenish and rejuvenate the prospect physically across inventory for long-term sustainable growth. You'll also see in the bottom left-hand corner of this map just a note there on the 2012 wells, a couple of successes already this year, Jupiter and Ntomme-2A, more on those later. But you'll notice that we're drilling seven wells today as I speak, so we're busy. We have about 40 wells planned for this year, 2 discoveries and 7 currently drilling.

I'll move on to this map. We've introduced this map as a slight evolution to the map that held this place in previous presentations, which focused on the Atlantic, Equatorial Atlantic region and particularly around the plate tectonics and the separation of Africa from South America. We've expanded that view in line with an evolution of our global exploration strategy, which retains a focus very much on exploration in Africa, which we see as a very much under-explored continent, but an expansion of our footprint into the Atlantic margin on both sides of the Atlantic Basin.

So this map shows the context for that. The Atlantic Basin opportunities are driven by our Atlantic Twin Basins concept which is underpinned by plate tectonics and our understanding of the similarities of the basins on one side of the Atlantic with those on the other.

So looking at the Atlantic Basin, we are busy in the North Atlantic with exploration studies and business development. By business development I mean farm-in, looking at bid rounds, looking at open acreage. You may have picked up in the press that we've qualified for operatorship entry into Norway as an example of our activity in the North Atlantic, and of course we've been busy and active in the Southern North Sea in the UK and the Netherlands for many years.

In the Central Atlantic, we have a major exploration campaign launched there, particularly founded on our asset position in Mauritania. More on that presently, but we see a lot of potential in Mauritania and Senegal in the Central Atlantic. And one of the key plays that we're bringing into Mauritania is a play we're bringing up from the further south and around the corner in Ghana, where we see this continuation of what we call the Mauri-Tano Trend, from Mauritania to the Tano Basin offshore Ghana, in which we see the Jubilee play which is proving very successful for us along this West African Transform Margin, and then further north into the Central Atlantic Margin.

We're taking that play also across to the Guyanas, as I mentioned, in this Equatorial Atlantic region, and that campaign has been ongoing since 2007, since we made the major discovery with Mahogany-1 and discovering the Jubilee field, and we continue to work on the West African Transform Margin in Ghana, Côte d'Ivoire, Liberia and Sierra Leone within the Equatorial Atlantic.

And then in the South Atlantic we're busy with exploration studies and with business development, again looking for farm-in opportunities, bid rounds, open acreage. You may also have picked up that we've qualified for an opportunity to bid in Uruguay. We're also busy in Gabon, where we've been for many years. We're trying to rejuvenate the Gabon exploration at the moment. We're bidding on some good acreage and some of it contains pre-salt clastics. More on that in a moment. And we also have an acreage position offshore Namibia around the Kudu field. So there's activity ongoing and being built up in the Atlantic Basin, so along the Atlantic Margin.

The core continent still for us remains Africa and as you see, we're busy, as I said, on the West African Transform Margin but also looking for big oil in the West – in the East African Rift Basin, in Uganda where we've been very successful, trying to replicate that in Kenya and Ethiopia, and taking a different look, a contrarian look at the East African Transform Margin. The East African

Transform Margin is a gas-prone domain, there's no doubt about that, but we do think that there's some opportunities for material oil exploration there. So we're being very selective about our exploration in the East African Transform Margin and we have an exciting wildcat well coming up there in the L8 licence offshore Kenya later this year. Twenty wells coming up in the East Africa Rift Basin, around fifteen in the Mauri-Tano Trend and about four in the Ghana, so busy, a busy next 12 months ahead.

Sorry, I must go back actually. One other important point I should make as well, in the bottom right-hand corner you'll notice our core plays, and since 2006 we've been focused very much on three core plays, stratographic traps, salt basins and the rift basins. In order to increase our running room within this territory, so remaining very much focused on Africa and Atlantic but in order to increase our geological running room for opportunities, we've added a fourth core play, carbonate. Now carbonate, an important global play, about 60% of the world's oil is in carbonates, in limestone. It's a tricky play but over the last five years, as our capabilities have grown, as our headcount has grown and as our skills register has matured, we've come to appreciate that we have a carbonate exploration capability in-house and we're now going to start deploying that. One of the first places to deploy that will be in Mauritania where not only do we see the Jubilee-type late Cretaceous turbidite plays but we also see carbonate, and also actually a salt basin play. Quite a bit of diversity in Mauritania.

So moving on also just to help describe the big picture around exploration enterprise and give you a sense of how the exploration enterprise is run within Tullow, here you see a series of funnels through which our opportunities flow from left to right. We're pursuing material big light oil, commercial volumes of light oil with a focus on material campaigns. Entering at the left-hand edge of this chart you'll see the exploration business development activities, new ventures work, focusing on Africa and the Atlantic, leveraging and building our relationships for opportunity access, and developing strategic alliances. And one you'll have read about recently – not the only one we have underway at the moment but the one that we've talked about recently – was our strategic alliance, frontier exploration alliance in the Atlantic Basin with Shell. It's a non-exclusive, non-binding Memorandum of Understanding that we've signed to cooperate in frontier exploration in the basin, in the Atlantic Basin, and once we've identified, and as we are currently doing, identifying areas to focus on then we focus in much more tightly on those particular opportunities and develop tighter agreements around those opportunities to mature them. And I would emphasise as well that this is a non-exclusive arrangement so we're still very much in play with other partnerships in the Atlantic Basin.

Then from business development, the successful new ventures pass through into what we call the incubation, venture incubation phase when we enter a basin, where we do our regional studies and we work up the geology and the science from the bottom up, as we're doing in the East African Transform Margin in the chase for high-value oil in Kenya offshore and in Madagascar where light oil has been discovered along trend from our acreage, and working for instance in the West African pre-salt play. But the carbonates that we're hearing of in a sandstone basin and on the other side in Brazil are the same pre-salt interval but in Gabon it's the clastic, it's the sandstone interval and we have some good acreage positioned on the pre-salt sandstone offshore Gabon.

Moving from that venture incubation phase, we are into the phase we call our core campaigns. We have four major core campaigns underway at the moment in the Guyana Transform Margin, the French Guiana-Guyana-Suriname, in the West African Transform Margin, the Central Atlantic Margin and the East Africa Rift Basin where we're pursuing opportunities in Kenya and Ethiopia. And then from there [unclear] as discoveries are made and follow-up is successful, we then get into the period of monetising, commercialising these discoveries either through major projects, supporting major projects in the appraisal stage as we're doing in Ghana and Uganda with the drill-outs and appraisal there, or doing near-field exploration and appraisal in support of sustaining production as we're doing in the Southern North Sea in the UK and the Netherlands, and in Gabon. But also, as you've heard from Paul and Ian and Aidan, selling discoveries in some cases, monetising as we've done in Uganda. And you'll see in the background on this chart, and expanding to the right, the importance of our collaboration and cooperation with the development and operations elements of the team. And also, importantly, you'll see that the development operations support extends way back into the early part of the ledge back or back into exploration, business development and basin entry where our development colleagues and commercial colleagues help us stay focused on entering into a commercial exploration proposition so that by the time we're making a discovery, we're already well on track to commercialisation and monetisation.

All right, I deliberately spent a bit of extra time on these more strategic elements and I'm going to speed up a bit now more on the, potentially what is the data because I think you'll be mostly familiar with this, the details of the following slides. Just to emphasise that we're active in East Africa, as I said, in the East African Rift Basin, following up in the Lake Albert Rift Basin in Uganda, pursuing these new, exciting opportunities in Kenya and Ethiopia, and then pursuing oil in the Transform Margin of East Africa and the Rift Basins of Madagascar and offshore Kenya.

Looking more specifically at Uganda, this is a new map for you and a new air prospecting to introduce you to the activities that will shortly be ongoing, run through the second half of this year and into next year, basically where we're dealing a high-impact West of Nile campaign targeting a cascade of prospects from Omuka to Raa. But if you look at these cross-sections, a prime from Omuka to Raa, you see a cascade of prospects and we hope to have similar levels of success that we enjoyed earlier in the campaign, for instance from Kasamene through Ngiri up to Jobi-Rii, if you remember the drill-out of those cascades. And also the accelerated appraisal in support of basin development, we'll be targeting the drill-out of the Jobi-East and Mpyo-I objectives in the eastern parts of the North East part of Uganda.

Moving on to Kenya-Ethiopia, here what we're trying to do is replicate the success that we've had in Uganda. Our acreage position that you see on the map here on the right-hand side extends to about 100,000 square kilometres. That's ten times bigger than the position we had in Lake Albert in Uganda. The gravity surveying and the seismic surveying that's ongoing has identified seven basins. You'll see those identified as those brown blobs, long blobs on the map. Each of these, at least in terms of geometry and gross geology, is similar to the Lake Albert Rift Basin and one of them we illustrate in a cross-section from A to A', the Lokichar, that's the Lokichar Basin. You get a sense of the lead density of the prospect and lead density, lots of orange prospect targets and lead, the yellow targets emerging from the data. In fact this data is – data acquisition is ongoing. The process is ongoing and it's revealing scores of leads. In fact this morning I just phoned up our exploration managers just to check what the latest tally was because this is the number, it changes daily. We've got 81 leads and prospects this morning. So we're building up that inventory. There's many more to come.

And the point I'd like to make here I think is the importance of some of these early wells, we need, I think it would be unreasonable to look for success in the first well but I think in the first few wells if we can get some success and get some success going, then these wells become big triggers if you like. And these big triggers, if we had success, would then ripple through these cascades of prospects and there's a great opportunity here to amplify any early success. And you might recall we did enjoy that level of success in Uganda where we drilled 45 exploration appraisal wells and 43 of them came in. So if we can get into the play early on and get these big trigger results then there's a great opportunity here to really leverage this very substantial leading prospect inventory that we have.

Okay, now moving to the Transatlantic, Equatorial Atlantic Jubilee play, we continue to have success there building on the positive results that started in 2007 with Jubilee and since then the discoveries at Tweneboa, Enyenra, Ntomme, Mahogany, Akasa, Teak, and up at Venus, Mercury and Jupiter in Sierra Leone, and then last year significantly taking a play across to Zaedyus, we've clearly this is a Transatlantic play and Tullow clearly enjoys a commanding acreage position on both sides of the Atlantic on the sweet spots of this play.

Zooming in now on the West Cape Three Points area, a good run of positive results in 2011 which I won't read through. They're familiar to you, but looking forward to 2012, Teak-4 will be drilled in 2012, targeting stratographic upside in the northwest part of Teak. There's appraisal drilling and flow testing plans for Mahogany and Akasa, and the Sapele-1 well will target that lobe to the southwest of Jubilee. So important activities still continuing in and around the Jubilee area, greater Jubilee area.

Turning now to the high-impact exploration activity in Deepwater Tano licence, again we have had a good run of success last year. I'd highlight there perhaps the Ntomme-2 well; Paul mentioned it. Really a great way to start the year this year with a 125m oil column in Ntomme-2, way down in the south of the basin, the Tweneboa-Enyenra-Ntomme area. But coming ahead, we've got Enyenra-4 currently drilling. We'll have a result from that shortly. We've got, we'll be achieving this drill-out by the end of the first quarter 2013, drilling Wawa-1, Sapele-1 I mentioned and also this interesting and large prospect, Tweneboa Deep, material prospect which sits underneath the same cluster.

Moving on now to the rest of the West African Transform Margin play, drilling currently in Côte d'Ivoire, the Kosrou-1 well in CI-105. We'll have a result from that shortly. Non-operating activities drilled by Anadarko with 22.4% but Paon, Paon-1 is a higher equity Tullow well, Tullow-operated CI-103, to spud in the second quarter of this year.

In Sierra Leone and Liberia, we've continued to discover oil there. Montserrado-1 we had hoped would have been a bigger result for us. It made a non-commercial discovery. We have had no dry holes to date in Sierra Leone-Liberia and Mercury-2 is currently drilling, but we haven't made a hub-class discovery yet and we really want to make that hub-class discovery before launching the development and appraisal initiatives that we hope will be forthcoming from the Sierra Leone-Liberian Basin.

Taking a trip further up the coast to our position in Mauritania-Senegal and you'll see the left-hand map here the whole acreage position we have offshore Mauritania-Senegal and then the inset is the zoom-in of this C-10 licence. This is a licence that's recently been re-awarded, with a long-expiration tenure and increased equity, and the Tullow operatorship. And from it you can see the density of the lead inventory that we're building up in – or we've built up over the years in this licence, which is representative of the Mauritania position. We've got good core play diversity here, which is very encouraging. We've got this stratographic trap that we've seen in the late Cretaceous similar to those in Jubilee. We've got a salt basin, so we have the salt basin plays and as I said earlier, we have carbonates to give us the starting place for our carbonate core play. So some exciting activities coming up in Mauritania and again, what we're looking for here are the trigger opportunities, the trigger wells which we can drill the big triggers to an event that would then ripple through this very substantial inventory that we have in these licences and really then hopefully be in a position to leverage on any early success.

Moving across the Atlantic to the Guyanas, here you see a map, the big map of the whole of the Guyanas and Tullow has a commanding position. We are uniquely in all three countries, in Guyana, Surinam and French Guiana. As I said earlier we have successfully brought the play across, made the discovery at Zaedyus. We have highlighted the accumulation which can be directly attributed to the single well, the Zaedyus-1 well, but the whole Zaedyus fan remains very much a prospective target and obviously clearly de-risked by the discovery of the oil that we made in the Zaedyus-1 well which was 72 metres of net oil pay.

We've got appraisal drilling coming up in the middle of the year, a DSC on that well and then another wildcat spudding at the end of the year and we have seismic plans for the large leads in Block 47 in Surinam and we are currently drilling the Jaguar well in Guyana and we hope to have results on that around the middle of the year.

So that was a bit of a whirlwind around the Tullow world map of exploration. The last two slides I have here are the familiar tables in which we present the 12 month exploration appraisal programme. I won't go through the payables in any detail other than to say that really I think the thing to think about today is that many of these wells are big triggers if you like, are triggers which could unleash not just this short term 12 month programme but could also unleash the dependent cascades of prospects which would be unlocked by any early success from these wells.

So at that point I think I had best hand over to Aidan for concluding remarks. Thank you.

Aidan Heavey: I think what Angus has shown there is that we have a fantastic portfolio of exploration prospects which could change Tullow again and I think that's one of the big challenges that we have had, to see could we continually move the needle and continue to grow the business at the pace at which we have been growing; and I think what we have been doing is building that portfolio, using the expertise that we've had and we are very fortunate that we've moved up to a level now where we could enter into partnerships with the major oil companies in the big material basin. Obviously in doing that you need a substantial cash flow to keep it going but to continue with the exploration programme, to build forward as far as we do in advance in looking at projects. I think Paul is showing you there that we have both the cash flow from our existing assets but also a very large portfolio of big developments and I think the key as well is there's only a certain amount that you can manage and also to make sure that you only keep the material core areas and we will continue to trim the portfolio, sell the non-core assets but also look at ways of bringing in cash as quickly as possible from some of the longer term assets and we've done that with Uganda. I think Ian's first presentation has shown that we've got a very strong balance sheet. We've got a very strong position both in our new abilities with the bank but also with the cash flow going forward.

So I think the company overall is in a very good position and we feel pretty confident we can continue as we have done in the last few years. With that I will open up to questions from the floor.