

CLEAR PROGRESS

SPECIAL FEATURE



Our vision is to be the leading global independent exploration and production company and we have a clear and consistent exploration-led growth strategy to achieve this. This special feature is a performance report of the progress we have made towards our strategic priorities in 2012.

What we want to do is build a business that has an unrivalled competitive position that is differentiated from our peers. We will do this through having a balanced yet diversified portfolio of high-impact exploration, selective developments and material production. We will fund the growth and development of our business by cash from operations, monetisation of assets and access to debt and equity markets.

Success will be long-term sustainable value growth for Tullow that delivers substantial returns to shareholders and shared prosperity to all our stakeholders. We recognise that our exploration-led strategy, the scale of our business and the dynamic environments within which we operate require disciplined and ongoing strategic attention to continue to deliver a robust, well-funded business.



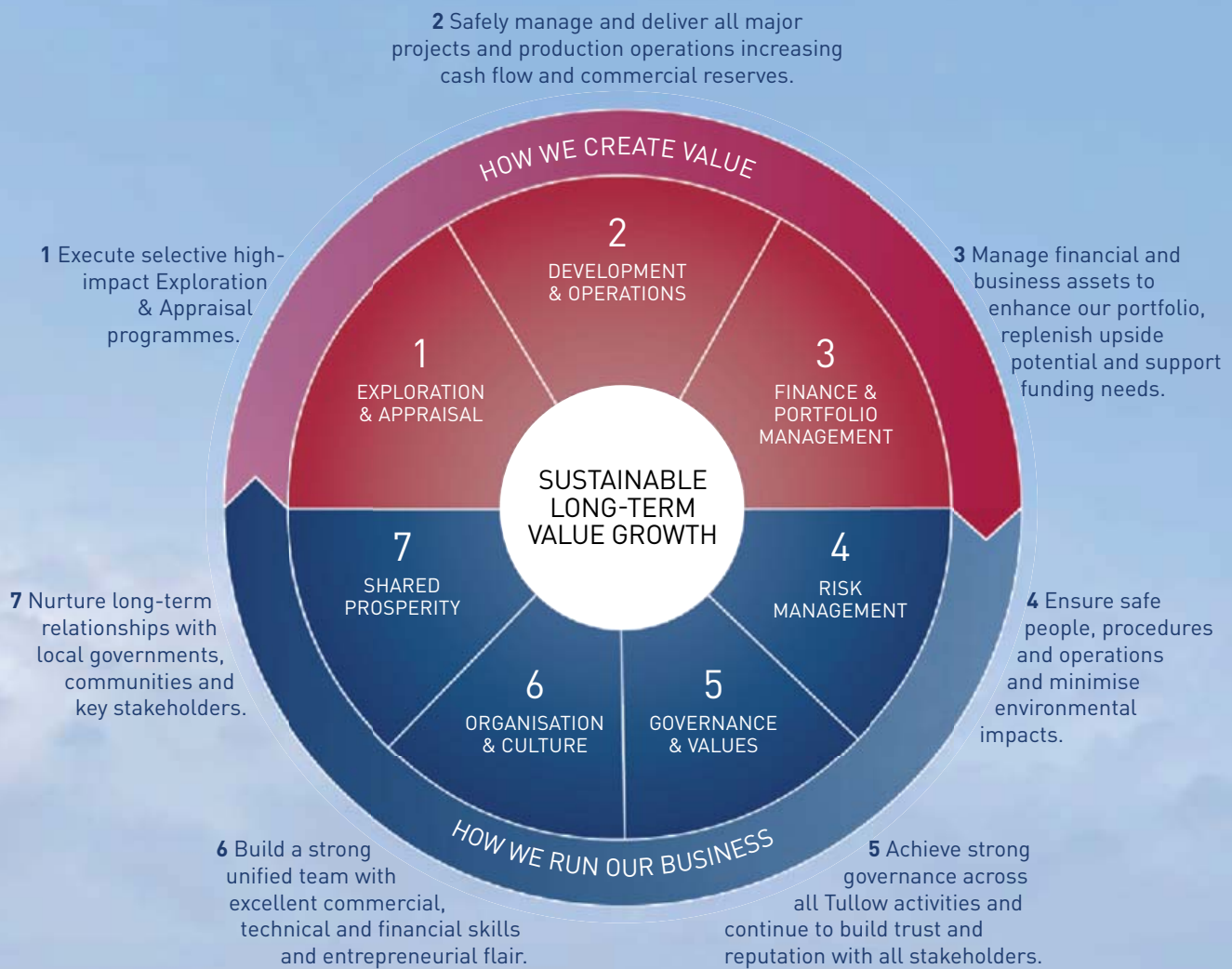




Our business model has two dimensions aligned to how we create value and, equally importantly, how we run our business.

We create value in two simple ways. We find oil and we sell oil. We find oil through our high-impact exploration programme, strategic acquisitions and New Ventures. We sell oil by farming-down or divesting at any point in the oil life cycle or by developing our discoveries through to production. This generates cash flow for investment in our exploration-led growth strategy and supports a range of funding options to ensure we have a strong balance sheet and financial flexibility.

Our approach to running our business reflects the most material issues for our continued success and delivery of our business plans. These include strong and effective risk management, maintaining high standards of governance, transparency and anti-corruption, developing a multi-disciplined and diverse entrepreneurial team and making a positive and lasting contribution where we operate.



INDUSTRY LEADING SUCCESS IN EXPLORATION



EXPLORATION & APPRAISAL

We have found oil in four new basins in recent years, which is an exceptional success rate and track record compared with our peers.

Our strategic priority for E&A is to execute selective high-impact E&A programmes and in 2013 we have an ambitious 40 well campaign planned. The performance indicators for E&A are exploration success ratio, resource growth and portfolio renewal and high-grading.

The principal long-term risk associated with this area is sustained exploration failure.

In 2012, our exploration success ratio was 74%. This compares to 74% in 2011, 83% in 2010, 87% in 2009 and 77% in 2008. Total resources discovered amounted to 865 mmbbl during the period, mainly in four new oil basins in West Africa (Ghana), East Africa (Uganda and Kenya) and South America (French Guiana). Each year we seek to renew our portfolio by acquiring new acreage in highly prospective areas and we added acreage in five new countries in 2012.



Our focus is on finding high-value light oil in material commercial quantities and we concentrate on a limited number of geological plays – stratigraphic traps, rift basins, salt basins and carbonates – where we have proven expertise. We follow this geology in focused geographies in Africa and the Atlantic Margins.

MATERIAL PRODUCTION & OPERATIONAL CASH FLOW

DEVELOPMENT & OPERATIONS



We have transformed our production profile to high-value oil and continue to build our offshore and onshore operational capability.

Our strategic priority for D&O is to safely manage and deliver all major projects and production operations, increasing cash flow and commercial reserves. The performance indicators for D&O are working interest production and timely delivery of projects.

The principal long-term risk is key development and/or production failure. D&O is also responsible for EHS and security, which is on page 26 of this Special Feature.

In 2012, the production focus for Tullow was the successful and lowest-cost resolution of productivity issues in the Jubilee field, offshore Ghana. Output is now largely back on track and Jubilee is approaching its full potential. Group working interest production is forecast to be 86,000 to 92,000 boepd in 2013.

D&O is also focused on the early commercialisation of our exploration discoveries to ensure we maximise the value of exploration success. Progress in this area in 2012 includes the submission of the Plan of Development for TEN in Ghana, commercial declaration of the Banda gas project in Mauritania and steady progress with the partners on a basin-wide development plan for the Lake Albert region.





WELL FUNDED BALANCE SHEET & FINANCIAL FLEXIBILITY





We have strong operating cash flow, low gearing and a well-funded balance sheet. We are well placed to fund our growth strategy and selective developments.

Our strategic priority for Finance & Portfolio Management is to manage Tullow's financial and business assets to fund our major E&A programmes and selective developments, to replenish upside potential and to support funding needs for New Ventures and acquisitions.

Finance & Portfolio Management has a wide range of performance indicators based around capital and cost management, debt profile and capacity, gearing and operating cash flow.

Key long-term risks are insufficient liquidity or inappropriate financial strategy, cost and capital discipline, oil and gas price volatility and supply chain failure.

In 2012, Tullow completed the partial farm-down of assets in Uganda, refinanced \$3.5 billion of debt, acquired Spring Energy of Norway, entered into five new countries and delivered \$1.8 billion operating cash flow.



STRONG & EFFECTIVE RISK MANAGEMENT PROTECTS OUR BUSINESS



RISK MANAGEMENT

We take a dynamic, action-orientated approach to identify, evaluate and mitigate the risks we face, turning many into opportunities for our business.

Our strategic priority in Risk Management is to ensure safe people, procedures and operations and to minimise environmental impacts. While we face a broad range of technical and non-technical risks in our activities, this strategic priority encompasses all aspects of how we need to protect our business, our people and our reputation. It also ensures that we safeguard the communities and the environments we work within and as a result enables us to develop good, long-term relationships with host governments and business partners.

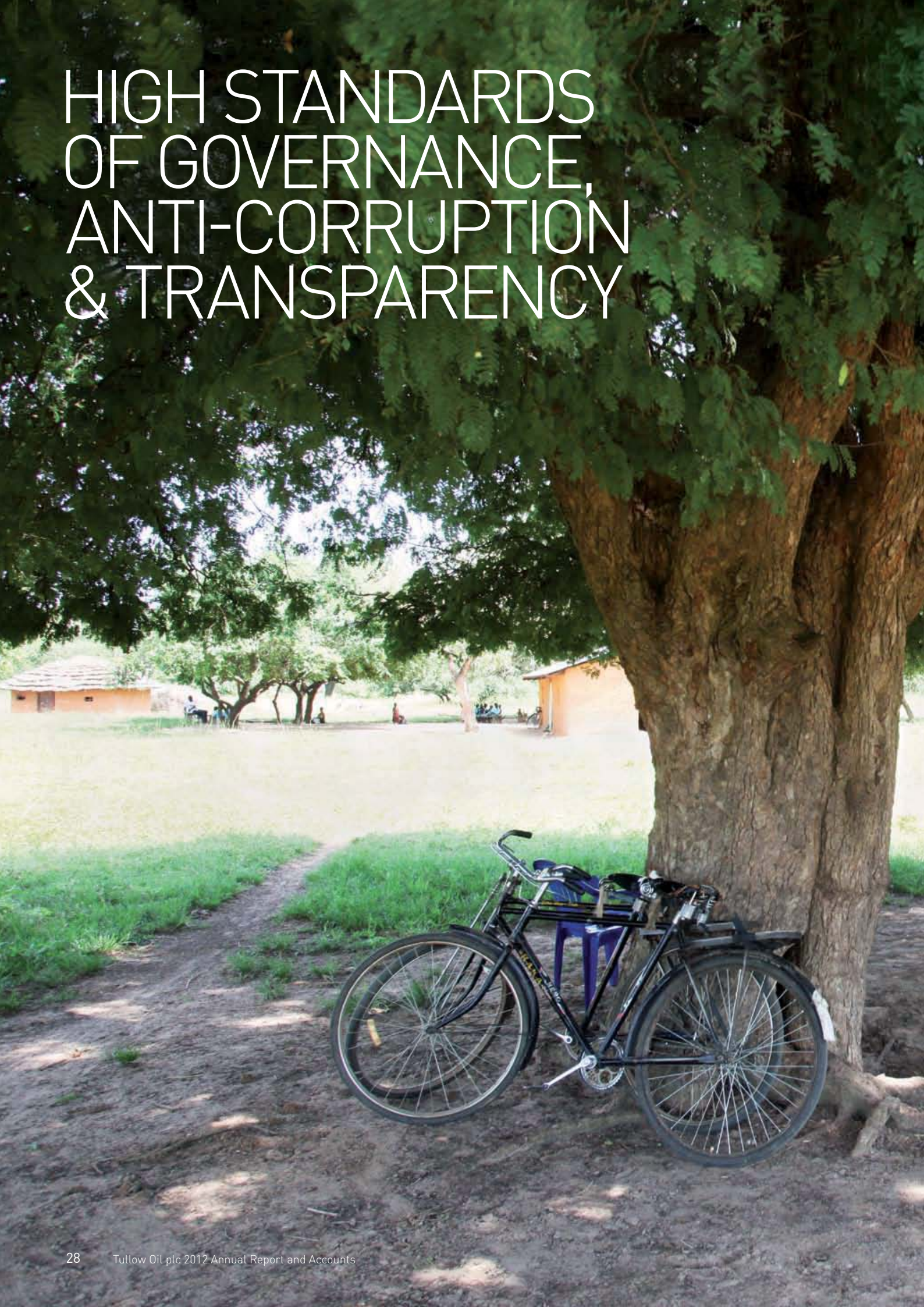
The key performance indicator for our strategic priority in Risk Management is our new EHS scorecard, which comprises nine leading and lagging indicators that are focused on prevention rather than redress or remediation after an incident.

The key long-term risk is an important EHS failure or security incident. This aspect of risk management is closely aligned with and managed by D&O. In total, Tullow has identified 13 long-term performance risks.



In 2012, the EHS scorecard was 22 out of a potential 27 points. The main area of non-performance was five small loss of containment incidents. We also see an opportunity for further improvement in visible EHS leadership throughout Tullow, to drive a consistent top quartile EHS industry performance.

HIGH STANDARDS OF GOVERNANCE, ANTI-CORRUPTION & TRANSPARENCY





We maintain high standards of governance and believe we have a part to play in increasing transparency in our activities and government revenues.

Our strategic priority in Governance & Values is to achieve strong governance across all Tullow activities and to continue to build trust and reputation with all stakeholders. Oil companies have to lead by example and being a good corporate citizen is a necessity, rather than a luxury.

For a company like Tullow that has worked in Africa for decades, we have a clear supporting role to play in forming the foundations of economic growth and social development, and in demonstrating accountability and strong ethics.

Key performance indicators are the percentage of staff who have attended Code of Business Conduct training, percentage Code of Business Conduct

certification, full investigation of any concerns raised and maintaining the integrity of our systems and governance framework.

Key risks relate to bribery and corruption, supply chain failure and information and cyber security.

By the end of 2012, over 60% of our staff had attended Code awareness training, our anti-bribery and corruption programme has been independently assessed and 16 investigations have been completed in relation to 18 complaints. We also conducted supply chain industry partner forums involving 89 companies. In addition, several initiatives are under way to further embed our values in our growing organisation to ensure that they are meaningful to our people.



SKILLED MULTI-DISCIPLINARY TEAM FOCUSED ON SUCCESS

ORGANISATION & CULTURE



Our entrepreneurial culture is part of our competitive advantage and is in the DNA of Tullow. It is reflected in our values, the way we work and our track record of success.

Our strategic priority in Organisation & Culture is to build a strong unified team with excellent commercial, technical and financial skills and entrepreneurial flair. This enables us to attract and retain highly skilled people from different cultural backgrounds, in a competitive and tight industry employment market.

The key performance indicators in Organisation & Culture are staff turnover, localisation and diversity. We also incorporate employee engagement indicators from our global employee and contractor survey, which is conducted every second year.

The key risk associated with this area is loss of key staff and succession planning.

In 2012, our staff turnover was 2.9%, despite a 17% increase in employee numbers during the year. 72% of our new recruits in 2012 were local nationals, demonstrating our strong commitment to building local capacity through our localisation strategy. We employ 57 different nationalities and 29% of our employees are women. Approximately 50% of our employees are based in Africa and in total, over 80% of our staff in Africa are local nationals.





TANGIBLE ECONOMIC & SOCIAL BENEFITS WHERE WE OPERATE

CREATING SHARED PROSPERITY



Creating Shared Prosperity is our commitment to contribute to economic and social development, in line with our operations and business activities, in host countries.

Our strategic priority in Creating Shared Prosperity is for Tullow to contribute to ensuring that the success of our industry brings tangible benefits to local people and national economies where we operate.

In 2012, we made further progress in Creating Shared Prosperity. Highlights include the opening of our first Enterprise Centres in Africa, increased social investment and local content expenditure, the award of 90 scholarships for study in Europe and comprehensive socio-economic research undertaken in Ghana.





UNRIVALLED COMPETITIVE ADVANTAGE

SUSTAINABLE LONG-TERM VALUE GROWTH



We are establishing an unrivalled competitive position which is being built on a new type of business model for the industry.

Today, Tullow has many attractive and important attributes – track record, size, focus, entrepreneurial culture, offshore and onshore operational capability, funding and a commitment to shared prosperity. Host governments highly value these attributes in decision-making processes around licence awards, qualification as an operator and approval of partnerships or acquisitions.

This means that we can access the best exploration acreage available in the market and that year-on-year we are able to drill just the top 10% of prospects within our exploration and appraisal inventory and deliver world-class exploration success. This, in turn, generates a wealth of opportunity to monetise assets across the oil life cycle and builds sustainable long-term value growth.

