Company: **Tullow Group Services Ltd**

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Aidan Heavey: Good morning and welcome to the results presentation. Chris has given me two slides this time. Basically what, last year, 2012, was actually a very, very good year for the company. That was masked a bit by the share price performance but in fact actually is one of the better years that we've had and every aspect of our business really was transformed last year. We've had the very successful wells that we've drilled in Kenya and the acreage position that we have there is quite phenomenal and to go in there in the first two wells and find oil was a hell of an achievement, and then to go across to the other side of the basin and drill the Paipai well, and while that's still drilling, actually to get hydrocarbons from that well. I think what we have here is a fantastic acreage position.

And we've also enhanced our exploration portfolio. We've added on five new countries and we've had the successful work completed on the Jubilee field and it's now performing ahead of expectation. We've finalised the development plans for the TEN project and we've submitted the PoD to the government and we expect approval on that shortly. We've put the plans in place and we've submitted them to the government of Uganda for the development of the Lake Albert region and discussions are ongoing on that. We've farmed down the Uganda project and got $2.9 billion in our bank. We refinanced our debt facilities and took our debt out to 2019, and we started the process of selling down some of our non-core assets.

Really, at the end of the year, we've left ourselves in a very strong position. We have a very strong balance sheet, very strong cash flow and I think as we go through the presentation, Angus will point out, I think we have an exploration programme that is second to none, and in relation to the market cap of the company, I don't think there is any other exploration programme around that can match us.

We're going to spend a bit of time throughout the presentation and you'll see Ian in particular will take you through this in a little more detail, but just to give you an overview really, our strategy has been pretty well fixed in stone for quite a long time. We have no intention of changing that strategy, and I know there's a few misconceptions out there of what our strategy but our strategy is very much exploration-led. That's what we want to do and that's all we want to do. We have no intention, and never had any intention, of getting involved in the obsession that the industry has in developing and producing. And our business is finding oil and we're good at it, and we'll stick to it. What you have here is a slide which shows what we actually do. The green area, we spend, or we plan to spend about $1 billion in exploring. Our policy has been to build a large, well-balanced portfolio in different areas and to make it slightly different from a lot of other companies, who concentrate on one or two areas. But we've got a big spread; we drill only the top prospects. So our business is all about that green area.

And when we find oil, it goes into that little blue box. And the blue box is the important part because as you get more successful in finding oil, you end up with too much oil, hopefully. But if you start to develop that oil, you'll run out of money and then your capital has been tied up in the – there's nothing more boring for shareholders than developing an oil field. And most of the capital that you develop an oil field, it's an incredibly risky part of the business. The main money in finding oil is from finding oil – sorry, the exploration phase up to finding oil, and the development phase is very expensive and the rate of returns are not that great on it. So our policy has always been to get enough cash flow in our business just to fund our exploration. So that blue area is quite important.

Our plan going forward is to look at the fields and see how we can best manage those discoveries. Our target is to basically get carried interest if possible. So basically use our big interest that we have in these fields, say for example the TEN field in Ghana, we've 50%. We've never any intention of keeping 50%. Our intention was to get the PoD in place and bring in partners. We don't need cash; the best way of doing that is to give you partners who will give you carried interest, and therefore you keep a bigger stake going forward with no capital cost.

The development side of our business is very important but we keep that within a $4 billion facility. So the cash flow from our business comes from that collective development areas, and it is important that we do develop certain fields. It is important that you are a proper oil company, that you have all the people in place, that you have the production in place, that you have the engineers in place, that you have the geologists in place because that gets you the best licences. When you get the best licences, you find oil. There's no point in drilling for oil right here. You won't find any. You want to get the best licences, you want to get the best partners so you have to have a proper company.

And what we have been doing over the years is building up a proper company but we've been building it up by finding oil. But what we've done is we've said we were going to, we're going to keep that restricted to certain banking facilities. So the $4 billion facility is really what we'll use for our development. And when the cash has been produced from that, it goes back around, it funds out business, it goes in and funds the exploration. Any surplus cash goes down here and it'll be used for additional exploration or cash distribution.

If you guys feed into your models and you take the existing development that we have and calculate out what you would get as carried interest for those, this is a seller's market. There's more buyers out there for oil than there is sellers. If you look at that oil and feed it into your market, you'll see that in a very short space of time, a lot of cash has been generated from these assets.

So that is our policy. Our policy is not about production targets. Production targets do not add value. We drilled the Mahogany field. We decided to bring it on production because that is what is going to build our business. If you look at the industry today, it is the model for developing an oil field. If you look at Africa itself, Ghana is the model for developing an oil field. It was drilled, developed on time, on budget. When there was an issue with the field, it was fixed in the best way possible. We managed that field the best way possible for the government of Ghana. We were not interested in pulling wells faster than they should have been pulled or drilling development wells when we should be drilling injector wells. We managed the field to maximise the value of the field going forward. We did not do it to meet our production target. And Paul and the team could have met any of those production targets, but it's not in the interests of the company and it's not in the interests of Ghana.

The production in our business is cash flow and it's reputation, and it's the cash flow that drives our business. It's the cash flow that drives exploration. So that was our strategy, it's the same strategy that we've had for the last five or six years. It's not going to change and we see no reason for it to change.

Saying that, I'll hand you over to Ian who will take you through a little more detail on the strategy and the financials. Thank you.

Ian Springett: Thanks very much, Aidan, and good morning, ladies and gentlemen. I'm going to start off with the usual slide on the results summary. Our results for 2012 are very similar to 2011, very much in line with market expectations, and we'll talk through profits, capex and cash flow on the following slide. I think the main point that I'd like to make about this slide really, and it's evidenced by the reduction in net debt, is the fact that we have significantly reduced our debt. We have a very strong balance sheet and it's the results not only of the Uganda farmdown but also, as Aidan mentioned, we've refinanced our debt and also as we leave 2012, we leave 2012 with Jubilee production back up where it should be, in excess of 110,000 barrels a day, and strong and increasing cash flow from that production.

So looking first at net income, on the left-hand side there, 2011; on the right-hand side, 2012. Similar levels. The big bar is clearly, in the middle of the picture there, the profits on the Uganda farmdown offset by increased exploration write-offs from 2011. That really forms two parts: an increased level of activity in two new basins, $179 million being the write-off when comparing 2012 activities versus 2011, and then the $371 million that we wrote off at the half year where we fundamentally, based on the exploration success we'd had, looked at some of the older exploration assets on our balance sheet and the likelihood of investment in those going forward and put that right down.

The other numbers there are kind of smaller, small increase in price/volume. Cash operating costs reflect a full year of Nuon in there, and also increases to production in Ghana and Gabon. As we look at net finance, as you'd expect, for example that's lower because of that lower debt. Tax, within tax is the provision for the capital gains tax on the Uganda farmdown, slight increase in underlying tax and then substantially offset by deferred tax credits on the exploration write-offs. And finally IAS 39, we had a $27 million credit in 2011 and a $20 million charge for 2012. These items are non-cash items and reverse out over time [unclear]. So basically for 2012, sort of similar level to 2011, in line with market expectation.

And a look at source and use of funds, as we put this graph together we had to extend the scale down the left-hand side quite considerably from prior years as we not only have the benefit of $1.8 billion almost of operating cash flow but of course the Uganda proceeds as well and that has served well to pay for our capital, pay for our taxes, our finance costs, our dividends and also to substantially pay back down debt, so that's why we had a lower debt, as we said at the end of 2012.

When we look at capital expenditure, we're spending around $2 billion excluding acquisition costs in 2013. In 2012, similar level, just under. The level of spend on exploration and appraisal costs, we're forecasting a pretty similar level to 2012, 2011, around that $1 billion or so, and on development spend, we also include, in that slightly hatched area, $350 million. I'm not going to say we're not going to spend all of that but that just gives some indication of the assets and the expenditure within 2013 which is for Pakistan, Bangladesh, SNS and also TEN, to give you some examples of some of the capital which we're beginning to seek to reduce.

I want to also make the point that compared with 2009, our business really has increased in scale. These are some financial numbers. I can also talk about exploration and we're in a lot more basins than we were back in 2009. The size of the portfolio is extended considerably. We could also talk about the fact that Jubilee is now onstream and we're doing a great job of managing our mature production. Just looking at it from a financial perspective, as you can see on this slide, there are some big increases versus 2009, which really does reflect how we've managed the balance sheet but also how – the impact of Jubilee onstream. So you know, the big numbers there, net profit for example, that is a difference. Another one to focus on really is cash generated from operations and just to see how that cash generated from operations really does begin to fund our business in a kind of effective way.

What this slide does it actually compare some of the key components of our cash flow in 2009 versus 2012. So you can see back in 2009 at the top there, our operating cash flow after working capital was just under $500 million. And that $500 million was seeking to fund capital finance costs and dividends, exploration, appraisal capex and D&O capex. And of course in order for us to do that, we have to draw down debt and we also raised some equity back in 2009.

If you look at 2012, quite a different picture. Our operating cash flow was sufficient to fund tax and finance and exploration appraisal capex and then we had of course the asset disposal which more than funded D&O capex and allowed us to pay back some of that debt we've been using over the course of the last two or three years. So it left us in a very, very strong position and a very transformational change over the course of the last two or three years.

Which really brings us to what Aidan was talking about and how we plan to execute our strategy. I think it's a very important point that really our strategy in our minds has not really changed at all. It's how we execute that strategy, and I think there's a lack of clarity about how we might execute that strategy going forward and how would we deal with the exploration success and the development we have in front of us.

And I think if you look at this chart, I think the first thing to notice here is that production is in a box and it's on the left of the chart, not on the right of the chart. Production for us is not a target. It's not an outcome. It's an input. And production for us on the left of the chart, and what we're looking for there is significant production cash flow to fund our exploration programme. And really that is a piece of business, almost, the left-hand side of the chart is about say pair ongoing costs and fund our exploration. And Angus and team are looking to spend in the order of $1 billion per annum. We expect that number to increase over the time. We also expect Angus and team to get quite innovative how actually to spend more than $1 billion on a gross basis and perhaps a similar or lesser but still growing that on a net basis. And you can imagine how they light do that through things like promote and carries and also recognising that our exploration acreage in Norway, for every dollar we spend, we get 78 cents back from the Norway revenue authority the following year. So really, the left-hand side is about funding the exploration side of the business.

When we then have success, as Aidan mentioned, there's a very, very important box there, the blue box which is about how is this exploration success, how can we better monetise that? And there's a very rigorous process within Tullow that involves the whole team. So we don't have it in our DNA that if we found it, we must develop it. For us, if we found it then the question is what do we do with it next. And we will put every single future development through that box and we'll decide, with every single future development, what is the right level of equity. There will be a series of decision points because there's an obvious decision point soon after discovery as to what you might do. There are obvious decision points around when a plan of development is approved. There are decision points maybe some time after first production is achieved. There are decision points as deals become more mature and in fact the decisions we've taken around the SNS and Pakistan and so on is a decision that sort of said those assets now are fairly mature. Those assets are worth more to somebody else than they are to us and for us, investing at the margin in those assets is not as attractive as investing back in exploration.

As Aidan did say as well, it is important that we're not saying in doing this, that we're not going to invest any more in developments. We will, where we choose to do so. We would always invest in something like Jubilee, which has been a fantastic development for us. We've generated very significant cash flow. It really does provide us with a very, very strong base to pay for our explorations then. But we will look forward selectively as which ones we develop going forward and what level of equity we take. And we do believe very strongly that actually in doing that, the real trick is not really to farm down, which can be difficult anyway, and take cash out and do it that way, but it's actually to achieve and receive carry. By doing that, what we do is effectively reduce our equity, still retain equity in production but we eliminate, substantially if not wholly, the appraisal and particularly development spend. In doing that, we reduce risk and we increase return. So we'll be using that right-hand box, selected developments, and there's a sort of box around it which is there in particular just to demonstrate that we will constrain our development activities there by using carries, by using our debt facilities, by using available cash within, very tightly, and really make sure the focus is absolutely back on exploration.

And as that model continues to develop over time and as more production comes back along the top which we haven't paid a lot to invest in, then we will be in a very virtuous circle and we do expect that actually over time, and with success, that the debt facility in many ways will become a buffer around timing between when we actually move assets through and when we actually carry the farmdown. We will generate therefore surplus cash and that will allow us to increase our exploration activities then or periodically have additional distributions to shareholders.

So it's quite a change in the sense of the clarity we've given you on how we plan to execute. But as Aidan said, this has always been our model but now we're at a place where having got Jubilee production sorted and a very exciting exploration programme ahead of us, then we want to make absolutely clear that the left-hand side, all about funding $1 billion plus exploration, is our key and will not be impacted by what happens on the right-hand side, which will be carefully managed within existing constraints.

Looking at the next slide then which is actually just really a repeat of the one you saw a couple ago, but the point being that over time then, as we look at operating cash flow, we expect operating cash flow to increase through production and which will then go a long way to not only having, not only providing the cover like it did in 2012 for exploration and appraisal capex, but also providing the cover for development and operations capex.

And my final slide just to sum up, strong results in 2012. Our financing strategy has been successful. We've transformed the balance sheet and we've set ourselves up in good shape. We have a clear funding strategy for the next phase of growth, creating that real distinction between how we fund our exploration between production and cash flow and how we constrain our development spend within the debt facility and by portfolio activity, and really make very – with a strong bias towards carries until we make a very clear decision about if and how much we'll participate in any future developments but recognising that certain flagship developments are important. So overall, we believe we've made very significant progress in 2012 and we're very well positioned for 2013 going forward.

And I'll stop there and hand over to Paul.

Paul McDade: Morning, everyone. 2012 was another year of strong delivery for everyone across Tullow. We had a strong year from a health and safety perspective. We operate in some pretty challenging environments and yet we're delivering strong performance from a health and safety perspective, and the standards we apply, whether it be central onshore Kenya or offshore Ghana or elsewhere we're operating, are a very important part of our business. Our flagship operation I guess, Jubilee, it's been an incredibly good year from an EHS point of view in the performance for the year.

Commercialisation of resources was strong. We commercialised a significant part of Uganda and we were able to then move on and work with our new partners in commercialising the remainder of our equity within Uganda, and we'll talk more about that. In TEN, we had a lot of progress made. We completed the appraisal work, worked up the Plan of Development, submitted that and we're moving forward towards getting that approved and getting into the execution phase and getting commercial production from TEN. A really good year end for Jubilee. The well productivities are back where they should be, in some cases beyond even the original production levels of some of the wells and the whole programme was delivered well below the guidance that I gave you earlier last year from a capital point of view. So that was very successful and I think the important thing, as Aidan and Ian have mentioned, is that that confidence in Jubilee in terms of a strong source of cash flow then allowed us to get on with the portfolio management and high-grading the production portfolio and the announcement of the deal with the SNS in additional to Asia.

And also I'll talk a little bit about the technical work programmes we've been doing that we've been talking to you about but are now starting to deliver across EG and Côte d'Ivoire and Gabon, and important core part of our business.

In terms of reserves and resources, a good year. Plenty of commercialisation going on, in total now about 1.2 billion. That recognises, you can see there, the sell-down of over 600 million barrels of resources with the Uganda sale. On TEN, the commercialisation, in the statement we've mentioned the 112, which is what we've transferred across, millions of barrels of oil across to reserves. There remains an upgrade potential to that both from gas and both in some optimisation work we've been continuing to do on the development since the auditors were in and gave us that booking. Remember, that's an independent booking. So as you'll see when I come on and talk to TEN, we believe that what we're developing in Phase – or not Phase 1 but in the TEN development – is about 300 million barrels of oil equivalent.

Our contingent resources, again a significant add, about 70 million barrels there through exploration success and appraisal success. And I think you know, I always point out the pie in the bottom right. That balance of commercial reserves/contingent resources but importantly, the prospective resources as really the future value that we've been talking about. That's significant up, about 60%, and that's through additional leads and prospects coming through in areas like Kenya and a lot of new licences and areas being added to the exploration portfolio. So it's a significant add there and again, that balance of when you look at the small proportion of our commercial reserves to the total reserve basis that we have as a company. Very important shape.

With regards to production, Jubilee on track. As I said, that's now allowed us to kind of focus on high-grading the production portfolio, really focused around high quality and high margin barrels that we have in West Africa. So we've announced the sale of the SNS assets across the UK and the Dutch sector in addition to the Asian assets, and we expect those sales to be complete by the end of 2013. And the guidance we're giving is for a full year for all asets, just to keep things simple, and then we can provide that guidance as we go through the year when we get a fixed date for the completion of those assets.

As you can see, the steady production from Jubilee, we are now close to – I'll talk a little bit in terms of the FPSO capacity in a minute, but that's building and will then be steady on a plateau for quite some time. And I think importantly, we talked a little bit about the West African production. You can see that actually building, which is a strong performance for an area that is deemed to be in part mature.

So I think if you look forward, for the production portfolio, we're going to be sitting around 70,000-75,000 barrels a day. Other assets will come onstream such as TEN, and really we'll look at those at the time as to how much of that we want to add to the portfolio and maybe how much of that we want to use as a further opportunity to high-grade the production portfolio. As

Ian said, this is all about having the right level of revenue to fund the exploration-led nature of the company.

So going into the assets, West Africa, Gabon you'll recall, you know these Gabon assets came through the acquisition of Energy Africa back in 2004 and they're now producing at levels that were probably higher than when we acquired them back in 2004. At that time, they were deemed to be mature assets. So year-on-year, we've been able to go through a process of low-cost investment and keep those assets upwards of 14,000 and actually right now, the production levels in Gabon are growing. In Côte d'Ivoire and Equatorial Guinea, we've talked a little bit about infill campaigns. We've done a lot of technical work over the last couple of years on those with our partner there and now those investments are starting to pay off, and as you saw on the previous chart, those fields in EG and Côte d'Ivoire are now either stable or actually growing in some cases. And then Mauritania and Congo, they continue to add to the portfolio but are essentially non-core.

In Ghana, Jubilee production stable. The acidisation programme that we talked about earlier last year worked very well. It delivered, importantly from a cost-effective nature, it delivered the productivity required at a low cost capital – or a low capital investment. So these acid treatments have been very successful. The Phase 1A programme is on time and on budget. The initial wells are onstream and generally the drilling of these infill wells are coming in on prognosis or slightly ahead of prognosis in terms of reservoir section, which obviously points to strong and good news for the overall reserve base of the Jubilee field. The intent was that Phase 1A would then plateau out about 2014 or '15 and that's still what we believe that we'll get fro those wells. And we'll talk in a second about taking that plateau even further. The FPSO capacity has now been tested. The oil components of the FPSO, the oil systems, have capacity beyond 120,000 barrels a day and as we anticipated, the gas side is where the bottleneck is, currently running at about 110, just over 110,000 barrels a day, influenced by the fact that we continue to pump the gas into the reservoir rather than exporting it onshore, so that actually reduces the efficiency of the compression capacity as it was designed. So we'll be about 110 or just over until about August/September, at which point our programme that we started already to upgrade those gas compression machines will kick in and we should then be able to push the field up to 120, and we do expect actually to exit the year beyond the nameplate capacity of 120,000 barrels a day.

If we look at Jubilee and the area around Jubilee and more broadly, we've been focusing over the last year on the full development of Jubilee. The world that has been completed, and we're in discussion with the government just now over that work, indicates that we can already identify 20+ infill locations and 4D seismic is likely to fine-tune those locations and provide more. All this work absolutely underpins the P50 reserve level of 700 million barrels for Jubilee, and we can see upside to that. So that's all gone pretty well and really we're now planning those investments in those projects of infill wells and additional infrastructure that are likely to start in terms of execution in 2014-15 and that will continue the plateau of Jubilee we hope out till 2018 and possibly beyond that. That's our anticipation. So great piece of work done there and now we'll start to get in some more execute and design mode for those infill wells and the additional infrastructure.

The West Cape Three Points discoveries, which lie in the Cosmos operated block next door, it has been recognised that the likely way to develop those is tying them back to Jubilee, and we're in discussions with the operator there about how that's best done, both commercially and technically, and then that's something we'll discuss in 2013 with the government and how we progress that. And obviously that is additional oil that will come through the FPSO.

But if you look at that capacity and those reserves and the very positive news we're getting from Jubilee, one thing, we will be de-bottlenecking the FPSO. That will give us some upside, we think, to the 120. But we'd like to look for ways to see if we could enhance the capacity further. There's other discoveries off our blocks, but in other parties' blocks to the south, which could maybe see Jubilee as a hub and a way to better exploit those resources commercially. So we are kicking off a study to look at kind of Jubilee infrastructure and how we could potentially expand that by other investments. So that's something we'll be looking at in 2013.

On TEN, lots of progress in 2012 and we're kind of marching towards kicking off execution in early '13. The appraisal well is completed and the Plan of Development has been submitted. We see this development of about 23 wells, developing about 300 million barrels of oil equivalent. The capital cost that we anticipate for that development is about $4.5 billion plus the lease cost of the FPSO. So when you think of that in terms of dollar per barrel, so around about $15 per barrel capex which is pretty, we think, good. It’s a tight market out there, it’s pretty challenging and so the team have done well to kind of manage those costs. And part of that overall process about focusing on value for the development rather than just kind of maximising production through the facility [related] to the design of 80,000 barrels a day. That was really focusing around the overall value and optimising additional capital expenditure versus basically more peaky production rather than extending plateau. So we felt the right balance for TEN was round about 80,000 barrels a day, this slightly elongated plateau, but the design is flexible if we do find the reservoir performs more positively than we anticipate with the number of wells that we’ve designed. There's quite a bit of flexibility there to push more oil through that nameplate design.

So really, in terms of the execution, we’re looking for PoD this quarter, for the approval. The new Minister actually takes seat this week and we will be working with him to get final approval. We’re at those final stages, and once we get that, we hope to get the project underway and execute it within a kind of 32-36 month period. That's what the contracts that we’re looking to award indicate it’s within that sort of timeline. A bit longer than we anticipated but the market’s pretty tight at the moment.

If we move on to Uganda, there is work ongoing in Uganda. The appraisal work has been ongoing through 2012 and will be more or less completed in 2013. That's been successful reinforcing the resources that we have there in this field, and we were able to upgrade our contingent resources at the year end. So the appraisal activity has been successful, underpins what we anticipated was there and the spend now will tail off as we go through 2013. We’ve brought in the new partners following the farmdown. If we do that successfully, we have a development concept that the partnership of ourselves, Total and CNOOC are absolutely aligned upon, which involves an export pipeline and a modestly sized refinery put in place for strategic purposes. We presented that development concept to government and we have negotiations with the high-level government committee ongoing at the moment and the key point here is I think the government are starting to recognise that as well as their strategic requirements for the refinery, the whole project – both the upstream and the downstream – needs to be financed. And the really only way to viably finance the overall project is going to be having an export route to sell the oil. So that's, discussions are ongoing. In the meantime, our capital spend on the development is very modest. It's pretty much studied. There's a lot of work we need to progress before we could get to FID and start of execution. That's relatively low-cost development spend which we will continue to pursue and then as you can see from the chart, once you get towards FID, there's a slow and steady build-up of capital and really is, as Aidan and Ian says, we will be looking at how we manage our exposure to that upstream capital in that period, thinking through our equity levels and what's the fiscal equity level. So that's something we'll work upon but as you can see from the capital build, there's a time to do that. The important thing is to focus on the next value point, which is achieving FID.

So really to wrap up, it's been a strong year, significant progress on the commercialisation of contingent resources and we'll continue to pursue that as we go through 2013. We're very focused on selective development within our funding capacity. We've highlighted that and how we'll manage TEN now that we're close to FID and execution. And over the coming period, as we work towards FID in Uganda, there's some commercial options to manage there. Strong cash flow from core assets is allowing us now to get much more active in terms of portfolio management. And then those incremental investment opportunities that we've been pursuing in West Africa, you can see the benefit of those coming through in the West African non-operated portfolio. So sitting with a very high-quality, high-margin core production of 70,000-75,000 and we'll continue to pursue the assets through 2013.

Angus McCoss: Thank you. Good morning, everybody. I'll go through the exploration slides with you. No change to the Tullow global exploration strategy, it's still very much focused on high-value oil in large, material, commercial volumes. It's focused very much on Africa, our core continent, and on the Atlantic Margin. If you review the industry, you'll find that all the companies that are bigger than us are exploring the whole of the planet, whereas we focus very much on one continent and one ocean basin. And we focus on oil. We see much higher value in the oil. And as you know, to execute our exploration programmes, we do this in campaigns and that gives us synergies, allows us to build up knowledge in these play domains and to have a high level of success. So very much focused on core, conventional oil plays, and probably one of the last oil explorers out there. We have a sustained, industry-leading track record in exploration and appraisal performance.

This chart on the left-hand vertical axis, it's a combination of percentage from 0 to 100% success ratios, and in the lower part of the chart, that scale also serves to total up the number of wells that we've been drilling for each year.

So starting at the top of the chart, you see that blue dotted line, the horizontal line, 77% E&A success ratio over the period of 2007 to 2012. That breaks down into a 58% exploration success ratio and a 93% average appraisal success ratio. These success ratios are about double the pre-drill chance of success for those two categories of activity – for exploration and for appraisal. So we're twice as successful as we might expect to be based on our chances of success pre-drill.

Looking at the bottom half of the chart, you see the build-up in activity through the years as we've gradually built up our capabilities, building on our successes and building on the core campaigns to the point where in 2012 we drilled 46 E&A wells, 34 of which were successful. 32 of those were appraisal wells and 26 of those were successful, and we drilled 14 exploration with 8 successes amongst those.

Putting together this map view, an alternative way of looking at the Tullow acreage position and the idea behind this map is to emphasise the size of the licence positions that we have. We have a very material acreage holding in some very core play fairways. You see from left to right on this map, South America to West Africa, East Africa/North Atlantic on the right-hand side. We put this for scale, for comparison, the outline of the British Isles in the bottom right-hand corner there. All these maps are at the same scale. So you can see straight away the size of our Kenya/Ethiopian acreage, about the size of England, 100,000 square kilometres. Likewise Mauritania, a vast acreage covering the entire continental slope of the Central Atlantic Margin Mauritania. Our Guinea position is a very material acreage holding, as is the position in Suriname and French Guiana. The North Atlantic position is quite different. You see in the northwest there the Greenland acreage is quite like our African holdings. It's a large frontier acreage position. The Norwegian position is like a more mature industry, but these smaller licences are focused on the sweet spots in the play fairways, and also give us access to new plays which are emerging in the northern North Sea, the Norwegian Sea and the Barents, but more on that later.

You also see at the bottom of this chart, per region and colour-coded to match the maps, the number of exploration wells that we'll be drilling in the next 12 months. I'll highlight there the high activity in the East African Rift Basin as we drill out depths we're having in Kenya and hopefully in Ethiopia, and also a high activity in the North Atlantic Margin. Through the acquisition of Spring Energy, we've bought into a very active and very lively and very prospective programme there. But also there's five wells in the West African Atlantic Margin.

On the right-hand side of that table, I've highlighted for you key trigger wells. There are many more trigger wells in our programme for this year but we've just highlighted a fair few trigger wells from each of these regions. So you see in South American and Atlantic Margins, we have Priodontes and Cebus in French Guiana. In Mauritania, Frégate and Tapendar wells to watch out for there as we try and open up the Mauritanian Basin, a new play. Calao and Sylli in the West African Atlantic, Sabisa and Etuko in Ethiopia and Kenya onshore respectively and then offshore Mauritania the Cachalote and a follow-up well there in Mozambique. In the North Atlantic Margin, two wells to watch out for in Norway, Mantra, a satellite to the Troll field. Spring Energy managed to pick up some really prime acreage on the flanks of the Troll field, and then Wisting, a play concept prover up in the Barents Sea. So some really exciting key trigger wells ahead of us.

Now we've talked a lot of our campaign approach to exploration and we thought it would be worthwhile just reminding ourselves of what that campaign approach entails. And to illustrate it, I'm drawing on an East African example, and we divide this slide into two parts, an upper part and a lower part. And the upper part focuses on our track record in Uganda where we explored a 10,000 square kilometre basin, the Lake Albert Rift Basin. And that led to a cascade, a tree of activity if you like which started with the discovery of the Mputa-1 which then led to three play opening wells, the Kingfisher well, the Waraga well and the Kasamene. Kasamene, significantly, went on to open up the Butiaba and now Block EA1 in the northern part of Lake Albert in the Victoria Nile Delta play. And you see as we drilled out 21 prospects, we built up through a six-year period to 1.2 billion barrels of oil discovered, and with the additional follow-up potential still in the basin, that number will go to 1.8 billion barrels, as Paul earlier pointed out.

So taking that as an analogue, we then leveraged that capability, leveraged that know-how and took on an acreage position which was ten times bigger, and we went to the East African Rift Basin system of Kenya and Ethiopia and picked up 100,000 square kilometres of acreage with nine or ten basins in it. And each of these basins has a basin opening well, trying to open that basin. Ngamia was the first of those that was successful, led to Twiga and the follow-up in the South Lokichar Basin. Paipai is currently drilling, with hydrocarbon shows, so that's an encouraging start for the Anza Basin, and the Omo Basin is currently being drilled by Sabisa well. But we've also got the Turkana, the Kerio, the North Lokichar, Chew Bahir, Suguta and the Turkwell Basin and another couple [of others]. So this is a highly prospective opportunity here to really amplify and build on our success in Uganda. So we're only one year in but we're off to a good start. Two wells, two discoveries and a hundred prospects left to drill.

That will just give you a sense of the campaign potential in Kenya and Ethiopia, and there you see on the bottom right-hand chart, three scenarios that we pick out for the upside potential. Perhaps we just get one, Uganda, that's worth our while out of this campaign. Maybe it's only the South Lokichar Basin, but maybe it's three of these things, maybe it's seven. So that's our rationale behind flagging the potential upsides of 1, 3 or 7 billion barrels.

So I'm going to go through the six core campaigns that we have very quickly. The first one, Kenya and Ethiopia, we're exploring ten related basins. We're exploring at three scales simultaneously. We're appraising and testing the Ngamia-Twiga South discoveries. That's at a 25 square kilometre scale of activity. You'll read today that we've performed four out of five flow tests and one is ongoing. Two were performed on the deep, tight section to recover oil samples and they were successful in recovering those samples. But three, the important three were performed on the main reservoirs of the [Ewoi] formation and achieved a 2,351 barrel of oil per day combined rate from two zones. That's 1,860 barrels of oil per day, 37 degree API oil under natural flow, without a pump, from one of the zones, which far exceeded any of our expectations and guidance. And the others flowed at 491 under pumping which is more in line with our guidance. A third zone is expected to deliver over 500 barrels of oil per day under pumping, which gives a total combined flow of 2,850 barrels of oil per day. Now if we take out the tubing and pumping constraints, that would be over 3,000 barrels of oil per day from three zones so it would be an average of over 1,000 barrels of oil per day per reservoir. So which was potentially double our guidance. So this obviously allowed us to get moving on the development options, which are clearly under review.

The second scale of operating is happening at the 10,000 square kilometre scale. It's the South Lokichar Basin scale following up on the success we've had at Twiga South and Ngamia. And the third scale, the biggest scale is high-grading the basin through drilling these wildcats such as Paipai, Sabisa and later in the year, Kerio to try and open the Kerio Basin.

So just a little bit more on the mid scale. Zooming in on the South Lokichar Basin where we had the Ngamia and Twiga South discoveries, you'll see the map on the left, that cross-section at the bottom right and this tree of prospects in the top right. In the tree in the top right, you'll see there's two colours and then one is annotated "The basin bounding fault play, " "The string of pearls," which on the map is the string of prospects running through Ngamia-Twiga South along the edge of the basin. And in the red part of the tree, we have the basin flank play which is in the east of the basin, which is centred around the Etuko well, which we'll be drilling shortly, in this year. That's an important well and if you see it from the cross-section, it lies to the east of the Twiga South and Ngamia, and it's on the basin flank. And this basin flank play is the play that we were very successful in executing in Uganda. This is the type of geological setting in which we found Kasamene, which is by Jobi and Rii and the other successes in the Butiaba area. So we're hopeful for some success here and if we do, there's a lot of follow-up potential in those red prospects.

Moving on, staying within East Africa but going offshore, East African Transform Margin, our second core campaign, we're busy this year. We're going to be drilling two wildcats in the Block 2/Block 5 licence area, Cachalote and a well to follow that. Big play diversity. We think we're in an area of higher probability for oil following the oil shows in the Ironclad well and the oil seeps that are onshore. Great play diversity, a lot of running room if we have success in that acreage.

Mauritania, our third of our six core campaigns getting off to a flying start this year with four wells, Frégate, Tapendar, IDA-1 and Sidewinder out of 80 prospects. Great play diversity, a lot of potential. The advantage of this setting is that we already know this basin has light oil and gas, rich gas condensate in it, so the basin has been fundamentally derisked, but what we're going for are the testing for new and for deeper and bigger and better reservoirs. So some great potential in this basin too.

West African Transform Margin, fourth of the core plays, building on the success we had in Ghana, taking that play westwards and northwards through Côte d'Ivoire, Liberia, Sierra Leone, to Guinea, our new position in Guinea where we have a substantial operated acreage position. That licence is 1½ times the size of our existing West African Transform Margin acreage. A great play diversity which offsets the exploration risks. We've got the Jubilee play, we've got large structural stratigraphic traps but we've also got large carbonate leads similar to those that we see in Mauritania. So there's some synergies with the exploration campaign in Mauritania. The well to watch out for there is the Sylli well, drilling a Jubilee-type prospect which we have to drill before early 2014. And then Côte d'Ivoire, we see a TEN-type of cluster of prospects presenting a real exploration potential following the success we had at Paon-1 in CI-103. So we're following that up with the Calao-1 which was spudded in the middle of this year.

The fifth of our six plays in the Guianas where you'll remember in 2011 we exported the Jubilee play across the Atlantic and successfully made the Zaedyus discovery. This campaign will continue. We had a disappointing result with Zaedyus-2, it was a bold appraisal well. It found reservoirs but we weren't connected to the Zaedyus-1 well water-bearing section. That has helped us understand where we think the oil is and that has guided the location of a follow-up drilling and Priodontes-3 is building – Priodontes rather, GM-ES-3 – has been drilled in a location that builds on what we learnt from the discovery well Zaedyus-1 and also what we discovered in the placement of the Zaedyus-2 well. We've shot new 3D seismic and it's revealed exciting drilling targets in Suriname and also in French Guiana. And just as a reminder of the scale of this acreage position and the potential, if you look at the top right-hand corner of this map, you'll see Ghana at the same scale. It's these turbidite fans like the Jubilee field, like the TEN cluster of prospects that we're looking for in French Guiana and Suriname. From the success that we're just had, that we have had at Zaedyus-1, we still firmly believe in the very rich exploration potential in this area.

And then finally the sixth of our core campaigns, a new campaign for us now is underway in the North Atlantic Margins, starting with Greenland, a position we've built up organically through Tullow. Highly prospective acreage position in the southern part of the Melville Bay Rift Basin in [Draben], north of the volcanic provinces of the Baffin Bay region. It's a very prospective licence, 3D seismic acquired and we'll evaluate that licence through to 2015 when we have to make a drill or drop decision.

But really the freshest part of the portfolio, a very exciting part of the portfolio is our Norway position. We've been targeting Norway for many years and building up our regional knowledge to take this on. We've been attracted by the bottom right-hand chart which shows the premium curve of the UK continental shelf versus the Norwegian continental shelf. When you see how steep the premium curve is and how lively and fresh the Norwegian continental shelf is from an exploration point of view, we want to be part of that and we're going to be a big part of that industry. Highly prospective oil basin. We've made a very strategic step in acquiring Spring Energy. It's analogous to our acquisition of Energy Africa where we saw great capability in a team based in Cape Town, with great knowledge of the African exploration business, and we've done a very similar thing here. We've seen a great team in the Spring team, have acquired them, brought in a very experienced exploration team but also one with great commercial savvy and a great track record in monetising their discoveries. And they're doing that in the context of very attractive exploration fiscal regime with a 78% rebate on our exploration investment and a great opportunity to monetise what we discover as the infrastructure in the region continues to be built and developed and expanded, representing many customers for our discoveries. It's clearly in line with the model that Aidan and Ian have discussed and shared with you this morning.

So with that, I'll retire and back to Aidan.

Aidan Heavey: I hope you're not going to retire. Thanks, Angus. I know we're conscious of time but just to summarise, I think what the guys have shown is that the business is in a very strong position and you know, very focused on the key areas of our business, the financial strength is there, the cash flow has been closed there and I think we are building a bigger and better exploration programme. We are interested in finding big oil, and that's our focus.