Company:	**Dragon Oil plc**
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Dr Abdul Jaleel Al Khalifa: Good morning ladies and gentlemen, it's our distinct honour and a pleasure to present to you the results of 2013. With me is Tarun Ohri, our CFO and our Investor Relations Officer. I am going to go over this presentation and then I'll open the floor later on for discussion.

Let's move on to the next slide, a slide with a geographical representation of our portfolio. We used to be known as a one-asset company, one country. I think it's clear on this map that we have moved away from this one-asset, one-country status. We are basically located in three main geographical areas: Africa, be it in Tunis, Egypt; Asia, which is Iraq; and Central Asia to Turkmenistan, Afghanistan and the Philippines. This trend will continue in the future be it an acceleration or hopefully one day in development assets as well.

We move on to the next slide, the key highlights. 2013 has been a challenging year for Dragon Oil on both drilling and project completion. We had to perform maintenance for two of our operating rigs; that had taken part of their drilling time. We ended up the year drilling only 10 wells; nevertheless, there were solid operational and financial results for the year. We had great organic reserve replacement from the Cheleken area. For the fourth consecutive year we had encouraging results of both water injection and artificial lift that had paved the way for wider applications in the future. On diversification we have added the Egyptian Gulf of Suez block as well as the Philippine farm-in. On marketing arrangements we had renegotiated the contract for a better term and we continue with our modest growth in dividend payments to our shareholders.

I move on to the next slide on production growth. We ended up the year with 9.1% growth in production – that's an average of 73,750 barrels. We exited the year at 74,812 barrels per day. This has been a difficult year in terms of making this production growth because of the lower number of wells drilled; however, it reflects the solid performance of the asset because in that sense fewer than 10 wells were drilled and yet the production growth on top of the decline is 9.1%, so the decline was not severe and the growth was there and the next slide shows the drilling results.

As you can see we have a few prolific wells. We have a few bad wells as well. We had wells that made more than 3,000 barrels in Lam C areas. We had wells that were suspended and a well that made only 110 barrels and that is to the extreme west of the field. It's a delineation appraisal well that we're currently thinking of re-completing. So in summary, if you look at this list of wells you could say it is really eight strong producing wells and yet we made a production growth of 9.1%.

If I move on to the reserve replacement, there is zero growth in field reserves as per the third party certification, 675 million barrels of oil and condensate 2P reserves with 69 contingent oil and condensate resources that hopefully will be converted in the near future as we drill those areas and produce more. The reserves of gas stand at 1.4 TCF with an additional 1.3 TCF of resources. This translates to a 93% replacement, which is quite impressive in a field itself for organic growth. Now I would remind you that in this year we did not drill appraisal wells like the East Cheleken extension or so on. Those remain to be appraised in the future, so there is more additional potential upside in the reserves. The same applies to water injections. We have booked additional reserves from these applications in a specific zone but we did not do it for the entire reservoir.

I will move on to the infrastructure and we would like to report that Zhdanov A is ready for drilling. We are moving the rig to that platform, which is going to spud in April this year. Zhdanov B is ready in the harbour area. We've decided to move it to the Lam field so it will be called Lam F from now on. This is going to be ready for spudding around October-November 2014 and that is where the new land rig will move on.

We have already started the work on quadrupling our crude oil storage capacity to make sure that we have additional capacity to handle the growth in production in the future. The work has already started in the field and it's on time. We are selecting contractors now for new platforms in the Lam field and soon we're going to announce the award of one of the Lam platforms. We are reviewing the tenders for the 30-inch trunkline as well, it is not yet finalised. The plug and abandon (P&A) activities, we're making progress. We plugged and abandoned a few wells this year. We are accelerating the P&A activities, so next year you will see more wells plugged and abandoned as well as more work to be reported in this area.

I will move on to the 2014 drilling plans. I have listed here potential 18 wells to be drilled. Our guideline is 14-16 wells and the reason being we are putting a lot of pressure on the contractors on the Caspian Driller to be delivered in mid-year 2014. We think it is doable; however, we wanted to keep that as an upside, so what we are committed for is 14-16 wells, potentially 18 wells if things work well. This is a good signal that growth is there, the plan to reach our target of 100,000 in 2015 is doable, achievable, especially to know that a land rig, which is additional to those already on site will come in around the fourth quarter of this year to work on Lam F, the new platform. At that time Land Rig 1 will be released and the new Land Rig 3 will replace it, so 2015 hopefully will have five rigs operational all the time.

We will move on to the secondary oil recovery: artificial lift. I think it has been reported that the two wells with two jet pumps produced 500-700 barrels per well. This is a very remarkable success, well paid off and a potential upside in a lot more low producing wells, so the decision was to go ahead and tender for 14 new jet pumps to be deployed in the field and we feel it is doable this year; though the award stage will be potentially in the fourth quarter of this year because of the tender cycle we have to go through. So the full application of these will be in 2015. Hopefully you will see a few applications then in 2014 as well.

I will move on to the water injection, again a new application, in the Lam 75 area. It is a great success, continuous injection is ongoing except for sporadic shut-downs because of mechanical fluctuations, otherwise injection continues. The plan is to pilot it in Lam 13 and Lam 10 areas. Again this tender is in place now. It will take some time to finish the tender cycle and get it done if not in 2014 it will be in 2015. These are all potential areas for growth and upsides in production, reserve replacement as well as additional potential this year.

On gas monetisation, the next slide. We are in the final stages of closing the tender on the Gas Treatment Plant (GTP). Again it’s a 360 mmscf/day of gas capacity to process and 3,600 barrels of condensate to be stripped out. There is no yet sales agreement for dry gas; however, the two or three years the GTP is being put in place will give us time to continue to search for potential markets for processed gas.

I will move on to the next slide, marketing, I am glad to report that the marketing contract had been renegotiated for better terms. Now we’re talking about monthly average, we’re talking about better payment terms and a slightly more reasonable discount. I expect to finish this year with a discount rate of 14-16%. It could be around 15-16% considering today’s market price for the crude. We have already spoken to a few alternative routes and we continue to talk to them through the year hoping that next year will be a much better year for us in terms of selling our crude.

Next we'll talk about the exploration assets. You could see we have six of them so far.

Tunisia has been a year of challenge for us. Jacka and Cooper, the partners, are also challenged with this one. As you know we farmed in on the basis that we will not run the operations; once proved commercial, we will take up the charge of being the operator. There were challenges with regard to the size of the jack-up drilling rig that was selected, the weather, and operational difficulties while drilling the well.

Good news is that we had flowed oil to the wellbore, we had intercepted fractures in the reservoir that were hard to seal off, and this is good news. Now the bad news is that we couldn't test the oil flow, so the decision was made to plug this section, come back with another jack-up drilling rig. I think we are on track. We are looking for a jack-up drilling rig at a reasonable daily rate to drill a sidetrack that would hopefully bring this well into a commercial discovery. I'm not promising anything here until we flow oil to surface at commercial rates. This is still a well that is considered an exploration well. Now the good news for us is that we have agreed with our partners, we'll have a bigger role to play in managing the drilling operations. Our partners agreed to this and we are going to exercise our drilling expertise and efficiency during this operation and we hope we can bring in some good news on both the operations side as well as the commerciality of this project.

On Block 9 in Iraq, I am glad to report that the well will be drilled in the first half of the year. The rig is already identified. We had plans to de-mine and shoot some seismic this year as well.

On Sanduqli, Mazar-i-Sharif blocks, we have established the office in Afghanistan, we have a country manager. We have got our contract signed. Our operating plan for this year is with the Ministry for approval and the plan is to acquire seismic this year. It's a very ambitious plan and we hope that we can report on this some time in the future about the actual seismic acquisition.

Block 19 in Egypt, it's a nice block in the Gulf of Suez surrounded by oilfields. It's an exploration block. We feel it has potential. Again it's in an area where we feel we can easily operate; we're the official operator of this block. We are going to finalise the paperwork with them hopefully in the early part of this year and we will start rolling out the operations there.

The Philippines, South East Asia, we are farming in there at 40% with an option to go to 50%. Again we have learned the lessons in Tunisia. We are going to manage the drilling operations in the Philippines. We have a team who have visited the area. Another team inspected the jack-up rig the contract for which is currently being finalised, it's not ready yet, but we think we should be able to drill in the first half if not the second half of this year. Again it's an attempt to diversify our portfolio onto South-East Asia and the partners are good partners in the Philippines as well as the Australian partners and we feel that we can easily work with them on this asset.

The message I think in all of this is that the company is very meticulous in its diversification efforts. Yes, we are not making firm acquisitions on the development side; we are still at different stages in many different areas. To be honest, the prices are too high in the market and it doesn't mean that we will not acquire assets or corporations – we will. We are in the process of doing that. We have a strong team doing this and talking to bankers and other people who are offering opportunities, but we are not going to overpay for what we acquire. We are going to acquire at a reasonable price, which is market driven but at the same time with full due diligence done, fully studied, fully analysed that could create value for our shareholders and I think the time will come that we are going to make it happen.

I will move on to the Investment in People slide. We currently stand at 1,550 professionals from 44 countries. It's really an international operation. It's one family, it's one team. Overall we have 83% coming from Turkmenistan. Within the country we have local content of more than 91%, something we're proud of, something we're hoping that we can achieve more and more as we promote more engineers, more professionals, as we hire more people there. 266 people joined in 2013. We are a growth company. We are going to hire a lot more people in 2014. Our retention rate is 96%. This is very healthy. We have attractive career opportunities for our employees. We have an in-house training centre. Training is widespread between language skills and other areas. We sent people overseas. We sponsor 15 employees to receive assistance on higher education as well. On HSE, we have decided we will move HSE management to the field. We hired two HSE managers. Yes, we finished the year with thanks to God no major accidents, no major fatalities, but you know it's an operation that's growing. We decided to put more focus on this in line with shareholder expectations. Lost time incidence is down to 1.22, which is great compared to last year.

The polyclinic is completed. It's in Turkmen hands for the whole part of this year. We are glad that this is very well appreciated, very well received by the community and the government in Turkmenistan. We are thinking of much wider CSR initiatives in the future in the country. This is something incumbent on Dragon Oil to help out in the community and in the country we're in.

At this stage I would turn it over to Tarun to go over the financial results.

Tarun Ohri: Thank you Jaleel and good morning ladies and gentlemen and welcome to the presentation on the 2013 full-year results, we're looking at the financial section and we will walk you through the financial highlights before discussing details of income and cash in the following slides.

As Dr Al Khalifa pointed out 2013 was a challenging year with lower activity levels in drilling and infrastructure but the recovery was strong. This resulted in revenues of over USUS$1 billion and profit for US$0.5 billion for the third year running. Looking at revenue, which is based on the Brent oil price and our entitlement barrels, the average Brent oil price remained strong in 2013. There was volatility during the year but for the third year running the Brent oil price has remained around US$110 per barrel of oil and the revenue was US$1 billion in 2013.

So our production growth was 9.1%. We had lower realised prices of US$91 a barrel. This translated into the bottom line net profit after tax of US$512 million and dividend declared was 18 US cents as the final dividend by the Board and this is in addition to the 15 US cents per share we had as interim in 2013. The total dividend now amounts to 33 US cents, which is a 10% increase over the dividend of the previous year. This has translated into a 32% payout on the earnings and a 3.4% yield on the share price. The policy for dividends by the Board is reviewed every year. This is on the back of earnings and the prospects of opportunities in the pipeline and the clear message, the underlying message here is the delivery of a modest growth year on year.

When you look at the cash balance we have ended the year with US$1.9 billion of cash, which is net of abandonment and decommissioning (A&D) funds. We have been able to self-finance our capital expenditure and pay dividends and we maintain a healthy balance for diversification opportunities.

Moving on to the next slide on the 2013 results summary, you look at revenue of US$1 billion, this is based on sales and the realised price at the marketing discount of 17%. This discount in the previous year was 11%. Our operating profit was US$687 million and this is based on the entitlement rate. We look at basic earnings per share, which were 104 US cents. On that basis the dividend declared by the board was 33 US cents per share, which is a 10% increase over the previous year. Our capital employed was a healthy US$3.2 billion and this crossed US$3 billion for the first time on the back of profits we had in 2013.

We maintain a robust cash generation capacity and we have generated close to US$800 million in cash, which was used for capital expenditure and dividend payouts. Our net cash used in investing activities, we've spent about US$340 million on our development and exploration assets. If you look at the number of US$800 million, this is represented by about US$570 million of reinvestment of deposits, so as per the reporting standards the investing activity comprises of capital expenditure as well as reinvestment and redeployment of cash deposits. We ended the year with a cash balance of US$1.9 billion and we talk about the movement in cash in the following slides.

Moving on to the next slide on the income statement, we have a waterfall chart, which explains from the left to right how we moved on from profit after tax in 2012 to the profit in the current year in 2013. Our revenue decreased by 9%, that is US$107 million less. This is on the back of a decrease in the volume of crude oil sold, which is only marginal, about 1%, which is based on entitlement; and a 9% decrease in the average crude oil realised price. In 2012, the average Brent price was at US$112 – that came off by about US$3 in 2013, but a lower realised price in 2013 is due to the significant impact of the higher discount to Brent last year.

Our operating costs and depletion were lower as a result of lifting positions. Our depletion was marginally higher and we have been able to maintain our operating costs per barrel in the range of US$4-4.50. It was marginally higher than last year as a result of inflation and higher offshore activity in terms of maintaining a larger number of platforms to support the production growth. Our depletion charge is based on reserves, which are certified and reassessed annually. It takes into account replacement reserves. We have been able to optimise our field development costs and that plays into the depletion rate, which went up higher because of higher production in the field.

Our administration costs were marginally higher by US$1 million and that's a result of higher corporate level activities in our Dubai corporate office. Our finance income is lower, we will discuss in the next slide when we discussed our cash. Our tax provision is lower by 11% and we provide for tax at about 25% in Turkmenistan, so we have got an efficient tax structure, which feeds into the group, the corporate tax structure.

Moving on to the next slide on the cash flow, a similar waterfall chart shows the opening cash to the closing cash position. We've added about US$200 million to our opening cash position. We went into the year with about US$550 million of A&D funds, which are specifically set aside as per the PSA to meet our A&D obligations continuously throughout the period of the PSA.

Our cash for operations was close to US$800 million. Our interest on bank deposits was US$11 million and this is on the back of lower LIBOR rates. Our LIBOR rates, six-month and 12-month LIBOR rates, are between 30 basis points to 50 basis points and we've done well to have a yield of 0.6% and this is based on average cash balance of about US$1.8 billion maintained during the year. So the yield this year is virtually half of last year's. In 2012, we had a yield of about 1.2%, but this is a function of the market forces and the liquidity in the market.

If we look at investing, it's US$340 million for additions on development assets and US$59 million were spent in intangibles or exploration in Tunisia and Iraq, initial start-up expenditures. Our dividend is US$136 million net of capital issued receipts. Our A&D expenditure or our money set aside for the A&D was US$141 million. We started the year with around US$400 million of A&D cash and we have added US$140 million, so we've got a total of US$2.4 billion on our balance sheet of which over US$0.5 billion is set aside specifically for meeting our A&D obligations.

The next slide is on capital expenditure in 2013. We have spent over US$300 million on drilling, infrastructure and exploration activities. If we look at drilling we spent about US$150 million in drilling 10 wells, which accounted for 46% of our expenditure and we have been able to average around US$14-15 million a well and this average is dependent on the drilling equipment used, whether it's a jack-up or a land rig; and also the well depth and the reservoir targets. Our infrastructure spend was mainly on completions of the Zhdanov A and relocation of Zhdanov B platform and other structural upgrades and additional slots. Besides that the group has spent a lot of capital expenditure in the field in upgrading the field facilities, the camp and the logistical infrastructure.

With that I will hand it over to Jaleel to talk about the outlook.

Dr Abdul Jaleel Al Khalifa: Thank you Tarun. So where we go from here is explained in the outlook side. On the production it will be between 10-15% growth in 2014 and 2015 onwards. We think we will be in the 100,000 target close to the end of 2015 and we will maintain that in 2016. Water injection will be deployed in two more platforms and jet pumps will be deployed in 14 more wells, again following the tender cycle we could see the first applications of this in the last quarter of 2014 where we will try to expedite as much as we can.

On the infrastructure, we are going to awards a contract for a new platform in the Lam field soon and we are going to award a new platform for the Zhdanov field hopefully in the first half of this year, if not the second half. On the 30-inch trunkline and the tender cycle there as well as on the CPF processing, we have already worked on a heater treater and a slug catcher, which will come this year. However, we plan to de-bottleneck the CPF and increase the processing capacity much more and that will be awarded this year to be completed hopefully late next year, if not early 2016. On the storage capacity, the work is ongoing and it's on time, on schedule so that's not an issue.

On the drilling campaign, I have showed you a list of 18 wells in 2014. We are showing here 14-16 wells to allow flexibility including one sidetrack. In 2015, we will be able to drill 20 wells with five rigs available.

The Neptune drilling rig is going to spud a well at the end of this month. Land Rig is going to spud hopefully in April. The Caspian Driller – we had issues with the contractor. He keeps dragging his feet in mobilising the rig. We are hoping that we can push him for the middle of this year. The rig is currently in Kazakhstan. It's out of the ship yard in Russia. It's in a shipyard in Kazakhstan to finish commissioning the remaining drilling equipment. It's not a lot of work left to be done and therefore we feel it is achievable and it's in the interests of the contractor and ourselves to move it soon. Land Rig 3, which will be hopefully spudding on Lam F platform, will be coming at the end of this year because that would be the time that the Lam F platform is in the water and ready for drilling.

On the capital expenditure we anticipate US$1.5 billion for the three years. This is before the GTP since the four rigs are there, US$200-300 million for drilling is doable. We have other platforms either awarded or being completed. We feel the expenditure there would be around US$200-300 million, if we add the GTP it will be US$300-400 million. On the exploration activities between Tunisia, the Philippines and Iraq drilling as well as the seismic acquisition, US$100 million in 2014 and maybe the same level in 2015 onwards.

On the gas monetisation, the GTP is close to award and hopefully in the first half of this year we will come to the market with the award news and the construction will take two to three years, so we can hopefully start operations in 2016.

On diversification again, Sidetrack-2 in Tunisia, we will drill a well in Iraq, seismic in Afghanistan, and we will drill a well in the Philippines. We will hopefully start rolling in Egypt after receiving the final approval and we will continue to seek additional exploration and development assets.

I want to thank you all for following our company. I want to thank our shareholders, the Turkmen Government for their support, our Board for their guidance and support as well; and most of all our Dragon Oil team starting with our operators in the field and management in Dubai. The floor is now open for questions.

Ritesh Gaggar, GMP: Good morning, Ritesh from GMP. Just a couple of questions please. Firstly on production, can you provide how much contingency is built-in in your growth target in 2014 and 2015 and have you included any contribution from water injection or from artificial lift in your estimates? The second question is regarding dividend, so maybe to Tarun. In your presentation you said that the Board will continue to look to increase dividends similar to the 10% that you achieved this year at 33 US cents. Were there some discussions regarding starting buybacks again or giving a special dividend given that you have a big cash pile of US$1.9 billion versus the payout of last year, which was around US$160 million? Thank you.

Dr Abdul Jaleel Al Khalifa: Thank you sir. With regard to contingency and production I think we have a range of 10-15%. That provides some contingency. We hope that we can finish the year to the high side; however, we realise that considering our experience with rigs, delays with projects and so on we wanted to keep that wide range in there, so we allow hopefully for good news at the end of the year. Water injection, to be honest it will take a long time to affect the production because as you know the field is depleted in certain areas, water injection takes two years to build up the pressure before you can feel it on the production side. Jet pumps is something you can feel right away and once we hopefully awarded and mobilised the jet pumps it will take us six to nine months to do, so in 2014 I wouldn't count a lot more upside from jet pumps and in 2015 it should come back to our production target. Therefore, we feel that 100,000 bopd is doable by the end of 2015.

Ritesh Gaggar, GMP: You still don't see any risk of the 100,000 bopd slipping to maybe early 2016 instead of 2015 target?

Dr Abdul Jaleel Al Khalifa: As of now with our revised planning with our drilling fleet we feel – and considering what we did in 2013 on the production growth, I feel that we have enough drilling capacity to meet it. Now what remains to be seen is the performance of the Zhdanov field, which will be drilled fairly soon. If the production potential of Zhdanov is excellent, in the range of 1,500 barrels – that is a firm confirmation of our guidance. If however the production from Zhdanov is very much on the low side we will definitely have to come back and revise our plan in a way to meet our target. I would tend to say that as of today's information this is a very realistic plan.

Tarun Ohri: With respect to the dividends, as you've seen there despite the earnings per share being lower the Board continued growth in dividends and they are looking at modest growth in dividends. In 2012, there was a share buyback programme of US$200 million where we bought back and cancelled 23 million shares at an average price of £5.70, so the Board considers the share buyback programme as and when they look at various strategies in returning value back to shareholders. Currently we have a resolution and an authority to do a share buyback, which was approved by the shareholders at the last AGM, it expired at this AGM, so this is a standard resolution, which is there every year, but there's no current consideration by the board for a share buyback or a special dividend because these are competing with our strategy to look at acquisitions elsewhere, which might give better returns than share buybacks.

Ritesh Gaggar, GMP: That's clear. Thank you so much Tarun. Last follow-up question on the use of capital, so far you have acquired a few exploration licences, which do not have many capital requirements at this point in time. Are you still screening aggressively for maybe bigger assets or bigger deals, maybe focus on development in the near term or that might take some more time to materialise?

Dr Abdul Jaleel Al Khalifa: It will take some time. We continue to look ahead to that and do not give a firm schedule for that. As you know these are process-driven-type acquisitions that have competition and in its nature it has to take its time, but we are very much in the process of doing that and it's basically on our agenda all the time.

Gerry Hennigan, Goodbody: Good morning. Jaleel, in terms of your performance in 2013, would it be fair to say that the decline rates more recently haven't been as strong as they have been in the past and what can you attribute that to? Is it new infrastructure or the fact you're drilling in a newer portion of the field or some early benefits on the enhanced recovery programme?

Dr Abdul Jaleel Al Khalifa: It is all of the above. I think Lam was a great area whereby we did not see much decline there compared to the rest of the Lam field. The jet pumps added only 1,000 barrels, so it's not much. In general if you were to consider production per well, it reflects some good performance in the field because it shows a decline of 10-15% at the most, which is quite great now. In the future when we go back and drill on the main Lam fields, we have to wait and see how that portion performs as compared to Lam, so we're talking about the Lam F area. The Lam F area is not bad, it's in the middle of the field of the main Lam but we have to wait and see the performance of that area, but in general Lam West is contributing some great news to the whole performance of the field and I think when we go to Zhdanov it will be a different story because we are not going to produce much off Zhdanov due to the nature of the field, so we might continue to see a decline of 10-15% for the coming few years.

Gerry Hennigan, Goodbody: Tarun, your abandonment liability is currently about US$550 million. How far, how big do you think you need to grow this to before you reach a plateau? What's your target in terms of abandonment liabilities?

Tarun Ohri: The overall objective is to set aside money for the A&D liability in a separate bank account and the target is to spend that every year, so we have a continuous programme to plug and abandon non-producing wells and decommission, so this programme was initiated last year and it will continue this year and we are looking at a large number of wells to be plugged and abandoned over the next two or three years, so we will be using this fund. Our objective is not to build the fund up.

Gerry Hennigan, Goodbody: Sorry, just so I understand, you still intend to increase the liability above the US$549 million or will you just maintain it at the US$550 million mark?

Tarun Ohri: No, the way the production sharing agreement works, you set aside a proportion of cash from sales at a given percentage and you put it aside in this A&D fund, so this liability is reflected by the unspent amount in the fund. So when you spend the amount of the liability, that decreases, but this fund is likely to grow along with production under the PSA, so it will grow to a substantial number and our liability is limited to the amount set aside in the fund.

Caren Crowley, Davy: Morning, three questions if I can please. Just on the central processing facility, you talk about expanding the capacity there to handle growing volumes and I'm just wondering, are you targeting now in excess of 100,000 barrels of oil per day, so do you think you'll grow beyond the medium-term target to achieve greater than 100,000 barrels of oil per day? Second question, the Zhdanov wells, you're about to spud two imminently and I'm just wondering when do you expect a result from those wells? Finally, you spoke about M&A and the sellers were looking for too high a price and you didn't want to overpay – what's the target for the group when it comes to M&A, in other words what sort of return on capital or internal rate of return are you looking at or looking for when you look at assets or indeed companies?

Dr Abdul Jaleel Al Khalifa: Thank you Caren. On the CPF expansion, this winter season in Turkmenistan, we have seen temperatures that are record low, basically -16, -17, so the crude that comes to the CPF is at five degrees or so. The design of the CPF is that the inlet crude should be at 20, 25 degrees, hence what you could have is less efficiency of the processing capacity of the CPF or otherwise you endanger getting crude, which is not of market quality and, therefore, you have to recycle and impact the production rate on a daily basis, therefore it's always wise to have additional capacity to handle crude in a very cold winter season and as well as spare capacity.

This spare capacity, additional production growth we plan, the winter season difficulties – all indicated that we should work on the extra processing capacity. We have taken early measures to do that. We're bringing a fifth heater treater on an expedited basis and it will be hopefully installed by August this year. We are bringing a slug catcher, which can handle huge gas flow in the trunkline, which was not part of the design in the original scope, and we are putting additional expansion for degassing and scrubbers for additional heaters treaters. I don't want to be firm and tell you we will design it for a specific production capacity. I think it's prudent on our side to ensure that when the growth is there on the oil side we don't wait to have additional processing at that stage, otherwise we'll waste two or three years of idle time. Yes, the new processing capacity can handle more than 100,000 barrels of oil per day, but I would leave it at this. I hope this answers your questions on the CPF Caren.

On Zhdanov, the first well will be spudded at the end of this month. We need to give it two months, hopefully in May we will have the results of the first well. The second well will be spudded in late April so it will take another two months, 70 days, so that will be around July.

On the M&As, our internal rate of return for new acquisitions depends where and how much risk is there on the surface and sub-surface, but I would say that we came down to 10-15% anticipated target rate of return. Now considering that there can always be upsides or potentially downsides we think the 10-15% range is acceptable and hence we normally follow the process and I'm sure this could be flagged by other analysts, we take the crude price of the three years forward curve and then we assume US$90-95 per barrel for the long term. We consider 10-15% rate of return as acceptable and we put a reasonable development plan that is not extremely aggressive nor a lazy one, something that we feel could be done reliably. We run our model and we come up with values for the assets and we proceed with that value on that basis. Now during the process the share price of assets that we are shooting for is 50% or 30% higher than what we anticipate, so I just can't believe that we can go ahead with those higher prices and achieve even 10% rate of return. This is why we're quite careful that we can't go down less 10% rate of return. We can't make up a crude price that is not in the market and hence this is a process, which is technically sound. We consult third parties on the reserve numbers or development plans. We sound it through our organisation as well and we run the process as such. We did not achieve development acquisitions in the past – that doesn't mean that we will not in the future and I hope 2014 will bring good news.

Farid Abasov, Standard Bank: Good afternoon. I have two questions, one is if you could elaborate a little bit more on export optionality, just trying to understand how distant those conversations are and what potential transportation cost arrangements there are that could be made and to what percentage of your exported volumes? The second question is more on the reserves. Obviously we saw almost a 25 million increase this year in reserves from the enhanced recovery secondary techniques. My question is roughly what percentage overall in the entire reservoir, how much of additional reserve increase you could expect based on your initial results, if you could give us any sense of range, that would be great.

Dr Abdul Jaleel Al Khalifa: On the export optionality, we in the long term for strategic reasons, we definitely would like to maintain our Western route through Azerbaijan, even if we develop other routes as well, but it depends on what volumes we export on each route. Definitely there are routes available in the north where traders are more active. We continue to follow up the news on Iranian negotiations with the West and the status of the sanctions. Any positive news on the negotiations reflects immediately on the operators in the Caspian, even though if it's not totally firm today, even though it might take some time, it has a reflection on realities on the ground in the Caspian, so there are optional routes in the north. If south would open at that time, that would add another option as well. How much impact would that do on the discount, I cannot quantify. It should be on the positive side. We'll wait and see, hopefully by early 2015 we can see new offers on the discounts.

On the reserves, this sand reservoir has different packages and different areas in the reservoir. We worked with third parties based on the success of both water injection and jet pumps in certain areas and certain packages. The assessment party was realistic and gave us some upside of 25 million barrels in those areas. If you consider the total oil in place in the field is in the range of 2 billion or more barrels, so 25 million additional recovery of 2 billion barrels is a minute, small addition and you know that if water injections or artificial lifts would be working, if not in the whole of the reservoir. It has more potential upside than the 25 million barrels. Again I cannot quantify a specific number. We wait to deploy those in the other parts of the field. We'll see the performance. We'll go back to the third party, raise it up with them hoping that we can bring in positive news on reserve replacements as well in the future.

Alastair Pringle, Nomura: Hi guys, thanks for taking my questions. Just really focusing on the exploration portfolio, you now have six blocks. Is there a certain number of assets that you are actually targeting and on the wells that you have planned in Iraq and the Philippines, could you give an indication of prospect size? Thanks.

Dr Abdul Jaleel Al Khalifa: Thank you sir. We will continue to grow our exploration portfolio and if we manage to sidetrack the well in Tunisia, drill a well in the Philippines – we have optionality to stay in, change to commercial rights or step out if God forbid the news is not positive. They might drop down to four net of the existing ones or stay at six or we can add more this year, but we continue to target acquisitions in exploration area. We feel we can handle more than six and we feel it is basically the nature of exploration to lend itself to having more than six to make sure that you are fair with the exploration campaign because the success ratio in exploration is not high. So no specific target numbers but more than six is definitely our target.

On the prospect size in Iraq, I would say huge but I didn't want to put out a number. Basically we have an estimated resource number from our friends in Kuwait Energy who are handling this on the operator side. I think the decision is that we wait until we drill the well and come back with the news of the well along with the prospective resources after drilling the well.

In the Philippines, I think it's a reasonable size. There are more prospects than this one we plan to drill. The one we plan to drill now is the most promising and a better one among the prospects in that block. Some other blocks could be in deeper water. This is a 50-60 metre water depth and again I would leave the resources until we drill the well.

Muna Muleya, Merrion Capital: Good morning, just two questions. One is what do you expect the exit production rate to be if you drill 18 wells rather than 16 that you are planning? On marketing was there a specific basis for the renegotiation of the discount and do you expect the same level of discount for 2015 and 2016 as well? Thank you.

Dr Abdul Jaleel Al Khalifa: Thank you. The exit rate is a tough one to answer. Normally it's higher than the average, you can take your bet. We have numbers to be fair but I don't want to share them with the market now. We might give the wrong signal. We feel in general that an average guidance is enough and our average guidance is 10-15%. Now if we drilled 18 wells we will be at the higher end of the guidance. If we drill 14 wells we could be at the lower end of the guidance.

Muna Muleya, Merrion Capital: Sorry, just to follow up. So in other words your guidance at the lower end means you are assuming 14 wells rather than 16 or 18?

Dr Abdul Jaleel Al Khalifa: No, no. We gave a range of 10-15% and we said we are going to drill 14-16 wells. As you know part of the 14-16 wells are wells in Zhdanov that we would be drilling for the first time, so we're allowing some flexibility in the guidance to make sure that if we drill more wells, if Zhdanov would not pan out as an excellent field, we are still within the guidance. If Zhdanov comes to be excellent, if we happen to drill 18 wells, we will bring a pleasant surprise to the market.

As far the negotiations, last year the deal was ok but it was not extremely preferable to us. We were dealing with them for quite a few years. They are reasonable, realistic that we had several bets in 2013. They accepted to come to the negotiation table. We raised a few issues, they raised a few issues. We settled down on a reasonable compromise where our targets were achieved and now we're dealing with a monthly average, slightly more preferable discounts, again the situation in the Caspian this year is better than last year due to the reasons we spoke about earlier and hence we feel 2014 discounts will be better than in 2013. 2015 and 2016 discounts, we hope they can be better, lower discounts in the future. It really depends on how things go from now until the year-end, so let's hope for better discounts and we wait to see what could develop.

Muna Muleya, Merrion Capital: Do you expect a change in pricing if you change your marketing option to either Kazakhstan or Russia or do you expect the same kind of discount?

Dr Abdul Jaleel Al Khalifa: No. If we are going to open a competitive process by which we're looking at the bottom line for us is how much we can make, if we could secure better discounts and fewer dollars per barrel in the north, we'll go to the north. If we find out that as a net if we're going to Urals instead of Brent and risk coming up with discounts, we might step to the south. So it all comes down at the end of the day to how much of a net realised price we make per barrel through either north or west.

Gerry Hennigan, Goodbody: Just a follow-up question on the distribution agreement you have in place, the renegotiation of the terms. Am I right in assuming that rather than worked out a quarter in arrears that the prices now were calculated a month in arrears? Is that the case?

Tarun Ohri: Yes Gerry. The change is in the pricing period, we will have a closer correlation and then we'll relate it to monthly averages, so there's a new methodology for pricing. So we hope to achieve a narrower discount now between 14-17% and it will probably average around 15% if the oil price stays within this band currently.

Gerry Hennigan, Goodbody: So what you're saying is basically it's currently between US$105-110 a barrel for the year, it'll probably be closer to 15% or 16%?

Tarun Ohri: That's correct.

Dr Abdul Jaleel Al Khalifa: If there is no further questions I want to thank you all and hope to bring some better news in the future and I want to thank again the team for doing a great job in 2013. Thank you very much.