ABOUT THIS REPORT

Tullow Oil is a leading independent oil and gas, exploration and production group.

Tullow acquired our first operated interests in the rift basins of Kenya in 2010. Just 18 months later we drilled the first wildcat exploration well. Since then we have discovered an estimated 600 million barrels of oil resources in the South Lokichar Basin. This Kenya profile explores our journey so far in and the future for this potential new oil province.

We have included information on our operational activities, our economic contribution to Kenya and how we are playing a role in the country’s social and economic development. We call this commitment to Kenya and our host countries, ‘Creating Shared Prosperity’.

TULLOW OPERATIONS

<table>
<thead>
<tr>
<th></th>
<th>2013 Group totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Countries</td>
<td>24</td>
</tr>
<tr>
<td>Licences</td>
<td>146</td>
</tr>
<tr>
<td>Acreage (sq km)</td>
<td>321,521</td>
</tr>
<tr>
<td>Total workforce</td>
<td>2,034</td>
</tr>
<tr>
<td>Working interest production (boepd)</td>
<td>84,200</td>
</tr>
<tr>
<td>Reserves and resources (mmboe)</td>
<td>1,409</td>
</tr>
<tr>
<td>Sales revenue ($m)</td>
<td>2,673</td>
</tr>
<tr>
<td>Operating profit ($m)</td>
<td>381</td>
</tr>
<tr>
<td>Profit after tax ($m)</td>
<td>216</td>
</tr>
<tr>
<td>Operating cashflow ($m)</td>
<td>1,901</td>
</tr>
</tbody>
</table>

ABOUT TULLOW OIL

Tullow is focused on finding oil in Africa and the Atlantic Margins, combined with selective development and high-margin production to fund our exploration-led strategy.

Our history as Africa’s leading independent oil company started almost 30 years ago in 1986, with the Group’s first licence in Senegal. Now, our portfolio of over 140 licences spans 24 countries and is organised into three regions.

We are headquartered in London and we have a total global workforce of over 2,000 people, with over 50% of these working in our African operations.

Our shares are listed on the London, Irish and Ghana Stock Exchanges and the Group is a constituent of the FTSE 100 index.

CONTENTS

- Our Journey – Introduction from Martin Mbogo
- Exploration timeline
- World-class petroleum province potential
- Achieving exploration success
- Focused on Transparency
- Creating shared prosperity in Kenya
- Future development potential
- Local investment in numbers
The discoveries made by Tullow over the last two years have put Kenya at the heart of East Africa’s emerging oil province. Despite this success, we do not underestimate the challenges that lie ahead in bringing first oil to market.

Development and production of these resources is a long-term proposition, and so we must work together with stakeholders to build understanding and knowledge about what activities need to take place at each stage of the journey.

Securing an appropriate and economically viable plan for development will be critical to project success. However having the right infrastructure in place to support oil production will be equally important. Significant infrastructure upgrades will be required in order to transport the oil from an area largely inaccessible today to the sea, over 850 kilometres away. Furthermore, Tullow will require access to a wide range of skills as well as competitive, high quality goods and services.

We also recognise the fragility of our operating environment. The environmental, social and cultural sensitivities will require careful management and extensive consultation. Our ability to develop the Nation’s resources will be a collective effort and we are fully committed to working with the National and County Governments, the communities in which we operate, and other stakeholders to realise the full potential of Kenya’s resources.

Kenya’s natural resources hold significant potential for the country’s people and we are committed to ensuring this is delivered in a responsible manner.

Martin Mbogo
Tullow Business Manager, Kenya
KENYA TIMELINE

2010
Tullow acquired a 50% interest in licences 10BA, 10BB, 10A, 12A and 13T after signing agreements with Africa Oil and Centric Energy. Agreements duly approved by authorised Government entity in Kenya.

2011
Full Tensor Gradiometry (FTG) Gravity survey commenced and drilling starts at Ngamia-1.

2012
First discovery at Ngamia-1, followed by Twiga South-1 well in Block 13T.

2013
Three more discoveries at Etuko-1, Ekales-1 and Agete-1. “Area of Interest” (AOI) agreed with the Government of Kenya to allow a multiple field approach to development.

2014
Discoveries at the Amosing-1 and Ewoi-1 exploration wells. Estimate of discovered resources indicates overall South Lokichar basin potential of over one billion barrels of oil.

2014+
Accelerating parallel exploration, appraisal and development programmes.
TULLOW IN EAST AFRICA

Tullow has had significant exploration success in the rift basins of East Africa, opening basins in the Lake Albert Rift Basin in Uganda in 2006 and more recently in the South Lokichar Kenya Rift Basin. Accelerated exploration, appraisal and early development campaigns are now under way in parallel in Kenya and Ethiopia, across the 11 basins where we have over 85,000 sq km of acreage.

"WE HAVE WORKED IN AFRICA FOR ALMOST 30 YEARS & RECOGNISE THE SIGNIFICANCE OF THE REGION’S WORLD-RENOWNED ENVIRONMENTAL & CULTURAL HERITAGE.”

Aidan Heavey
Chief Executive Officer

WORLD-CLASS PETROLEUM PROVINCE POTENTIAL

KENYA ACREAGE

In Kenya, Tullow operates in one of the world’s most environmentally and culturally sensitive regions including the Sibiloi, the South Island and the Central Island National Parks. These are home to sites of global archaeological and paleontological importance. From the outset, Tullow recognised the need to protect these areas of cultural and historical significance and partnered with the National Museums of Kenya (NMK) and Turkana Basin Institute (TBI) to help manage our operations in these areas.

Tullow’s acreage comprises geography with a wide variety of topography including very rough volcanic terrains in the South and East of the region, to vast savannahs and far-reaching deserts in the North-West.

65,000 SQ KM

ACREAGE IN KENYA
RIFT BASINS

Rift basins are a core part of Tullow’s East African exploration strategy and the plays targeted in Kenya are relatively young, at a few million years old. Geological rifts occurred when the Earth’s plates were pulled apart by forces deep within the Earth’s interior. As separation occurred, the ground collapsed to create lakes which deepened and linked to the sea.

Over time the lakes became isolated and filled with sediment deposits. The organic remains of micro-organisms that accumulated on the lake floor were then heated, compacted and converted to oil as they became buried in the collapsing rifts.

The early stages of rifting are present in Kenya as the chain of lakes were rapidly filled with sediment eroded from the surrounding mountains. The combination of shales and sands that are deposited contain the oil source and reservoir rocks that Tullow is now exploring.

SURVEYING EXCELLENCE IS DRIVING EXPLORATION

Rift basins in Kenya share many similar geological qualities with the Lake Albert Rift Basin in Uganda where we have discovered estimated gross recoverable resources of over 1.7 billion barrels of oil since the first exploration well in 2006. This experience in the East Africa region gave us valuable and advantageous technical insights, which we combined with the early adoption of key technologies in developing our exploration campaign in Kenya. We conducted the world’s largest airborne Full Tensor Gradiometry (FTG) gravity survey, at that time, as well as more conventional 2D surveys across Kenya’s Tertiary Rift Basins. FTG is efficient in terms of time and provides high-resolution information about variations in the density of subsurface materials, which is highly valuable to our exploration teams in identifying possible hydrocarbon deposits.
A MULTI-BASIN EXPLORATION CAMPAIGN

This diagram shows the basins that Tullow has acreage in onshore Kenya. Success in South Lokichar significantly de-risked the remaining areas. Tullow plans to explore in the Kerio and Turkana Basins in 2014.

"WE USED INNOVATIVE EXPLORATION TECHNOLOGIES & VALUABLE TECHNICAL INSIGHT IN PLANNING OUR CAMPAIGN IN KENYA."

Robin Sutherland
Exploration Manager – Sub Saharan Africa
At Tullow, we are committed to being transparent about our payments to government as we believe this enables communities, citizens and governments to have a constructive debate on the sustainable management of oil revenues. Our total payments to all Kenyan stakeholder groups, including taxes to the national Government, expenditure with local suppliers and discretionary investment in community projects amounted to KES 6.1 billion in 2013.
Over the last 12 months we paid KES 1.9 billion in taxes to the national Government of Kenya, which includes VAT, withholding tax on imported services and PAYE on our employee salaries. We have just over 100 permanent staff in Kenya and over 70% of these are Kenyan nationals. Tullow Kenya has also employed over 2,000 sub-contractors through our suppliers, 87% of whom are nationals, with 59% from Turkana, where our operational activities are taking place. The roles required by our suppliers call for different levels of experience, and are defined as skilled, semi-skilled and unskilled. Within these categories, Turkana make up 24% of the skilled workforce, 78% of the semi-skilled workforce and 98% of the unskilled workforce.

COMMITTED TO LOCAL CONTENT

Spend with Kenyan suppliers has been growing in line with our increased operational activity and also due to sensitisation of contractors on the need to optimise local content. In addition to the KES4.1 billion Tullow spent with local suppliers in 2013 (2012: KES2.4 billion), our contractors also spent KES 4.1 billion with Kenyan businesses in 2013, KES 259 million of which was with Turkana businesses.

KES 4.1 BILLION
SUPPORTING LOCAL JOB CREATION

We are committed to bridging the existing skills gap to ensure that Kenya’s emerging oil and gas industry brings real, lasting benefits to the country’s people. At the end of 2013, there were approximately 100 permanent employees in Kenya, over 70% of whom are Kenyan nationals. To date, we have achieved 100% localisation of our HR, External Affairs and Legal roles. We are actively looking at development opportunities for graduates and experienced personnel to drive the localisation programme both nationally and with respect to the area of operation.

WATER SCARCITY

The amount of water needed for development and production will increase substantially from the exploration phase and typically approximately 3-4 barrels of water is used for every barrel of oil produced. Tullow is aware that its operations in Kenya are in a very arid region and is already working to understand the water sources needed by Tullow and the local communities. Tullow is mapping local subsurface water sources through a hydro-geological survey, which will establish a baseline of water sources in the region.

CREATING SHARED PROSPERITY

ESTABLISHING THE COMMUNITY RESOURCE OFFICES NOT ONLY REINFORCES OUR COMMITMENT TO WORKING IN PARTNERSHIP WITH OUR HOST COMMUNITIES, BUT THEY ALSO PROVIDE A POINT OF CONTACT FOR STAKEHOLDERS WHO ARE INTERESTED IN & IMPACTED BY OUR OPERATIONS.”

Martin Mbogo
Tullow Business Manager, Kenya

ADDRESSING STAKEHOLDER CONCERNS

In 2013, we faced stakeholder concerns as our operations ramped up. In late October, we temporarily shut down our drilling operations in Blocks 10BB and 13T after a disturbance triggered by community concerns over local employment and business opportunities.

We recognised the communities’ concerns and worked closely with the Government to establish a Memorandum of Understanding which set out a way forward and sought to improve both impact management and engagement.
ENGAGING WITH OUR HOST COMMUNITY

A robust community engagement strategy that encourages participatory engagement is a priority for Tullow and we utilise a range of methods to engage our neighbouring communities, amongst other key stakeholders. We engage on a range of issues including our core operations and future work programme, grievance management, social impact and also the social investment programmes which we execute in our areas of operation.

In December we opened community resource offices in the Lodwar, Lokori and Lokichar areas. These offices are staffed by dedicated teams who work closely with our mobile field based stakeholder engagement teams. Together these teams facilitate a dialogue between Tullow and our stakeholders so that we are able to more effectively manage our impacts and bring greater benefits to local communities.

SOCIAL INVESTMENT

In 2013, we invested KES 233 million in social projects in Kenya and have almost doubled this budget for 2014. Our spend will target priority areas that impacted communities have identified as essential to Turkana’s long-term sustainable development, namely water, education, health, environment and alternative livelihoods.

An example of our social investment project includes working to improve community education levels by providing over 3,000 bursaries and scholarships to students over the past two years. Fifty primary and secondary schools have been provided with teaching materials in our efforts to build capacity in the local school system. Forty primary schools have been equipped with 80 solar lamps so that students studying for their national examinations can continue their revision after sunset.

While we aim to invest in long-term initiatives, we also recognise that our operating environment is fragile and host communities suffer from prolonged periods of drought. Recently, and in response to the worsening drought situation in Turkana County, Tullow contributed KES 20 million through the Kenya Red Cross Society and the County Government of Turkana to implement a school feeding programme in Turkana County.

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World-Class Operated Onshore Oil Project

Given the significant volumes discovered and the extensive exploration, appraisal and seismic programme planned to fully assess the upside potential of the South Lokichar Basin, Tullow and its partner have agreed with the Government of Kenya to commence development studies. In addition, the partnership is involved in a comprehensive pre-FEED study for an export pipeline. The current ambition of the Government of Kenya and the joint venture partnership is to reach project sanction for development, including an export pipeline, in the period 2015/2016. If further exploration success opens additional basins there will be scope for the development to be expanded.

Future Development Potential

600 Million Estimated Barrels of Discovered Recoverable Resources (Gross) in South Lokichar Basin
MAJOR ONGOING PROGRAMME

In 2013, we successfully flow tested the initial two oil discoveries of the Ngamia-1 well followed by the Twiga South-1 well. Both wells flowed at constrained rates of around 3,000 bopd of 25 to 35 degree API sweet waxy oil with no indication of pressure depletion. Unconstrained rates of over 5,000 bopd per well are considered possible. A significant programme of some 40 exploration and appraisal wells in the coming two years will assess not only the South Lokichar Basin but up to a further six separate Tertiary Rift Basins across Tullow’s Kenyan acreage. Tullow is currently operating four rigs, including one test rig, in Kenya.

PROPOSED EXPORT PIPELINE

The proposed export pipeline route will run mostly underground over 850km from the Lokichar Basin to a marine terminal on the coast. As the waxy crude oil found in Kenya solidifies at ambient temperature, the pipeline will contain a specialised heating system to keep the crude oil flowing. Once built, the pipeline will be the longest heated pipeline in the world.

MILESTONE TO REACH PRODUCTION

Achieving first oil is dependent on many technological, legal, social and financial factors which have to be considered and agreed by a large group of stakeholders. In Kenya, the following key milestones need to be reached in order to progress development.

- Confirmation of commercial threshold oil volumes via field appraisal;
- Approval of Kenya’s Petroleum Legislation;
- Commitment from all stakeholders to a Basin-wide Field Development Plan and subsequent Field Development Plans;
- Agreement and funding for regional infrastructure (major roads, rail and terminals);
- Agreement of basin-wide environment and social plans;
- Regional government alignment and support of export pipeline;
- Approval of pipeline route, terminal location and all fiscal and legislative frameworks;
- Land acquisition for export pipeline; and
- Securing investors for pipeline construction.
### SUB-CONTRACTORS EMPLOYED THROUGH TULLOW’S SUPPLY CHAIN (as of 31 December 2013)

<table>
<thead>
<tr>
<th>Contractor</th>
<th>Level</th>
<th>Expat</th>
<th>Non-Turkana</th>
<th>Turkana</th>
<th>% Expats in total workforce</th>
<th>% Nationals in total workforce</th>
<th>% Turkana in total workforce</th>
</tr>
</thead>
<tbody>
<tr>
<td>All contractors</td>
<td>Director</td>
<td>1</td>
<td>4</td>
<td>0</td>
<td>20%</td>
<td>80%</td>
<td>0%</td>
</tr>
<tr>
<td>Management</td>
<td>53</td>
<td>18</td>
<td>2</td>
<td></td>
<td>73%</td>
<td>27%</td>
<td>3%</td>
</tr>
<tr>
<td>Skilled</td>
<td>201</td>
<td>476</td>
<td>217</td>
<td></td>
<td>73%</td>
<td>27%</td>
<td>3%</td>
</tr>
<tr>
<td>Semi-skilled</td>
<td>18</td>
<td>92</td>
<td>380</td>
<td></td>
<td>4%</td>
<td>96%</td>
<td>78%</td>
</tr>
<tr>
<td>Unskilled</td>
<td>12</td>
<td>4</td>
<td>677</td>
<td></td>
<td>2%</td>
<td>98%</td>
<td>98%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>285</strong></td>
<td><strong>594</strong></td>
<td><strong>1276</strong></td>
<td></td>
<td><strong>13%</strong></td>
<td><strong>87%</strong></td>
<td><strong>59%</strong></td>
</tr>
</tbody>
</table>

The figures above do not include Tullow employees.
Tullow spent KES 4.1 with Kenyan suppliers in 2013. The Group also spent KES 8.8 billion with international companies registered in country (INTRIC) and KES 8.5 billion with international companies for work carried out in Kenya.

Tullow contractors spent KES 3.9 billion with Kenyan businesses in 2013, KES 224 million of this was with Turkana businesses.

In 2013, Tullow paid KES 1.9 billion to governments, invested KES 4.1 billion with Kenyan suppliers and spent KES 0.1 billion on social investment activities.

This will be invested in priority projects such as education, water, health and environment in consultation with the community. This amount will more than double the amount spent in 2013.

“WE REMAIN COMMITTED TO ENSURING THAT LOCAL CONTENT IS A KEY COMPONENT OF OUR SUPPLY CHAIN. THROUGH CONTINUED ENGAGEMENT WITH OUR CONTRACTORS, WE WILL SUPPORT LOCAL COMPANIES TO TAKE ADVANTAGE OF THE OPPORTUNITIES AVAILABLE AT THE VARIOUS STAGES OF OUR OPERATIONS.”

Martin Mbogo
Tullow Business Manager, Kenya