

24 August 2011

Tullow Oil plc – 2011 half-yearly results



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Tullow Oil plc – 2011 half-yearly results

Introduction – Aidan Heavey

Positioned to deliver significant future growth

- Record cash generation transforms balance sheet in 2011
- Dividend doubled reflecting robust cash flow
- Continuing to build sector-leading exploration positions
- Key frontier exploration well results imminent
- Progressing portfolio of major developments



Tullow Oil plc – 2011 half-yearly results
Finance – Ian Springett

Creating shareholder value

Consistent and repeatable strategy

- Sustainable long term value growth
- Balance exploration, major projects & funding
- Safety, environment, stakeholders & people

- High-impact exploration portfolio
- Ghana: Jubilee first production & fast track development
- Uganda: farm-down and future development
- Nuon EO acquisitions ; near term production plus upside

Underpinned by financial strategy

- Strong, well funded balance sheet to enable growth
 - Debt and equity funding
 - Portfolio management
- Significant operational cash flow

- \$3.95bn debt facilities
- Uganda transactions
- Jubilee production ramp-up

2011 half-yearly results summary

	1H 2011	1H 2010	Change
Sales revenue	\$1,062m	\$486m	+ 119%
Operating profit	\$588m	\$124m	+ 374%
Net profit	\$330m	\$89m	+ 271%
Basic earnings per share	35.0c	9.4c	+272%
Dividend per share	4.0p	2.0p	+100%
Capital investment ¹	\$648m	\$651m	No change
Cash generated from operations ²	\$855m	\$367m	+ 133%
Net debt ³	\$2,609m	\$203m	+1,183%

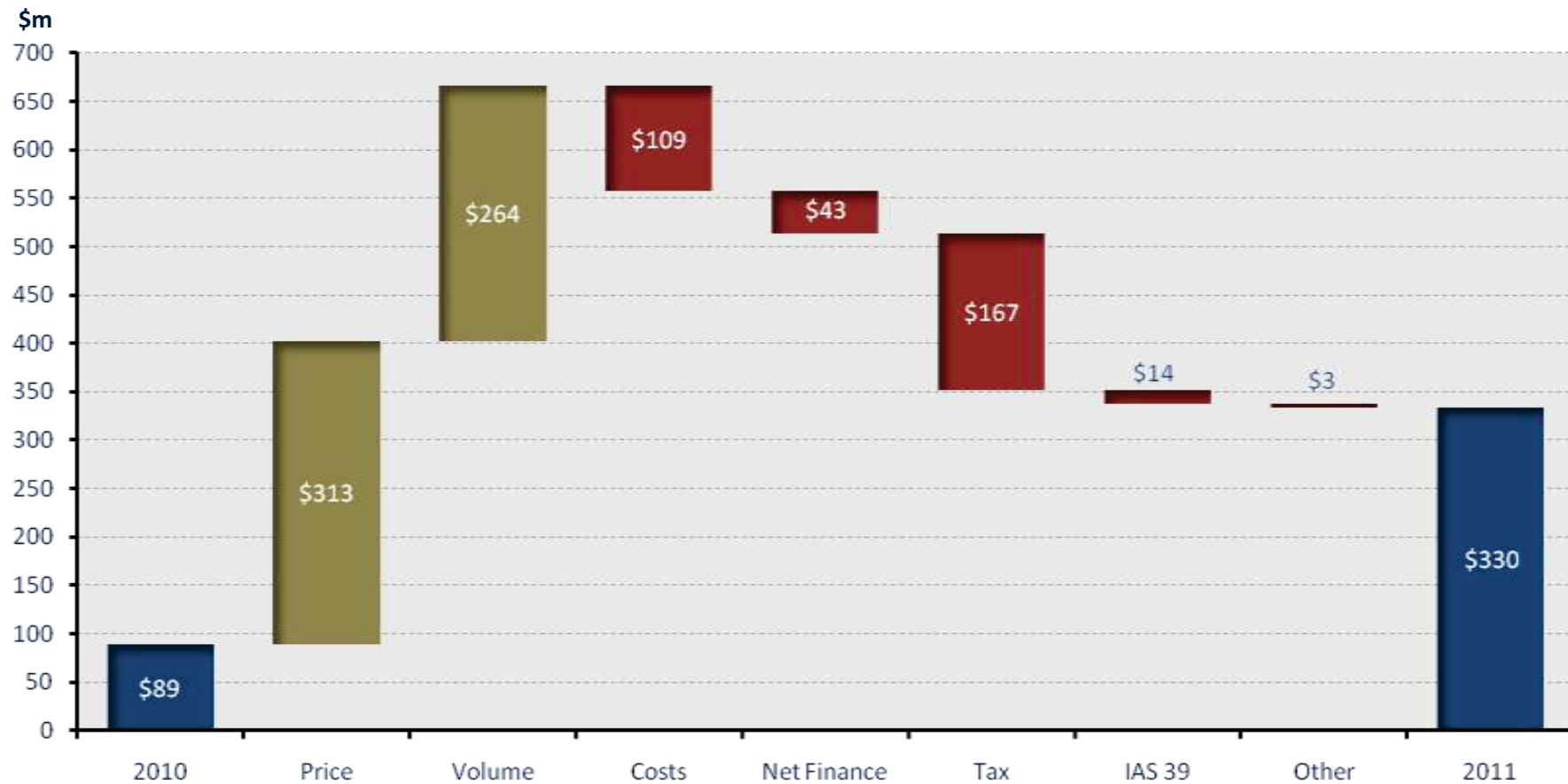
¹ 2011 excludes Nuon acquisition

² Before working capital movements

³ Including all cash balances

Record underlying financial results; significantly improved on 2010 with Jubilee first production and higher commodity prices

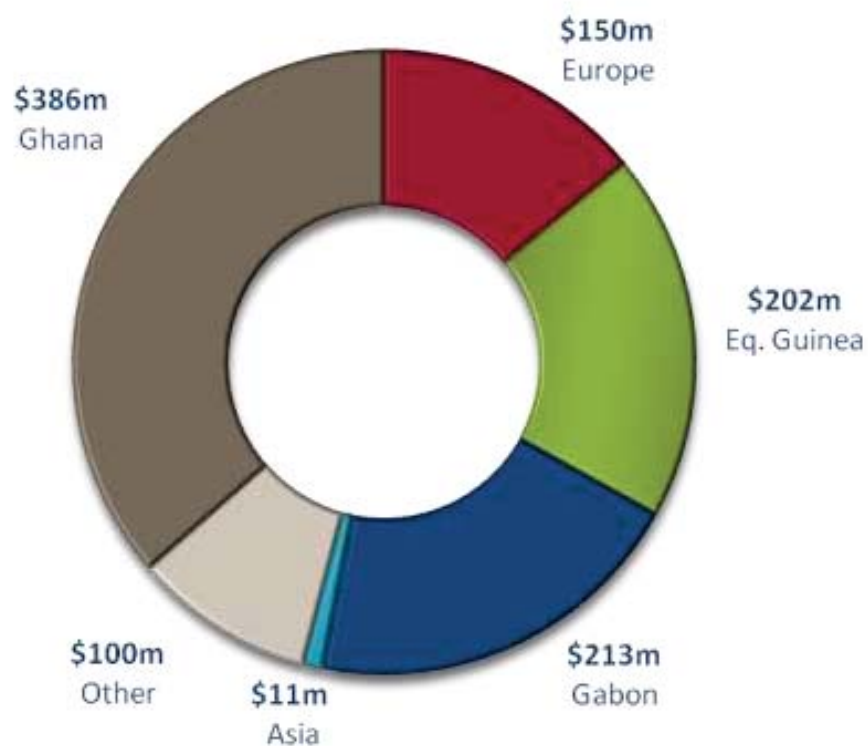
Net income 1H 2011 v 1H 2010



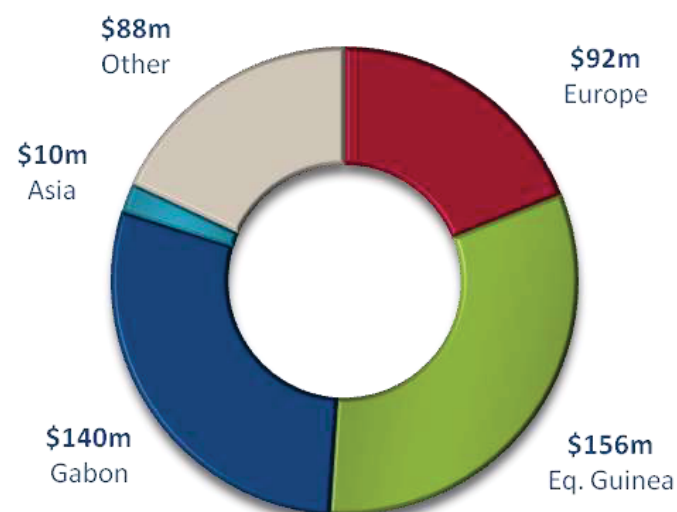
A significant improvement in Net Income primarily due to higher prices and production volumes partially offset by consequent higher taxes.

Revenue 1H 2011 vs 1H 2010

1H 2011 - \$1,062m



1H 2010 - \$486m



2011 Revenues increased by 119% with new production from the Ghana Jubilee field and higher commodity prices

Sources and uses of funds

Cash inflow \$1,515m

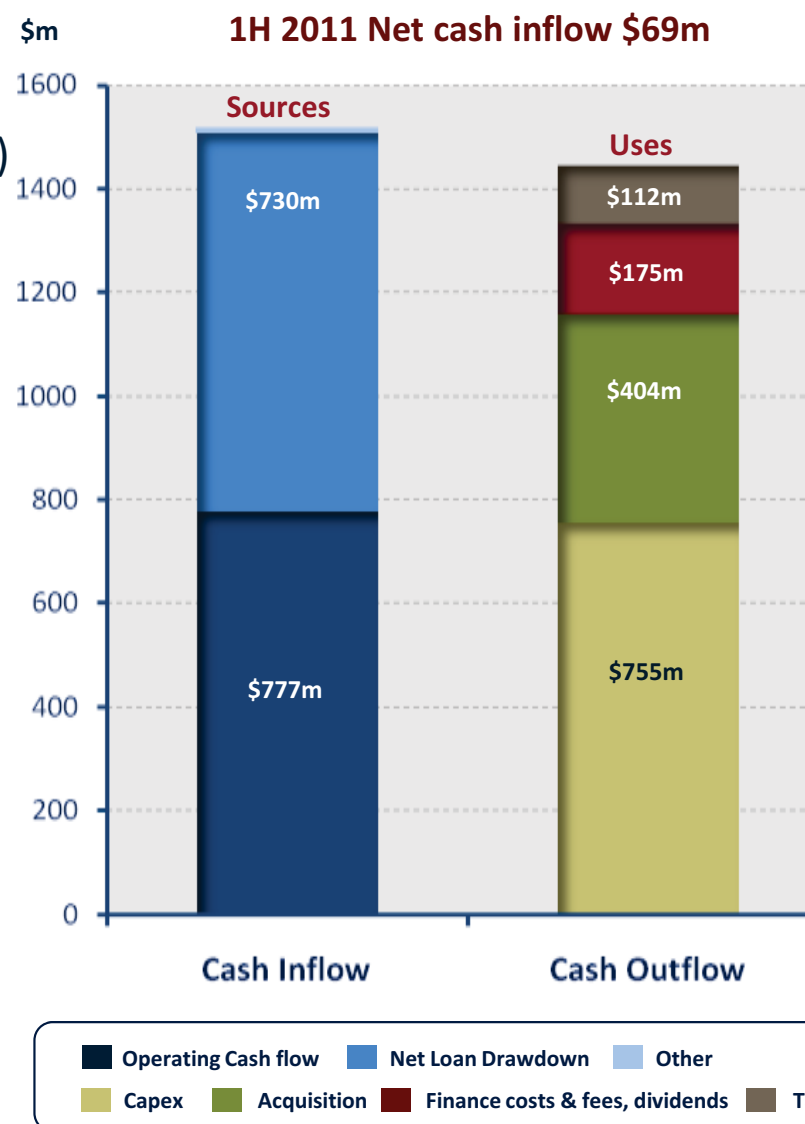
- Operating cash flow \$777m* (1H 2010:\$317m*)
- Net loan drawdown \$730m (1H 2010:\$403m)

Cash outflow \$1,446m

- Cash Capex \$755m (1H 2010:\$624m)
- Acquisition of Nuon \$404m (1H 2010:nil)
- Finance costs & fees, dividends \$175m (1H 2010:\$129m)
- Cash tax paid \$112m (1H 2010:\$69m)

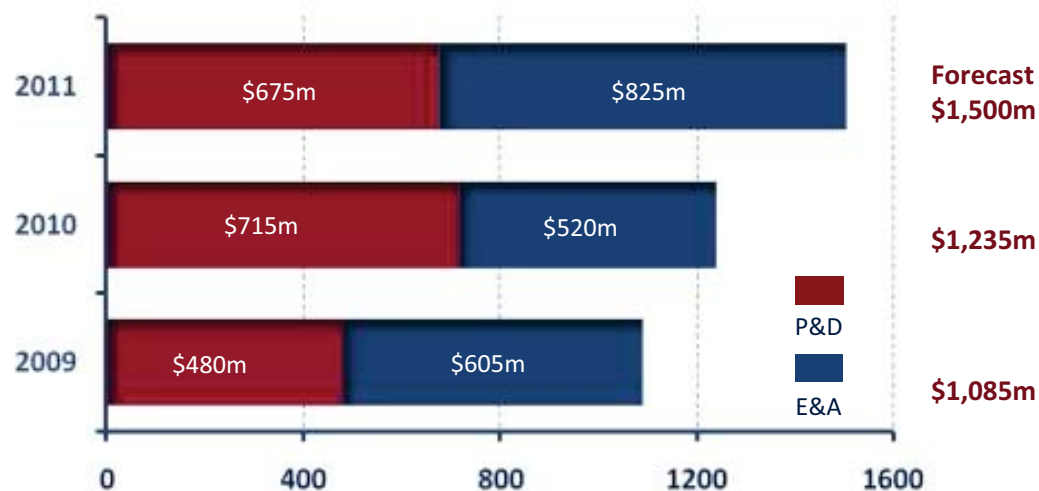
Net cash inflow \$69m

- Increase in cash balances



* After working capital

2011 capital expenditure



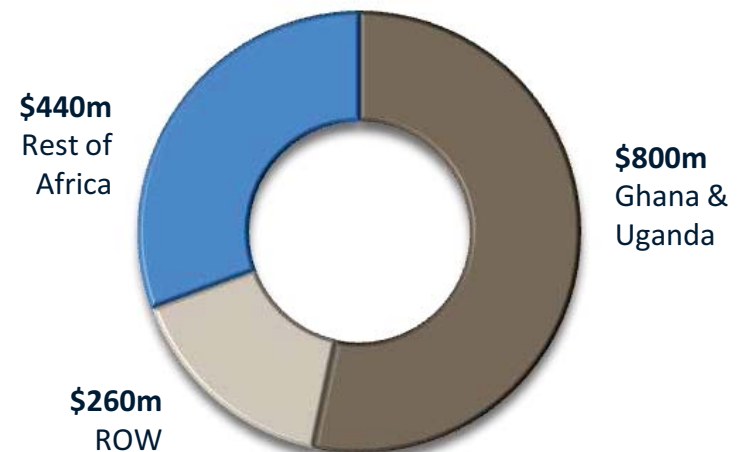
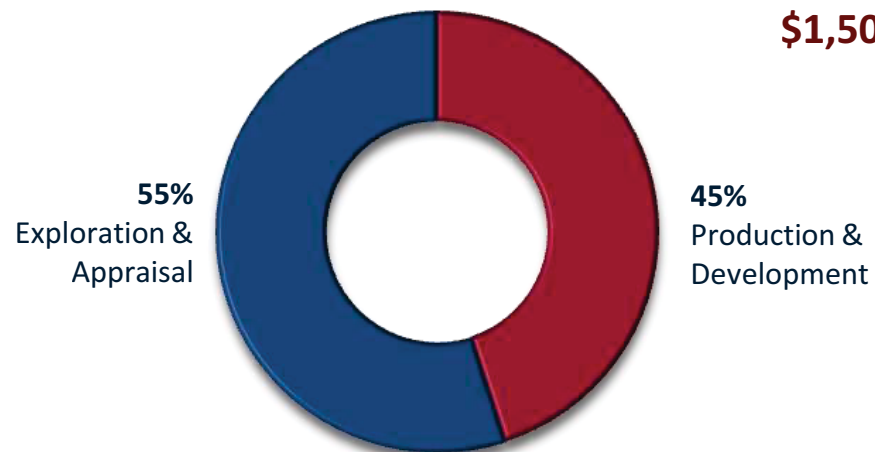
• \$1,500m forecast for 2011

- Ghana: Jubilee phase 1a development & Enyenra/Tweneboa appraisal & development
- Uganda: Exploration drill out and Lake Albert development
- High-impact exploration: Africa & South America

• 2011 capital split:

- 45:55 between P&D and E&A
- >50% Ghana & Uganda; >80% Africa

2011 Current forecast capex \$1,500 million



The next phase of significant growth

Consistent and repeatable strategy

- Sustainable long term value growth
- Balance exploration, major projects & funding
- Safety, environment, stakeholders & people

Significant value growth proposition; transforming scale again

- High-impact exploration in material campaigns
 - West Africa, East Africa, South America
- Significant development opportunities
 - Existing portfolio - Ghana, Uganda...
 - Continuing exploration success
- Seek quality M&A opportunities; manage portfolio

Underpinned by financial strategy

- Strong, well funded balance sheet to enable growth
 - Debt and equity funding
 - Portfolio management
- Significant operational cash flow

Strong Balance Sheet; transformed by Jubilee production and Uganda farm-down

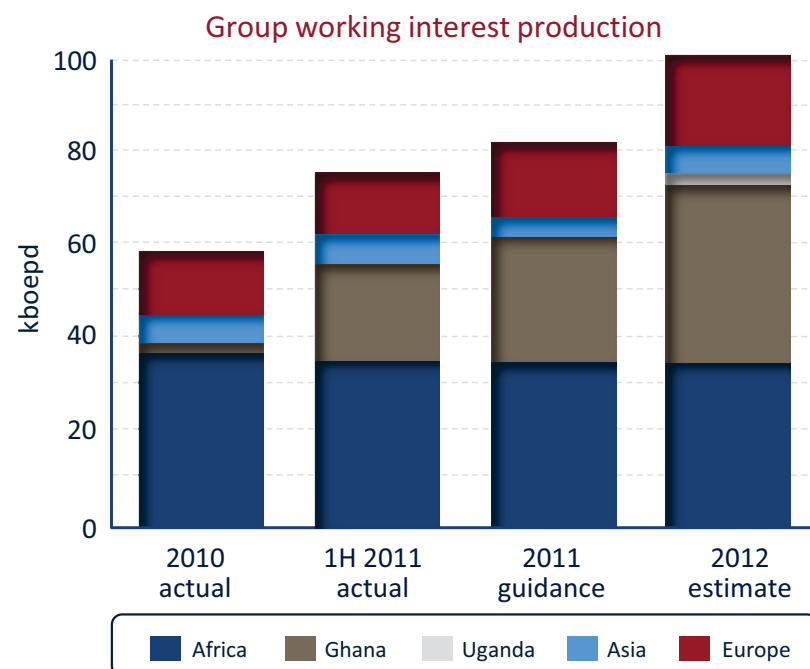
- Enables funding of transformational exploration and development programmes
- Supports commencement of progressive dividend policy



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Production & Development – Paul McDade

Strong production growth in 2011

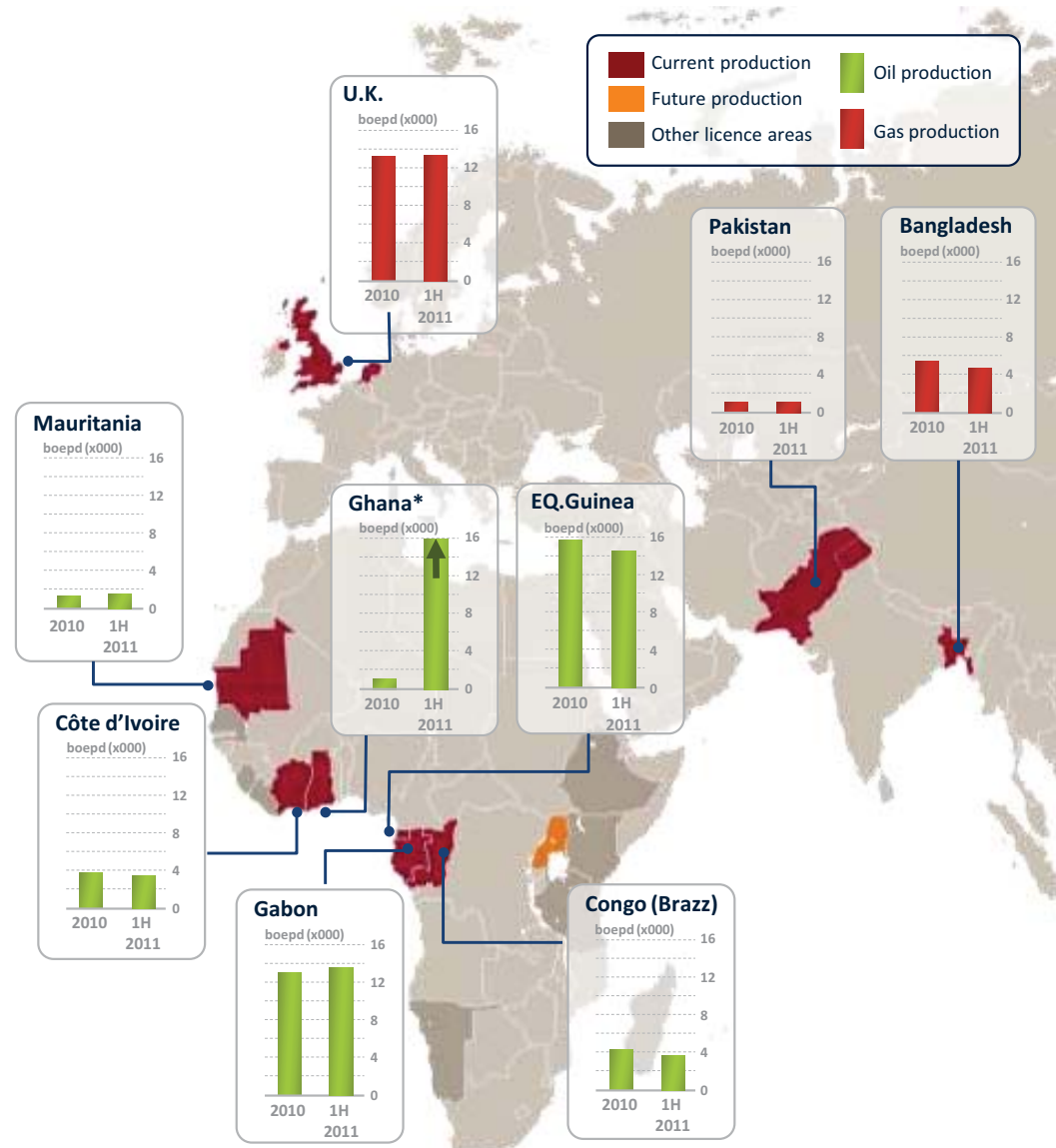


Strong 1H 2011 Production – 75,100 boepd

- Strong performance across UK, Africa & Asia
- Jubilee Phase 1 ramp up delayed until year end
- 2011 guidance 82-84k boepd; year end >100k boepd

Significant medium term production growth

- 2012 guidance >100k boepd
- Existing asset portfolio has potential of >200k boepd

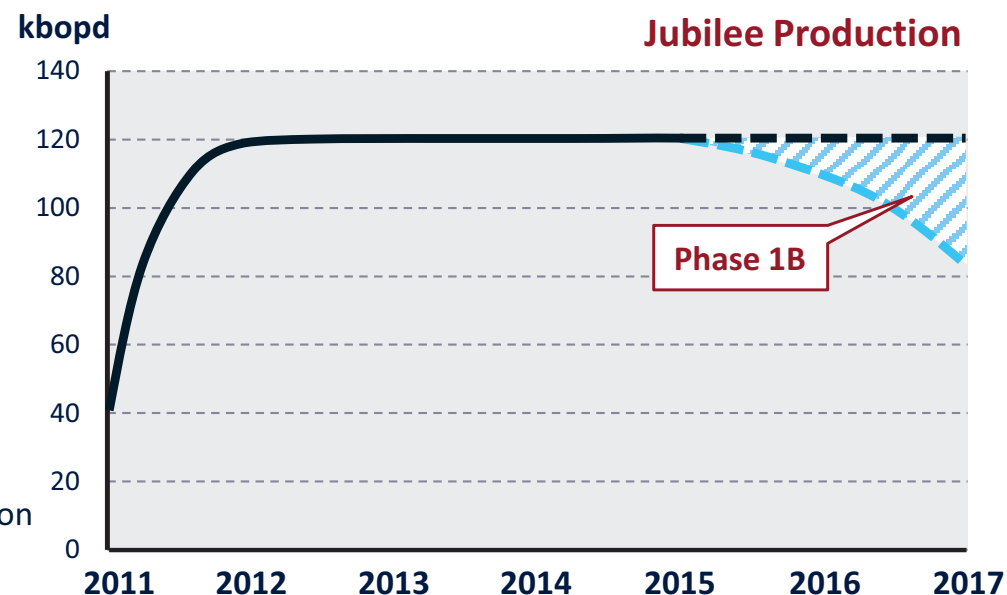


* 2011 Ghana average net production forecast to be c.26,000 bopd

Jubilee ramp-up ongoing; further developments underway

Jubilee Phase 1 continuing to ramp-up

- **Oil Production:**
 - 85k bopd increasing to 105k bopd in October
 - 120k bopd in November after J07 sidetrack
- **Injection:**
 - ~220k bwpd into 5 wells; 1 further well planned
 - ~80mmcsfd into 1 well; 1 further well planned
- **Ramp-up delays:**
 - BOP problems, commissioning delays on water injection
 - J01 completion failure, productivity at J07



Phase 1A on track

- 8 additional wells (producers & injectors) planned
- Sanction 4Q 2011; to commence in 1H 2012
- Sedco Energy rig and long lead items secured

Further development options under review

- Teak 2 and Jubilee performance will influence Jubilee Phase 1B
- Mah. East & Teak-1 appraisal will guide development concept
- Developments being managed in an integrated manner



Enyenra & Tweneboa - on track for sanction in 1H 2012

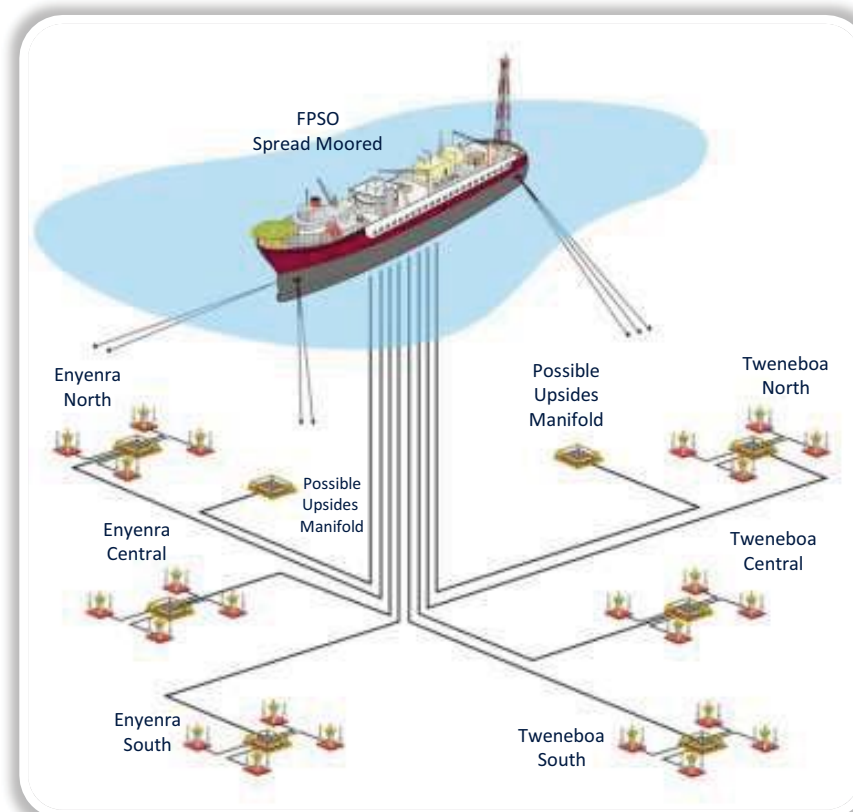
Appraisal and testing being progressed

- Appraisal drilling success at Tweneboa-4
- Successful DST's completed
 - **Tweneboa-2**: 6,500 bopd
 - **Tweneboa-4**: 30 mmscfd & 3,500 bcpd
- Further Enyenra appraisal drilling underway

Development on track for sanction 1H 2012

- FPSO/subsea concept selected for combined Enyenra/ Tweneboa development
- Combined liquid production 75 - 125,000 bopd
- Gas utilised for gas cycling and export
- FPSO and subsea FEED studies to commence Sept 2011
- Declaration of Commerciality - end 2011
- Submission of Plan of Development - 1H 2012
- First oil ~2.5 years post Project Sanction

	Resources		
	P90	P50	P10
Enyenra oil (mmbo)	100	200	550
Tweneboa hydrocarbons (incl Enyenra gas condensate - mmboe)	100	200	650



Uganda - High levels of activity

Memorandum of Understanding (MOU)

- Tullow signed a MOU with the Government of Uganda (GoU) on 15 March
- The Sale and Purchase Agreements (SPAs) for the farm down were signed on 29 March
- Agreements provided a clear process to resolve the outstanding issues

Completion of farm-down to CNOOC and Total

- Partners in final stages of the farmout completion process; expected to complete during September
- Outstanding matters:
 - New PSAs agreed; GoU to complete its formal approval process
 - Finalisation of the Kingfisher Licence
- New licence periods agreed; six months for EA-3A (Kanyawataba) and one year for EA-1

Partnership poised for delivery

- Operating framework and JV structure agreed
- Tullow: CNOOC: Total three-way partnership creates alignment
- Operatorship defined; Total EA-1, Tullow EA-2 and CNOOC EA-3
- Transition for handover of operatorship of EA-1 and EA-3 on track for mid Sept 2011
- Partnership building organisational capacity and structures for major development
- Engaging with Government on integrated development plans

Uganda - Preparing for the future

High level of current activity

Exploration and Appraisal drilling & testing

- Major development 3D seismic acquisition ongoing
- 3 Rigs currently progressing E&A activity
- 4th rig to drill the Kanyawataba prospect in Block 3
- Well testing about to commence on the Kigogole field

Early developments to supply Power and Crude

- GoU approval to supply test crude to local industry
- Nzizi Gas to support Integrated Power Project (IPP)
- M'Putu/Nzizi/Waraga fields; development candidates for crude supply

Basin development planning

Refinery to meet Uganda's needs

- Partnership supporting GoU to develop a refinery proposal
- ~20 kbopd refinery to serve domestic and regional markets
- Expandable to manage future product demand
- Refinery to be supplied by EA-2 fields and Kingfisher

Export Pipeline

- Pursuing options to maximise value/revenue to Uganda
- Partnership planning and feasibility group reviewing options

Basin Development	Crude Export pipeline	>200,000 bopd	Crude export to maximise revenues to Uganda	Sanction 2012/13
	Ugandan Refinery	~20,000 bopd	Replaces imported petroleum products	Sanction 2012/13
Early Development	Crude and gas sales	Starting at 300 bopd Increasing to 3,000 bopd	Reduces imported petroleum products & supports power supply	First Oil 4Q 2011

Africa - sustaining mature production

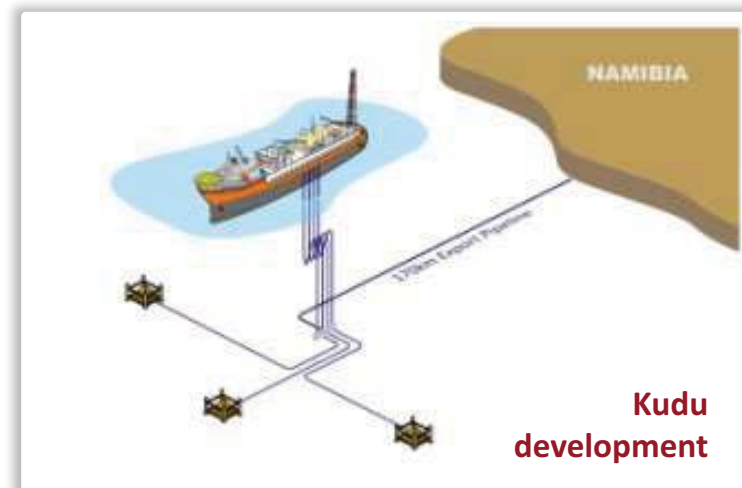
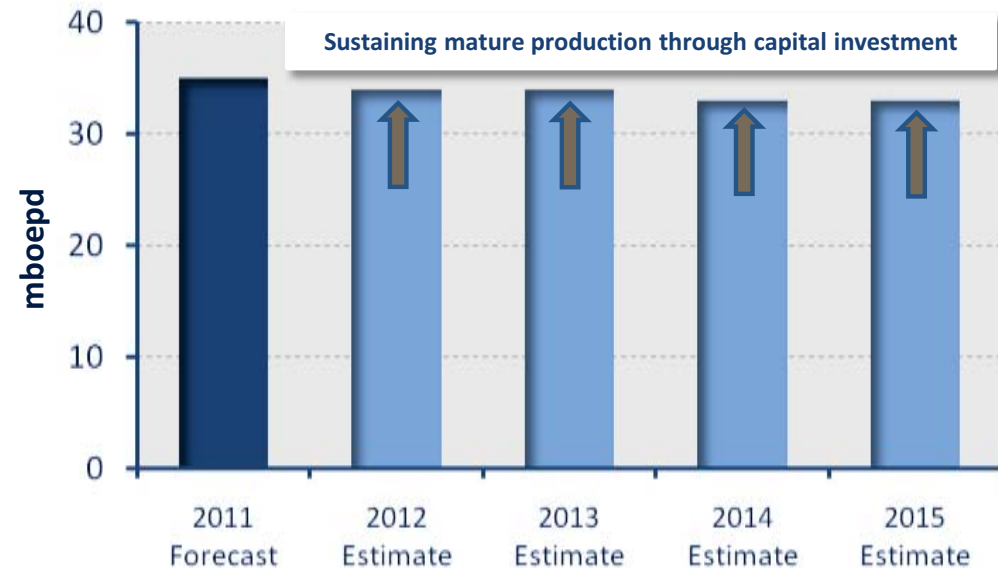
Infill Programmes Identified and Underway

- **Gabon:**
 - Reserve replacement of ~200% in 1H 2011
 - Participation in >50 wells
 - Similar activity level planned for 2012 / 13 with further opportunities identified
- **Equatorial Guinea:**
 - 4-D time lapse seismic completed
 - 10+ infill wells in Ceiba & Okume fields
 - Multiple rig programme to start 4Q 2011
- **Côte d'Ivoire:**
 - Espoir Phase 3 includes ~10 infill wells
 - Drilling to start in 2012

Developments under Review

- **Namibia:**
 - Kudu commercial agreements close to finalisation
 - Expect to initiate FEED 4Q 2011
- **Mauritania**
 - Banda oil rim & gas to power developments under review

Central and West Africa Mature Production



Europe and Asia

Nuon

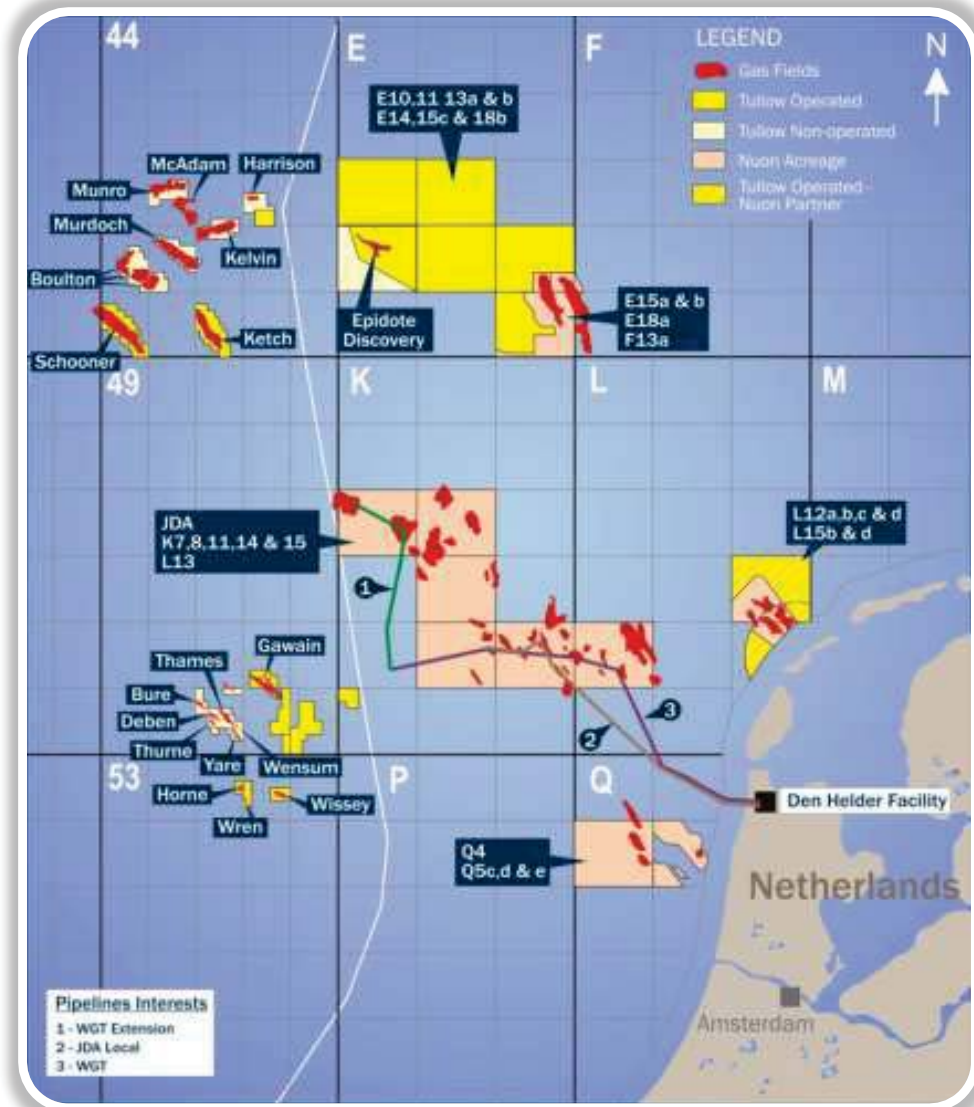
- Acquisition of Netherlands based Nuon E&P BV
- Deal completed on 30th June 2011; cash consideration €300m
- Production set to increase with new developments Q4'11 and 2012
- Focussing on Tullow's exploration and development skills to influence current operators

UK

- Production portfolio continues to perform
- Harrison development sanctioned
- Ketch infill well to spud Q3'11

Asia

- Bangora production remains on plateau
- Compression project planned for 2012



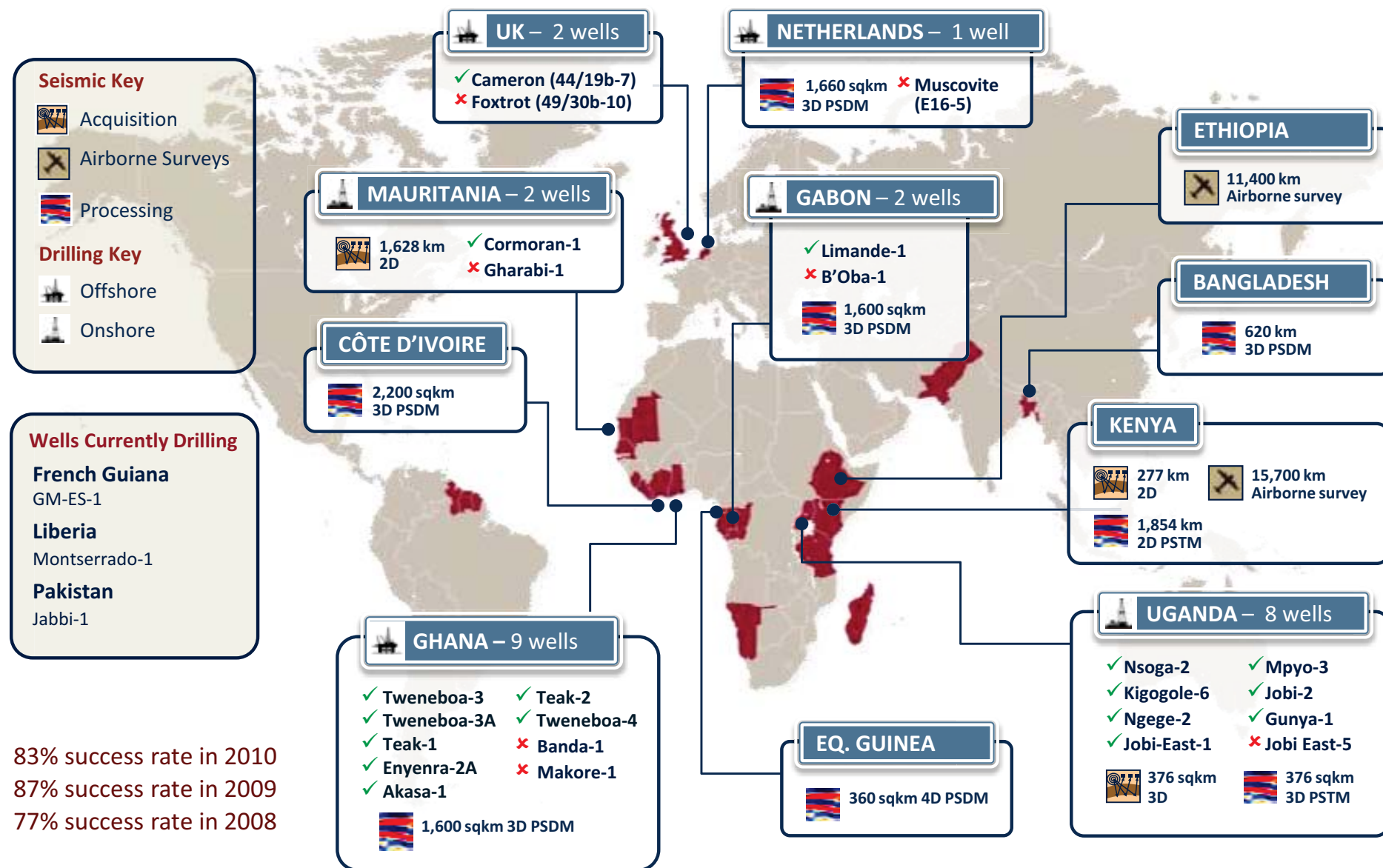
Developments to deliver production growth

- Jubilee plateau of 120,000 bopd by year-end
- Investment planned to sustain mature assets
- Development portfolio being progressed
 - Jubilee Phase 1A
 - Enyenra/Tweneboa
 - Uganda
 - Kudu
 - Banda
- Existing portfolio can deliver in excess of 200,000 boepd

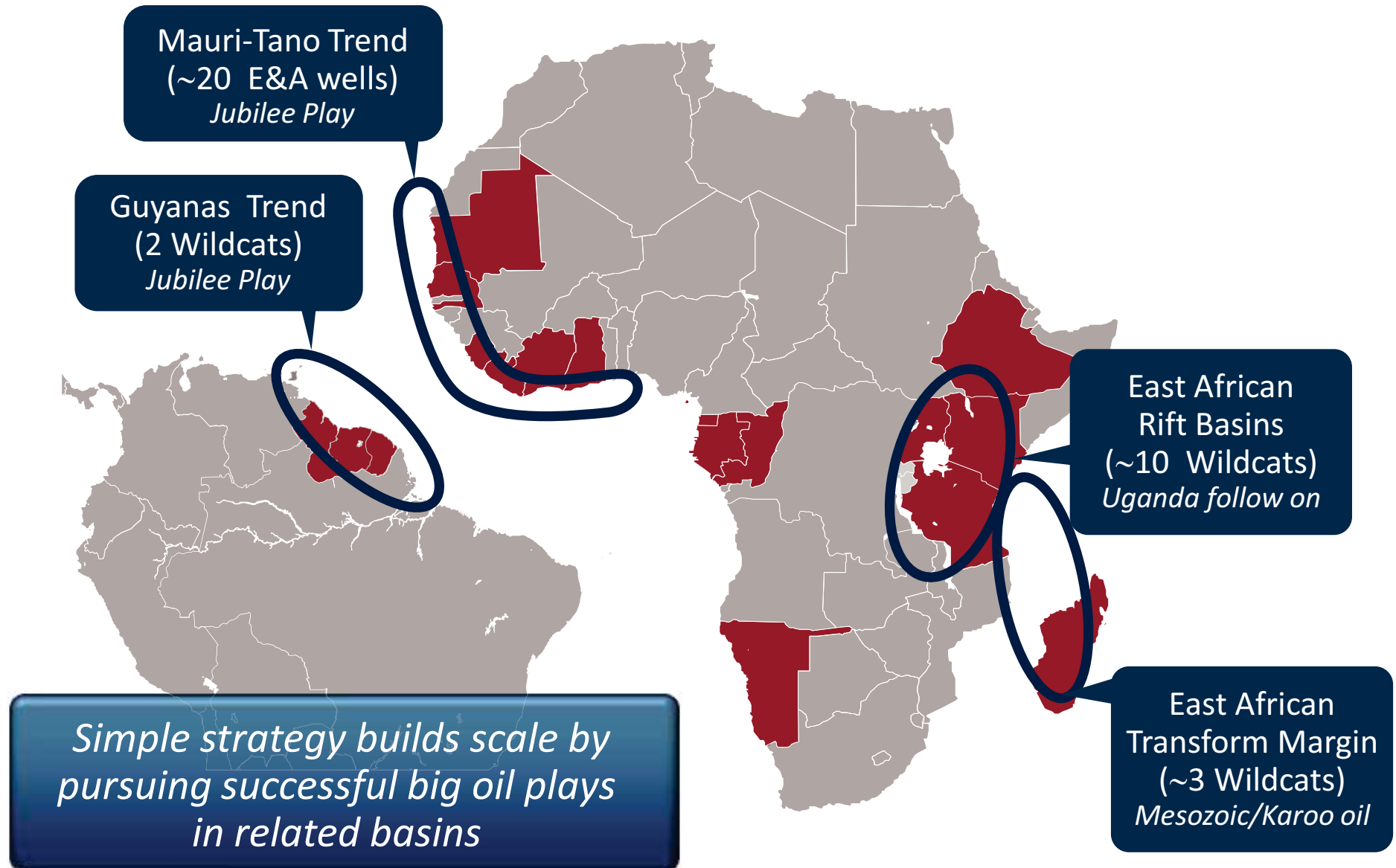


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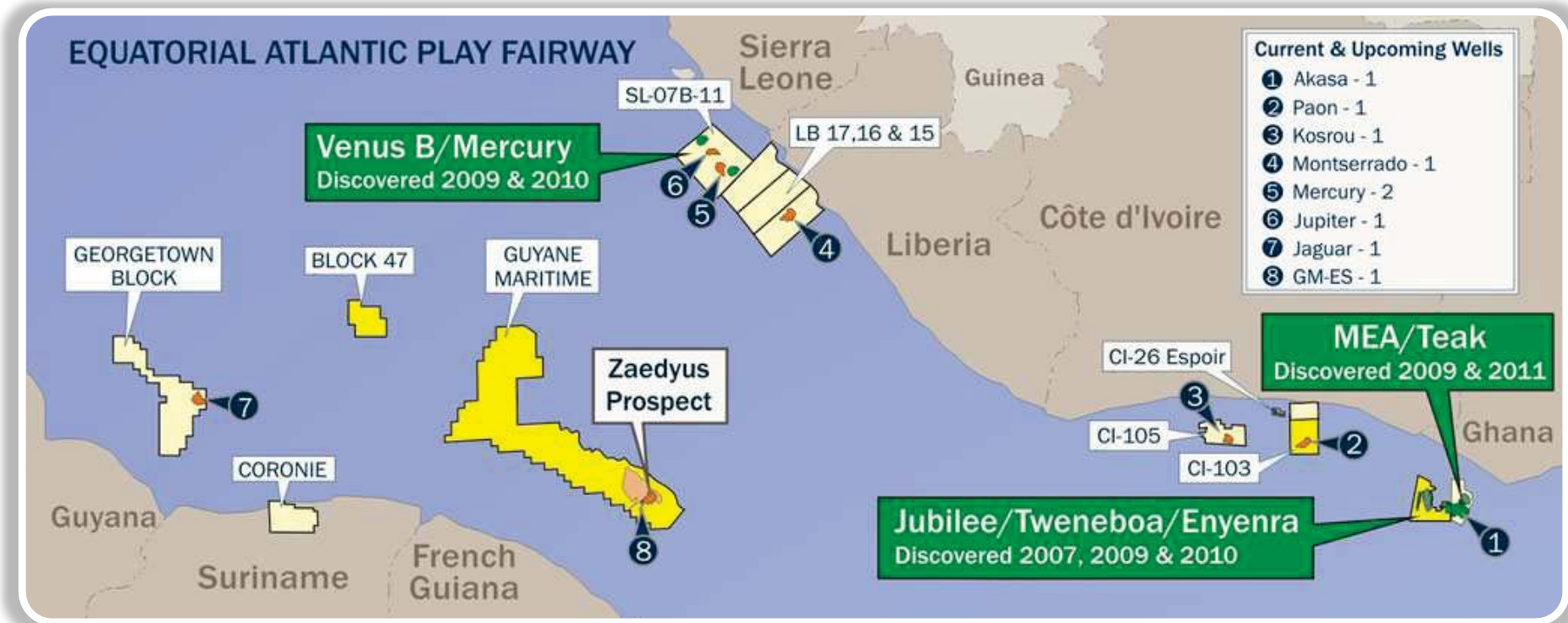
Exploration and Appraisal – Angus McCoss



Exploration campaigns gather momentum over next 12 months



Equatorial Atlantic campaigns extending Jubilee play



- Prospective turbidites imaged in high-quality 3D seismic across Tullow's Equatorial Atlantic acreage
- Jubilee play confirmed through successful E&A wells in Ghana & Sierra Leone (83% success ratio, 24/29)
- High impact wildcat campaigns under way offshore in the Guyanas Trend & Liberian Basin

Ghana E&A campaign continues to deliver results



Six fields discovered since 2007

- 85% success ratio in E&A campaign (22/26)

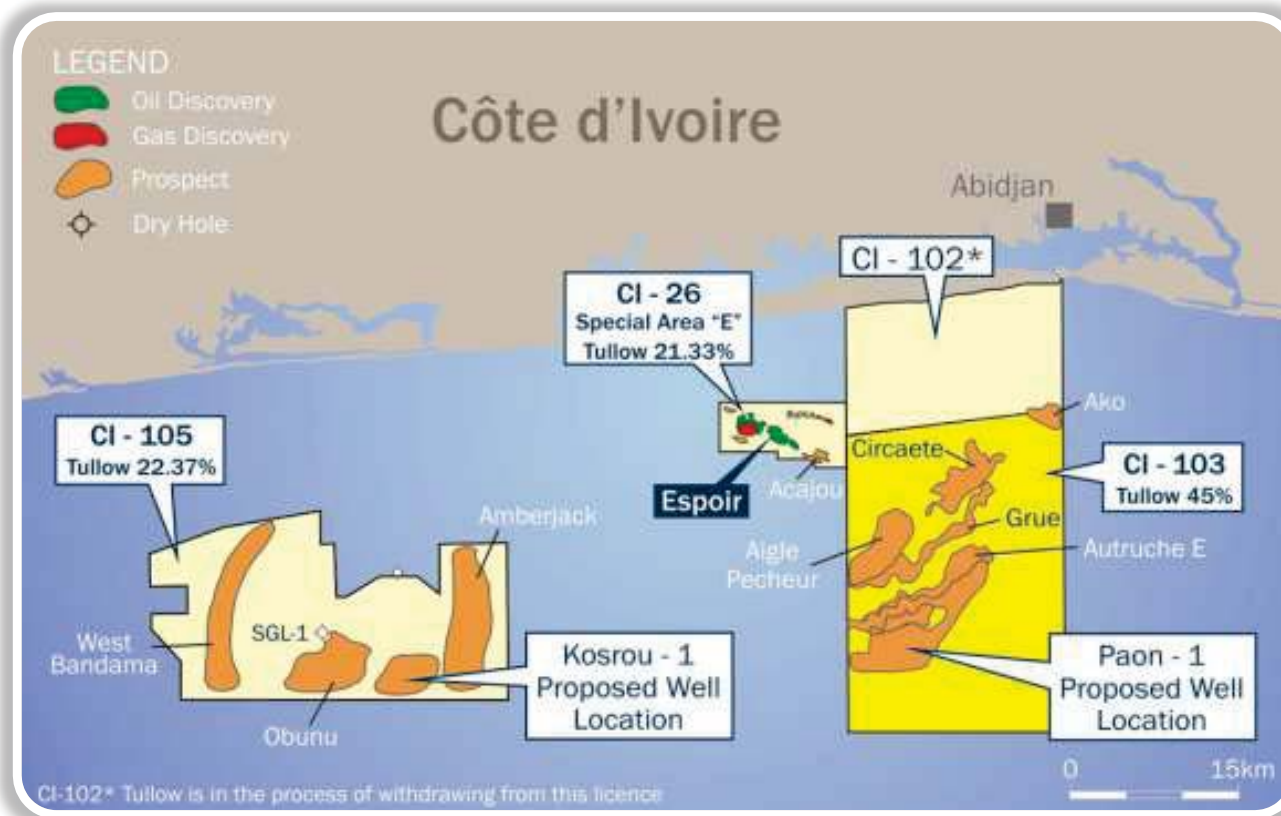
West Cape Three Points

- Licence drill out achieved
- Eastern area relinquished, new licence being negotiated
- Teak-1 makes important discovery in 5 reservoirs
- Teak-2 extends Jubilee up to Teak
- Banda-1 encounters oil in new Cenomanian play
- Makore-1 water bearing
- Akasa-1 light oil discovery

Deepwater Tano

- Enyenra-2 confirms major oil field
- Tweneboa-3 finds rich gas condensate in Ntomme
- Tweneboa-4 appraisal well successful
- Enyenra appraisal ongoing, far up-dip & down-dip
- Enyenra & Tweneboa testing ongoing
- 2012 wildcat candidates: Turonian Deep, Cenomanian Deep, Sapele, Wawa

Côte d'Ivoire - Jubilee follow-up prospects ready to drill



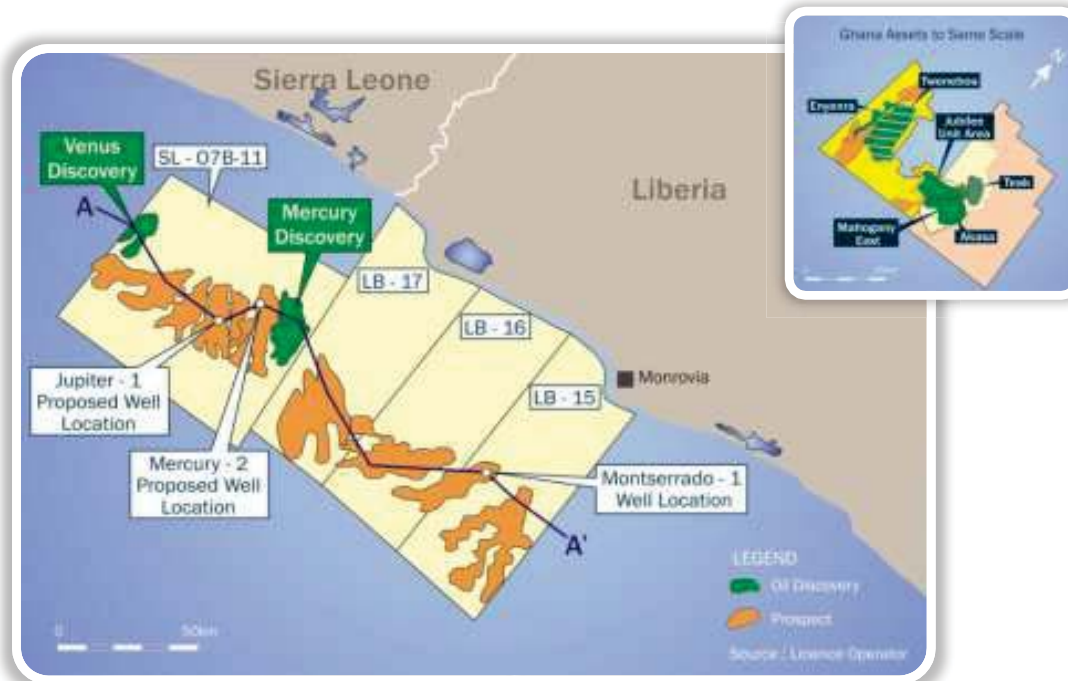
Ready to extend Ghana success to western part of same basin

- High quality 3D seismic covers acreage
- Valuable tie to South Grand Lahou well
- Large Late Cretaceous fans mapped
- Multiple prospects matured for drilling

Wildcats to spud imminently

- Kosrou-1 in CI-105 in Q4 2011
- Paon-1 in CI-103 in Q1 2012

Liberian basin campaign commences with Montserrado well

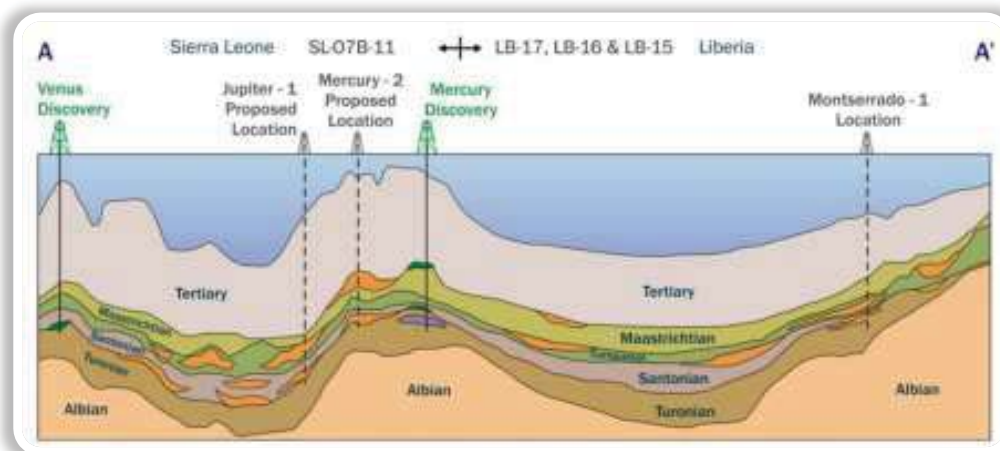


Further extending the Jubilee play

- Leveraging breakthrough discoveries at Venus-1 (2009) & Mercury-1 (2010)
- 10,000 sq km of high quality 3D data reveals rich inventory of Late Cretaceous turbidite prospects

Major wildcat well drilling in Liberia

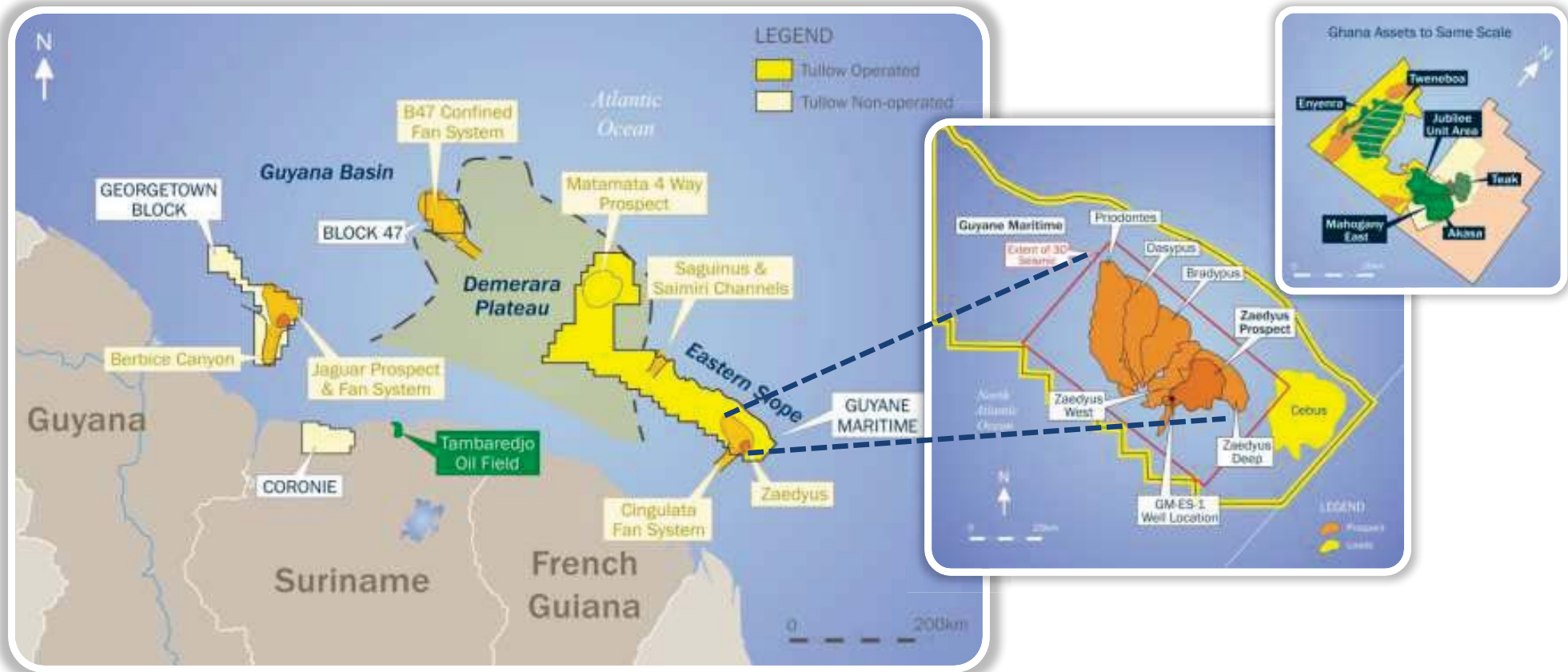
- Montserrado-1 currently drilling near apex of a very material Late Cretaceous fan system
- Results expected in September
- Significant follow up potential



Sierra Leone appraisal & wildcat wells

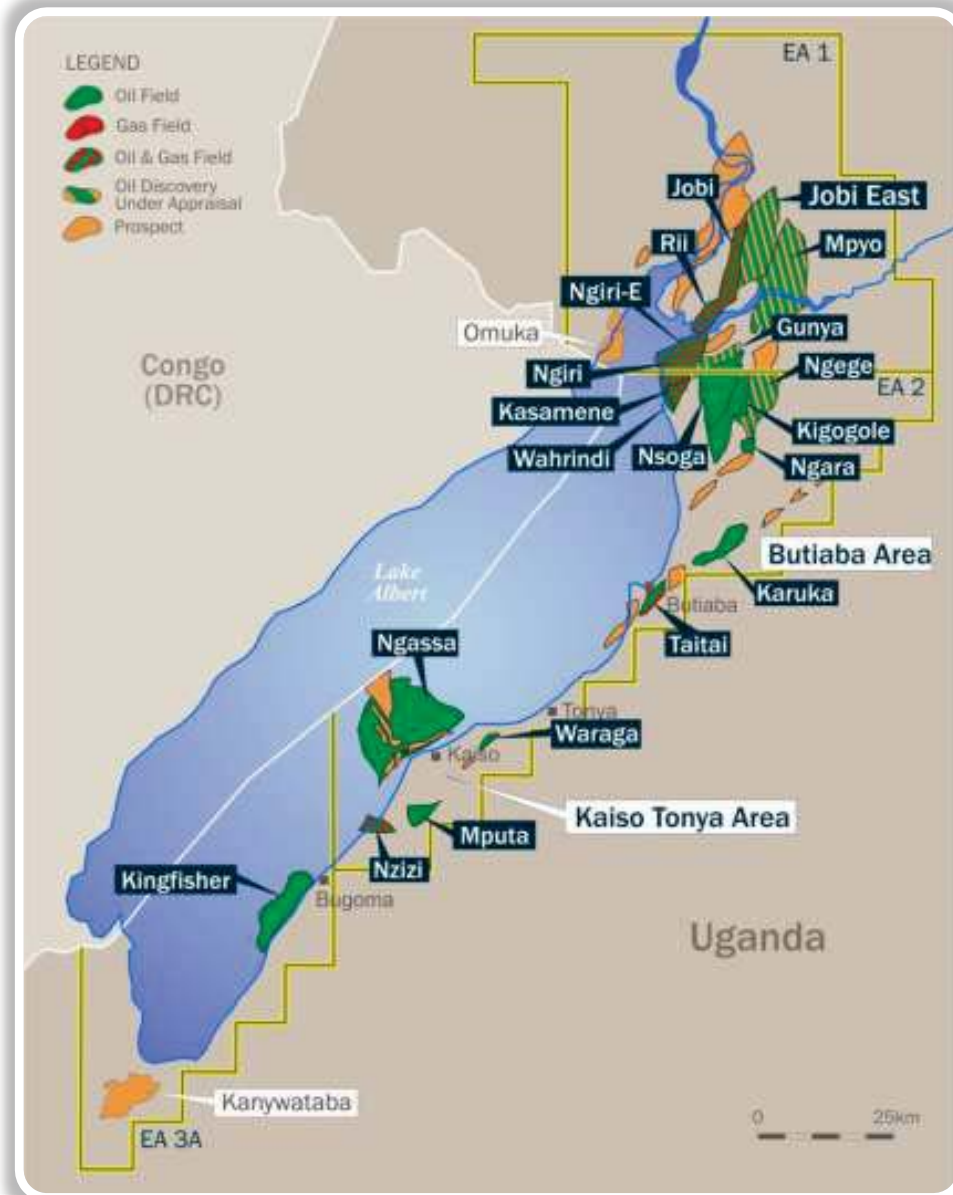
- Jupiter-1 exploration well to target Campanian and Turonian age objectives (Q3 2011)
- Mercury-2 appraisal well targeting fairway of the Turonian discovery (Q4 2011)

Three major fan systems being explored in Guyanas Trend



- Cingulata Fan System offshore French Guiana being tested by strategic Zaedyus wildcat (GM-ES-1)
- Deep wildcat to target the Jaguar Fan System in Guyana – spudding October 2011
- 3D seismic planned for large Goliathberg & Voltzberg leads within B47 Fan System offshore Suriname

Uganda - Lake Albert Rift Basin E&A success continues



Major oil basin

- >1.1 billion barrels discovered (P50)
- 1.4 billion barrels yet to find (P50)

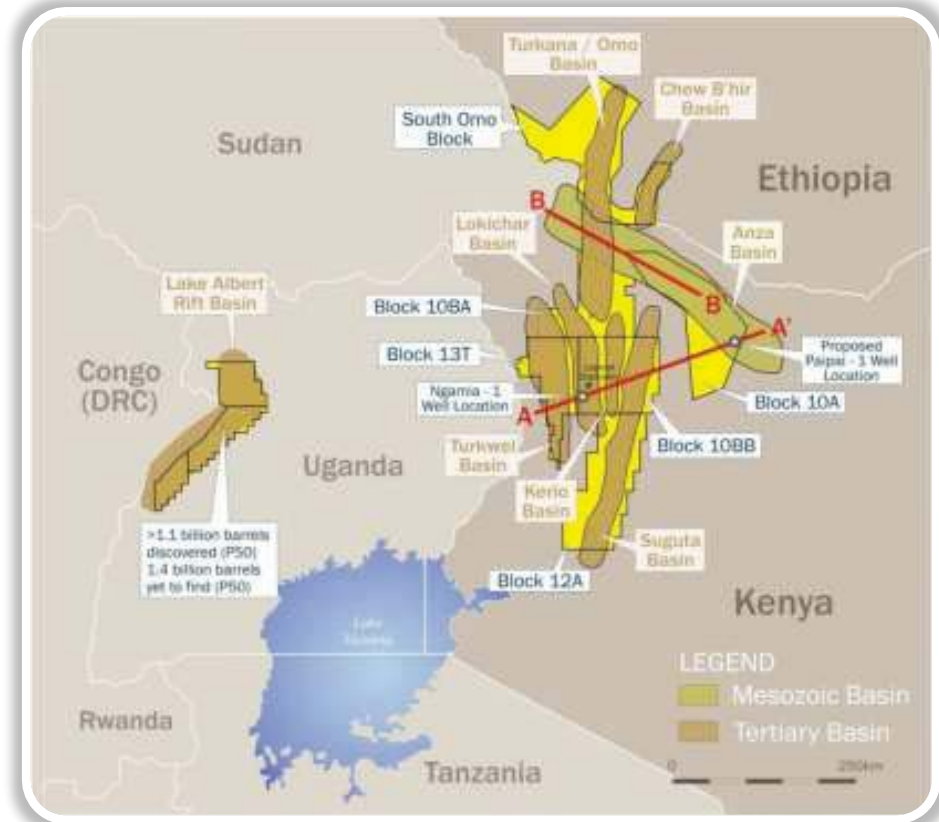
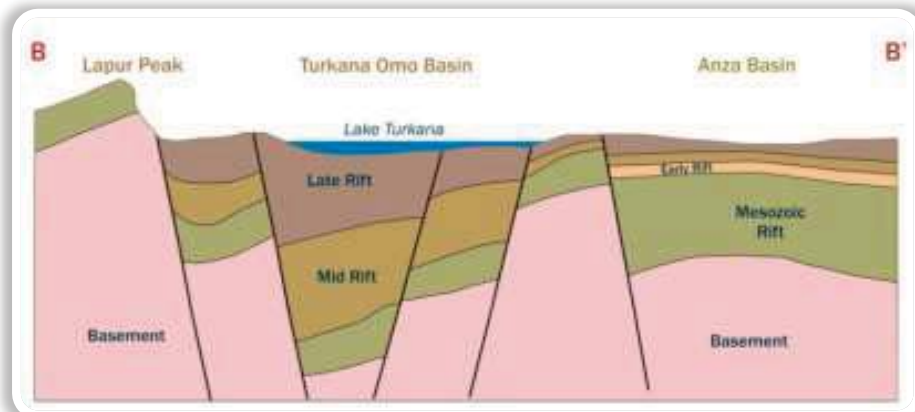
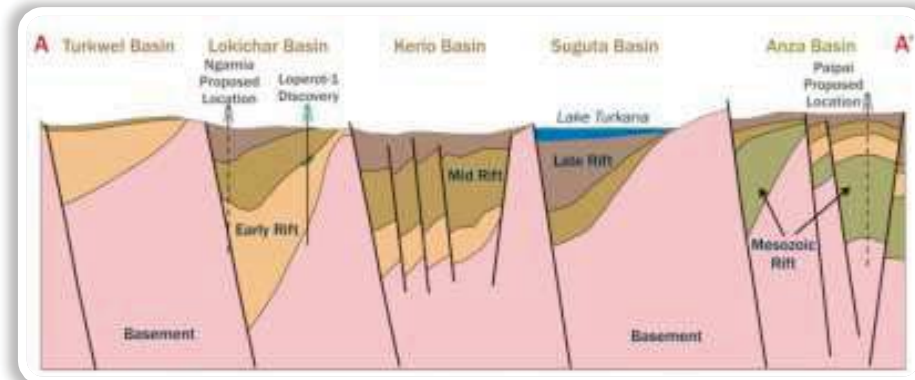
High success continues through technical excellence

- 96% E&A success ratio (43/45)
- High quality 2D seismic & FTG unlock basin potential
- 3D seismic being acquired and processed for field developments

Multiple E&A activities

- E&A ongoing in EA1 around giant Jobi-Rii oil field
- Waraga appraisal for accelerated development
- Kanywataba prospect to be drilled Q4 2011
- West of Nile frontier cascade to start with Omuka-1 in January

Kenya & Ethiopia exploration campaign under way



- FTG acquisition substantially completed revealing seven basins similar to the Lake Albert Rift Basin
- Ngamia-1 wildcat to spud in Lokichar Basin in Block 10BB in Q4 2011
- Paipai-1 wildcat candidate for spudding in Anza Basin in Block 10A in Q1 2012
- Seismic data acquisition & processing underway, delivering scores of leads for 2012, 2013 and beyond

12 month Exploration and Appraisal programme

Country	Block	Drilling Candidates	Interest	Gross upside*	Spud Date
Ghana	Deepwater Tano	Tweneboa-4 DST	49.95% (op)	650 mmboe**	In progress
	Deepwater Tano	Enyenra-3A	49.95% (op)	550 mmbo**	In progress
	Deepwater Tano	Owo-1R	49.95% (op)	550 mmbo**	2H 2011
	Deepwater Tano	Enyenra-DST	49.95% (op)	550 mmbo**	2H 2011
	Deepwater Tano	Enyenra-4A	49.95% (op)	550 mmbo**	Q4 2011
	Deepwater Tano	Ntomme-2A	49.95% (op)	20 mmboe	Q1 2012
	Deepwater Tano	Sapele-1	49.95% (op)	160 mmbo	Q2 2012
	Deepwater Tano	Turonian/Cenomanian Deep	49.95% (op)	320 mmbo	Q2 2012
	West Cape Three Points	Cedrella-1 (Southern 4-way)	26.40%	50 mmboe	Q4 2011
	West Cape Three Points	Teak-3	26.40%	250 mmboe **	Q4 2011
	West Cape Three Points	Teak-4	26.40%	250 mmboe **	Q3 2012
Sierra Leone	SL-07B-11	Jupiter-1	20%	250 mmboe	Q3 2011
	SL-07B-11	Mercury-2	20%	340 mmboe **	Q4 2011
	SL-07B-11	Io	20%	525 mmbo	Q3 2012
Liberia	LB - 15	Montserrat -1	25%	650 mmboe	In progress
	LB-15/16/17	Strontium	25%	450 mmbo	Q2 2012
Côte d'Ivoire	CI-103	Paon-1	45% (op)	420 mmboe	Q1 2012
	CI-105	Kosrou-1	22.37%	550 mmboe	Q4 2011
Mauritania	Various	Various	Various	700+ mmbo	Q3 2012

* Estimated P10

** Includes discovered and prospective volumes

12 month Exploration and Appraisal programme (cont.)

Country	Block	Drilling Candidates	Interest	Gross upside*	Spud Date
Uganda	EA-1	Jobi-East-2	33.33% (op)	50 mmbo	Q3 2011
	EA-3A	Kanywataba	33.33% (op)	220 mmbo	Q4 2011
	EA-1	Omuka-A	33.33% (op)	150 mmbo	Q1 2012
	EA-1	Raa-A	33.33% (op)	210 mmbo	Q2 2012
	EA-2	Mparaki	33.33% (op)	35 mmboe	Q2 2012
	Various	Various E&A	33.33% (op)	300 mmboe	In progress
Kenya	10BB	Ngamia -1	50% (op)	85 mmboe	Q4 2011
	10BB	Mbango	50% (op)	30 mmboe	Q2 2012
	10A	Paipai -1	50% (op)	230 mmboe	Q1 2012
	L8	Mbawa	15% + 5%##	500 mmboe	Q3 2012
Ethiopia	South Omo	Nyami	50%	100 mmboe	Q3 2012
Madagascar	Block 3111	Berenty	100% (op)	210 mmbo	Q3 2012
Tanzania	Mtwara	Ntorya-1	50% (op)	80 mmboe	Q4 2011
Gabon	Ogueyi	Nkongono	20%	80 mmbo	Q3 2011
	Kiarsseny	Gnondo	52.78%	130 mmbo	Q2 2012
	Nziembou	Ngove	40%	30 mmbo	Q1 2012
French Guiana	Guyane Maritime	Zaedyus	27.5% (op)#	700 mmbo	In Progress
	Guyane Maritime	Bradypus	27.5% (op)#	700 mmbo	Q3 2012
Guyana	Georgetown	Jaguar-1	30%	700 mmboe	Q3 2011
Suriname	Coronie	5 well campaign	40%	200 mmbo	Q3 2011
Pakistan	Kohat	Jabbi -1	40%	60 mmboe	In progress
The Netherlands	E11	Vincent	30%	35 mmboe	Q3 2012
	E15c	Seahorse	20%	50 mmboe	Q3 2012

* Estimated P10 # Tullow will have a 27.5% interest once Shell receive Government consents for their additional interest

Option to increase interest to 20%



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Conclusions – Aidan Heavey

Positioned to deliver significant future growth

- Record cash generation transforms balance sheet in 2011
- Dividend doubled reflecting robust cash flow
- Continuing to build sector-leading exploration positions
- Key frontier exploration well results imminent
- Progressing portfolio of major developments

Follow Tullow on:



Tullow Oil plc

9 Chiswick Park
566 Chiswick High Road
London, W4 5XT
United Kingdom

Tel: +44 (0)20 3249 9000

Fax: +44 (0)20 3249 8801

Email: chris.perry@tulloil.com

