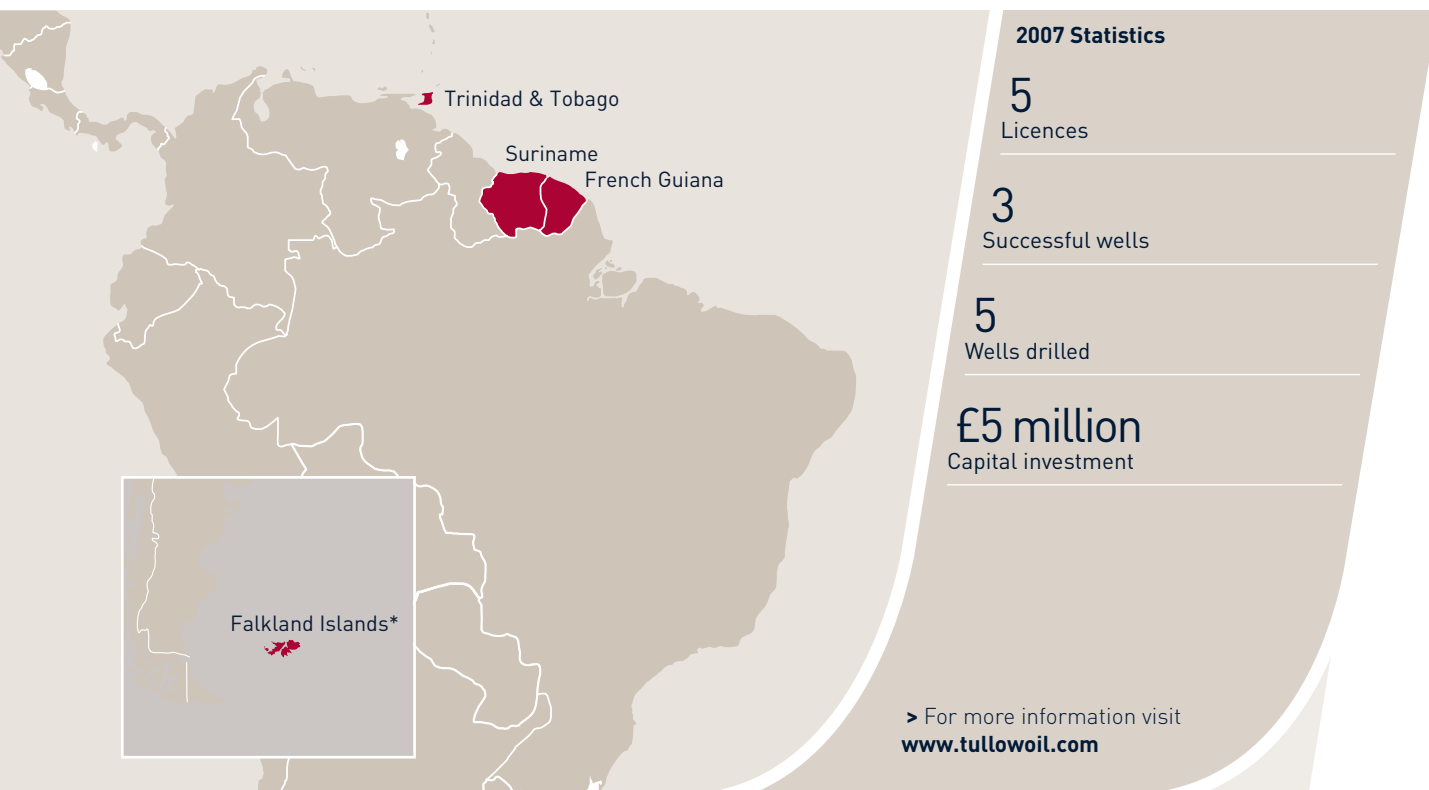


Tullow made steady progress in South America in 2007 with the integration of the Hardman portfolio, the pursuit of new business opportunities and preparation for drilling the high impact Matamata prospect in 2008.



Activities by country

Country	Activities
Falkland Islands*	●
French Guiana	●
Suriname	●
Trinidad and Tobago	●

Note: *Tullow withdrew from the Falkland Islands in August 2007.

Key: Exploration = ● Development = ▲ Production = ■

2007 Highlights

- Successful bidder in two key Trinidad and Tobago blocks;
- Execution of Production Sharing Contracts (PSCs) for two onshore Suriname blocks;
- Five exploration wells drilled in Suriname, three encountering oil;
- CSEM survey over the large Matamata prospect; and
- Divestment of the non-core Falkland Islands assets.

Market environment

Tullow gained its interests in French Guiana, Suriname, Trinidad and Tobago and the Falkland Islands through the Hardman Resources acquisition. The region is a prolific but underexplored oil and gas province with a diverse set of opportunities from near-infrastructure plays in Suriname to true wildcat high impact prospects in French Guiana. The region is recognised as having great potential and Tullow is now applying its skills and expertise, developed through many years of exploration in West Africa, to these very similar plays across the Atlantic.

French Guiana

Tullow holds a 77.5% interest in the extensive (35,200 sq km) Guyane Maritime licence which covers all of the prospective acreage offshore French Guiana. The licence is in a proven hydrocarbon basin but is underexplored with only two wells drilled to date, the most recent in 1978.

Since 2001, 2D and 3D seismic data have been acquired along with the reprocessing of existing 2D seismic. This new data has highlighted the presence of a very large structural prospect, Matamata, along with numerous additional structural and stratigraphic leads.

The Matamata prospect is an Albian prospect, in a water depth of 1,200 metres, with upside potential of up to a billion barrels. At the end of 2007, Gaz de France executed a Control Source Electromagnetic (CSEM) survey over the structure and Tullow, as Operator, is now advancing plans for first exploration drilling in the latter part of 2008. Tullow is also looking to reduce its capital exposure on this forthcoming deep-water well and will most likely farm down its interest in this licence before the well is drilled.

Suriname

PSCs for the onshore Uitkijk and Coronie blocks were formally executed in February 2007. The blocks have a total area of 3,351 sq km and lie adjacent to the country's main producing oil field, Tambaredjo.

Exploration drilling in the Uitkijk Block commenced in July, and a five well drilling campaign was completed during July and August. Oil was encountered in three of the wells. The commercial viability and the forward programme for these prospects are currently being evaluated.

Trinidad and Tobago

In 2007, Tullow was the successful bidder for two blocks in the Sixth Trinidad Exploration Licensing Round and was awarded offshore Block 2(ab) and the onshore Guayaguayare Block. Commercial negotiations for PSCs for both blocks are in progress. It is anticipated that negotiations will complete in the first half of 2008 and that initial seismic acquisition will commence at the beginning of 2009.

Offshore Block 2(ab), is approximately 1,600 sq km in area and lies in shallow water off the east coast of Trinidad and is on trend with a number of producing oil and gas fields, notably BHP Billiton's Angostura development. Tullow, as operator, jointly bid with Centrica to each gain a 32.5% interest in the block. The remaining working interest will be held by the state oil company, Petrotrin.

The 1,192 sq km Guayaguayare Block, contains both onshore and offshore areas and lies in the southeast of Trinidad adjacent to a number of producing oil fields. Tullow bid alone on this block and will likely consider farming out a portion of the interest prior to any major investment.

Falkland Islands

At the beginning of 2007, Tullow held a 22.5% interest in seven offshore production licences covering approximately 14,500 sq km to the south and east of the Falkland Islands. The outstanding Phase I work commitments (2D seismic acquisition and a sea-bed logging survey) were completed during the first part of the year, but in light of the non-core nature of these assets, and potential major forward drilling expenditures, Tullow transferred its interests in all seven licences to the operator, Falklands Oil and Gas Ltd.

One billion

The high impact Matamata well in French Guiana is planned for 2008 and has a one billion barrel upside potential.

New ventures

The Group has assessed a number of new opportunities over the course of the year. In doing so, Tullow has pre-qualified as a deep-water operator for Brazil's Ninth Exploration Round and is also currently evaluating data for possible participation in the forthcoming Barbados bid round.

2008 Outlook

2008 will be an exciting year for the Group's South American business as it looks to expand through new ventures, portfolio management, licence rounds and exploration. The key areas of interest this year will be the drilling of the high impact Matamata prospect, the completion of the Trinidad PSC negotiations and potential entry into new South American oil and gas provinces.