

Tullow Oil plc

# 2013

## HALF-YEARLY RESULTS

31 July 2013



**Major exploration success continues in Kenya with Etuko-1 discovery**  
**Kenya basin volumes exceed threshold for development**  
**Core business performing well with production up 14%, revenue up 15% and cash flow up 16%**

**31 July 2013** – Tullow Oil plc (Tullow), the independent oil and gas exploration and production group, announces its half-yearly results for the six months ended 30 June 2013. Details of a presentation in London, webcast and conference calls are available on page 28 of this report or visit the Group’s website [www.tulloil.com](http://www.tulloil.com).

**2013 Half-yearly Results Highlights**

- Financial results in line with market expectations. Production up 14% to 88,600 boepd, first half revenue up 15% to \$1.3bn and operating cash flow before working capital movements exceeds \$1bn for the first half.
- Underlying profit also substantially increased after excluding the impact of the 1H 2012 Ugandan farm-down profit on disposal. Balance sheet remains strong with net debt of \$1.7bn and \$1.7bn headroom.
- 13 exploration wells and 14 appraisal wells drilled to date in 2013 with a 63% overall success ratio.
- Basin-opening E&A success continues onshore Kenya; following success at Etuko-1, Pmean resources are expected to be well in excess of 300 mmbo, exceeding the threshold for development studies to commence.
- Six campaigns including 20 exploration wells planned for 2H 2013 targeting multiple basins in Kenya, Ethiopia, Mozambique, Mauritania and Tullow’s first operated well in Norway.
- TEN Plan of Development (PoD) approved by the Government of Ghana; major contracts currently being awarded with First Oil expected in mid-2016. The farm-down process has been initiated for a development carry.
- Group 2013 full year average production forecast revised to 84-88,000 boepd.
- Successful outcome in court action versus Heritage Oil; \$343m ordered to be paid to Tullow by 26 August 2013.

**Financial overview**

	<b>1H 2013</b>	1H 2012	Change
Sales revenue (\$m)	1,347	1,167	+15%
Gross profit (\$m)	764	679	+13%
<i>Administrative expenses (\$m)</i>	<i>(89)</i>	<i>(95)</i>	
<i>Profit on disposal (\$m)</i>	-	702	
<i>Exploration costs written off (\$m)</i>	<i>(176)</i>	<i>(451)</i>	
Operating profit (\$m)	500	834	-40%
Profit before tax (\$m)	486	829	-41%
Profit after tax (\$m)	313	567	-45%
Interim dividend per share (pence)	4.0	4.0	No change
Operating cash flow before working capital (\$m)	1,016	875	+16%
Production (boepd, working interest basis)	88,600	77,400	+14%

Commenting today, Aidan Heavey, Chief Executive, said:

*“Tullow continued to perform well in the first half of 2013. Our exploration-led growth strategy delivered major successes in Kenya and Ethiopia, further enhancing East Africa as a new oil region. We have six exciting exploration campaigns under way in the second half in 10 countries with 20 wells targeting multiple basins. Tullow also has a considerable pipeline of development activity. This includes reviewing potential development options for the over 300 million barrels of oil discovered onshore Kenya, the farm down of our interest in the TEN project in Ghana and reaching the final stages of agreeing the key components of the Lake Albert Basin development in Uganda. Our business has a very firm financial foundation with strong production and revenue growth and significant annual operating cash flow. I am very confident we are well placed for future growth and value creation.”*

# Interim management report

Six months ended 30 June 2013

## Strategic Overview

Tullow has continued to make good progress with its exploration-led growth strategy. We continue to build cash flow from high margin production to provide a solid base for our \$1 billion per annum exploration and appraisal programme.

The exploration and appraisal programme has delivered significant resource upgrades in the first half of 2013 with the Ngamia-1 and Twiga South-1 flow tests in Kenya confirming resources of over 250 mmbo. Following the Etuko-1 discovery, the Kenya Pmean basin resources are expected to be well in excess of 300 mmbo, exceeding the basin threshold for development studies to commence. In addition, successful appraisal in Uganda continues to underpin gross resources of around 1.7 billion barrels.

At the half year, Tullow's E&A capital spend amounted to \$512 million with the main activities being 13 exploration wells and 14 appraisal wells with an overall 63% success ratio. Beyond our high-profile wildcat wells, appraisal drilling in Uganda, Gabon and Congo (Brazzaville) also contributed towards Tullow's overall success rate. These wells importantly provide additional reserves and resources which will add to the Group's future cash flows as they are monetised. Additional capital has been spent on acquiring seismic and new ventures activity which aims to continue high grading Tullow's exploration portfolio of around 400 leads and prospects for future drilling campaigns.

Tullow has also made good progress with portfolio management in the first half of 2013. The sale of the Bangladesh assets for a consideration of \$42.4 million was announced; the latest well in Côte d'Ivoire was fully carried; Southern North Sea (SNS) and Dutch assets sales are ongoing; and positive discussions with the Government of Ghana over the TEN farm down process were held prior to the appointment of financial advisors and the commencement of early marketing.

The Group plans to farm down its current equity in the TEN Development and Production Area in Ghana, in return for a development carry from the TEN Project. This will enable Tullow to manage its exposure to development spend over the coming years whilst retaining a material interest and operatorship of the high value oil production expected to commence in mid-2016. This will substantially enhance the Group's cash flow and financial strength.

The importance of Tullow's current high margin West African oil production portfolio, to which TEN will be a critical addition, can be seen in its strong cash flow generation. In the first half of 2013, West Africa represented 77% of the Group's 88,600 boepd working interest production.

Tullow's strategy is exploration-led. By making major light oil discoveries and opening new basins with high initial equity positions, Tullow is able to crystallise value at any point in the appraisal and development cycle. The Group is fully financed and has clearly identified which long-term financial commitments it wishes to take on. As a result, the Board is confident that Tullow's strategy will deliver significant returns to shareholders over the coming years.

## Operations Review

### WEST AND NORTH AFRICA

1H 2013 Net Production 68,500 boepd	Reserves and resources 635.2 mmboe	1H 2013 Revenue US\$1,139.7 million	1H 2013 Investment US\$355.0 million
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### Ghana

#### ***Jubilee field Phase 1 and Phase 1A Developments***

The Jubilee field is Tullow's flagship offshore operated asset contributing around 40% to the Group's overall production. Since late 2012, field production has steadily increased and is currently at a rate of around 110,000 bopd. The FPSO Kwame Nkrumah, which serves the Jubilee field, continues to perform well with a very low rate of unplanned shut-downs and an excellent safety and environmental record.

Strong performance from the Jubilee field has resulted in average first half production of 104,000 bopd. A recent water injection pump failure on the FPSO, which will be replaced before year-end, and a decision to extend the planned maintenance shutdown period will however have a short term impact on production in the second half of 2013. Production from the field is now expected to average around 95,000 bopd for the full year.

Testing of the FPSO facilities was completed in March 2013 and indicates an oil system capacity in excess of 125,000 bopd. This test combined with the work on the gas handling constraints on the FPSO and the decision to drill an additional gas injection well, both of which will be completed in the fourth quarter of 2013, are expected to result in a 2013 exit production rate of over 120,000 bopd. Tullow and partners also continue to monitor the gas export project in Ghana which is currently expected to start-up next year.

The Jubilee Phase 1A development project has successfully increased well production capacity and enhanced the recoverable reserves potential from Jubilee. The remaining three Phase 1A producers and two water injectors are scheduled to be completed over the course of the next 12 months. The Full Field Development Plan, detailing how the Jubilee field will be fully developed over the coming years to maximise recoverable reserves and maintain the field production at its peak capacity, continues to be progressed with the Government of Ghana

### **TEN**

The TEN Project is Tullow's second development offshore Ghana and will combine production from the Tweneboa, Enyenra and Ntomme fields. On 29 May 2013, the Government of Ghana formally approved the Development Plan. This paves the way for Tullow and its partners to proceed with the development and to define the final schedule and capital programme, with the aim of delivering first oil by mid-2016 and enabling a steady ramp up to an expected capacity production rate of 80,000 bopd. Provisions for gas export are also included in the development plan. Farm down discussions with the Government have been initiated following the PoD approval.

Development of the TEN Project will require the drilling and completion of up to 24 development wells which will be connected through subsea infrastructure to a FPSO vessel, moored in approximately 1,500 metres of water. Major contract awards for the FPSO and subsea tenders are under way and the West Leo rig has been secured to carry out the drilling and completion of the development wells. The overall cost of the development is now estimated to be \$4.9bn, excluding FPSO lease costs. The increase in development cost is associated with an expansion of the scope to enhance the recovery from Ntomme and facilitate gas export, in addition to receiving updated bids for major contracts.

Tullow has already completed the drilling of the Enyenra-6A and Ntomme-4A (Nt-04) water injection wells to better determine the oil-water contacts in each of the Enyenra and Ntomme fields. The Enyenra-6A appraisal well was completed in April 2013 after encountering 18 metres of oil pay indicating a deeper than expected oil water contact in the field. The Nt-04 well also indicated a slightly deeper oil water contact and good reservoir development, supporting our decision to add water injection facilities to the Ntomme development. An injectivity test at Nt-04 is currently being performed to confirm lateral connectivity of the target reservoirs. The wells will both be suspended for future use in the TEN development programme. A 3D seismic programme is expected to be completed over the TEN and Wawa fields by the end of the first quarter of 2014.

### **Exploration and Appraisal activity**

The Sapele-1 exploration well which was completed in February 2013 has been plugged and abandoned as a dry hole. This completed our drill-out of the Deepwater Tano licence in our highly successful Ghana exploration and appraisal campaign, which has delivered 27 successful wells out of a total of 34 drilled since mid-2007.

Following the expiry of the Deepwater Tano licence on 18 May 2013, the remaining non-prospective acreage has been relinquished and the Jubilee Unit Area, the TEN Development and Production Area and the Wawa Discovery Area have been retained. Provisions under the Petroleum Agreement provide the partnership with the right to re-acquire the relinquished areas.

In January 2013, the discovery area associated with the Banda discovery on the West Cape Three Points licence was relinquished.

### **Mauritania**

A four-well exploration campaign to drill new deeper stratigraphic plays in the offshore Mauritanian basin is scheduled to commence at the end of August 2013. The first well, Frégate, in the C-7 licence will be drilled by the Stena Drill Max rig.

Tullow's acreage position in Mauritania was enhanced in April 2013, with the signing of a Production Sharing Contract for the shallow water C3 licence area. This acreage sits inboard of Tullow's existing acreage, providing opportunities for follow-on exploration and further new plays in the medium to long-term. This is an underexplored area of the basin and the work commitments on the block will initially involve seismic studies to identify new prospects.

Following the declaration of commerciality for the Banda field in November 2012, a Field Development Plan has now been approved by the Government to supply gas from the Banda field to a new local power station. Significant progress has been made on the key commercial agreements, with the aim to sanction the project by the end of 2013.

Net production from the Chinguetti field in Mauritania, which is a separate play type from the Group's exploration acreage, averaged 1,400 boepd in the first half of 2013, which is in line with expectations.

### **Côte d'Ivoire**

The Calao-1X exploration well in Block CI-103 was completed in May 2013, with the well encountering non-commercial gas condensate. An appraisal plan for the Paon discovery has now been approved by the Government and the Paon-2A appraisal well is scheduled for the fourth quarter of 2013.

Net production from the East and West Espoir fields averaged 3,500 boepd in the first half of 2013. A drilling campaign to rejuvenate the natural field declines in the East and West Espoir fields has been subject to delays due to problems with the drilling contractor. It is now expected that this will start in the second quarter of 2014 which will result in a deferral of production from 2013 into 2014.

### **Guinea**

Tullow acquired a 40% interest in Hyperdynamics Corporation's oil and gas exploration concession offshore Guinea in late 2012. Following Government approval in January 2013, the parties are processing 3D data as preparations continue to begin drilling a well to test a deepwater fan prospect by March 2014. Tullow took over operatorship of the exploration concession in April 2013.

### **Liberia and Sierra Leone**

On 13 June 2013, Tullow relinquished its interests in Blocks LB-16 and LB-17 offshore Liberia following a detailed review of the results to date from our West Africa Transform Margin acreage and considering future well commitments. Tullow retains its interest in Block LB-15 in Liberia and Block SL-07B-11 in Sierra Leone but will now focus its attention on the Côte d'Ivoire and Guinea campaigns in the region.

### **Equatorial Guinea**

The Ceiba field has performed strongly in the first half of the year following the completion of a successful workover and infill drilling programme in June 2013. The programme has materially increased production, with net production averaging 4,000 bopd for the half year.

Net production from the Okume Complex is slightly below expectations, averaging 6,600 bopd for the half year. A major infill drilling programme of at least 10 wells is due to start on the Okume Complex in August 2013 to enhance production and extend the life of the field. These infill campaigns across both fields have benefitted significantly from the new 4D seismic data interpretation which has delivered excellent results enabling the new wells to be optimally positioned.

### **Gabon**

Net production in the first half of 2013 from Gabon averaged 13,400 bopd, slightly lower than expectations due to a short oil workers strike in March 2013 and delays in the planned infill drilling programmes at Tchatamba and Limande. The infill drilling programme is now scheduled for the fourth quarter of 2013 and deferred production will be recovered in 2014.

Exploration drilling plans are well advanced for two operated exploration wells targeting the Perroquet and Crabe prospects, due to commence in the third quarter of 2013 in the Kiarsseny block. Acquisition of 2D seismic surveys in the Nziembou and DE7 blocks has now been completed and a non-operated well is planned on the M'Oba prospect in block DE7. Interpretation of data acquired from a 3D survey over the pre-salt Sputnik prospect in the complex Arouwe Block is now complete, with drilling scheduled to commence in the first half of 2014.

### **Congo (Brazzaville)**

Net production from the Mboundi field remained stable during the first half of 2013, averaging 2,600 bopd. Following the discovery of a south east extension to the field in 2012, additional developments in the area in 2013 have included drilling three producing wells and one water injection conversion to optimise performance.

In the third quarter of 2013, a gas injection project will be delivered that targets a series of specific fault blocks and this will be the last component of the Mboundi Field redevelopment.

## SOUTH AND EAST AFRICA

1H 2013 Net Production NIL	Reserves and resources 441.6 mmmboe	1H 2013 Revenue NIL	1H 2013 Investment US\$207.5 million
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### Kenya

In Kenya Tullow operates six onshore blocks in the East African Rift system with a 50 to 65% equity interest covering around 80,000 sq km. Tullow also has a 15% interest in Block L8, offshore Kenya.

The onshore acreage covers multiple rift basins which have similar characteristics to the Lake Albert Rift Basin in Uganda. 90 leads and prospects have so far been identified across this acreage following the acquisition of 55,000 sqkm of FTG and 4,160 km of 2D seismic. Exploration drilling and testing activity in the region commenced in January 2012 with the drilling of the Ngamia-1 well followed by the Twiga South-1 well. These initial discoveries have now been flow tested indicating over 250 mmmbo mean resources discovered. Following the completion of the Etuko-1 well, the Kenya Pmean resources are expected to be well in excess of 300 mmmbo, exceeding the basin threshold for development. Exploration and appraisal activities to date in 2013 have significantly de-risked remaining prospectivity in the basin and underpin our belief that it has similar potential to the Lake Albert Rift Basin in Uganda.

The flow tests of the Twiga South-1 and Ngamia-1 discovery wells were completed in February and July 2013 respectively. Both wells flowed at a cumulative constrained rate of around 3,000 bopd of 25 to 35 degree API sweet waxy oil with no indication of pressure depletion. These tests resulted in the doubling of our previous estimates of net oil pay, proved the potential to achieve an unconstrained rate of over 5,000 bopd per well and significantly increased discovered volumes to over 250 mmmbo. Ekales-1, the next exploration well in the Basin Bounding Fault Play, on trend with Ngamia and Twiga-South, commenced drilling on 22 July 2013. A 550 sq km 3D survey over the area, which will support our appraisal programme, is also scheduled to commence in the third quarter of 2013.

In May 2013, drilling commenced on the Etuko prospect, 14 km east of Twiga South-1 in Block 10BB. This is the first test of the Basin Flank Play in the eastern part of the basin and results of drilling, wireline logs and samples of reservoir fluid confirm a new oil discovery with net pay of over 40 metres in the Auwerwer and Upper Lokhone targets. The well was then deepened into the Lower Lokhone sands and encountered an additional 50 metres of potential net oil pay which will be included in a programme of flow testing later this year, to determine their production potential. Although the Lower Lokhone sands have been established to be poorer quality than the main objectives in the Auwerwer and Upper Lokhone, we have successfully flowed oil from this interval at Ngamia. Once operations at Etuko-1 are complete, the rig will move to the Agete prospect north of Twiga-South.

In addition to the existing two rigs, a third rig has been contracted to support increased exploration and appraisal activity in Kenya by the end of the third quarter of 2013. A dedicated well testing unit has been contracted and will arrive in country in the fourth quarter of 2013.

The excellent results to date onshore Kenya are an important step towards understanding the overall basin potential and its commerciality. Resources discovered to date are of a scale that the partnership will initiate discussions with the Government of Kenya and other relevant stakeholders to consider development options. These discussions include consideration of a "start-up phase" oil production system with potential to deliver significant production rates with oil export via road or rail in advance of a full-scale pipeline development. To facilitate these development activities in parallel with exploration and appraisal, an "Area of Interest" (AOI), encompassing the basin discoveries and further prospects in Blocks 13T and 10BB, was agreed with the Government of Kenya in February 2013. This agreement allows a multiple field approach to development of the resources while permitting the continued focus on exploration to increase the resource base while concurrently appraising discoveries.

Elsewhere in Kenya, in a different play in the Anza Basin in Block 10A, the Paipai-1 commitment well was drilled in March 2013 and encountered light hydrocarbon shows whilst drilling. The well has been suspended and will be tested in the future.

### Ethiopia

In Ethiopia, Tullow has a 50% operated interest in the South Omo block, its most northerly interest in the Kenya-Ethiopia Rift system where at least two independent basins have been identified. In January 2013, Tullow commenced drilling Sabisa-1, the first ever well in this frontier acreage in the South Omo Basin. The well encountered reservoir quality sands, oil and heavy gas shows and a thick shale section. The presence of oil prone source rocks, reservoir sands and good seals is

extremely encouraging for the numerous fault bounded traps identified in the basin. Discovering an oil prone basin is an important result for the remaining prospectivity and consequently a follow-up prospect in the basin will now be drilled targeting some of the 30 or so leads and prospects identified to date. The Tultule prospect, four kilometres east of Sabisa-1, is expected to commence drilling late in the third quarter of 2013. Numerous additional follow-up prospects have been mapped in this part of the South Omo Block and in the adjacent Chew Bahir Basin which will be targeted after the Tultule-1 well.

## **Uganda**

Activities in Uganda this year have focused on the remaining exploration and appraisal operations, field development planning and engagement with the Government of Uganda to agree the basin-wide development concept.

Exploration and appraisal activities across the basin have continued and activity has included two exploration wells, six appraisal wells, 11 flow tests and seismic acquisition. These successful activities continue to support our estimates of gross recoverable resources of 1.7 billion barrels of oil. During this period, the Lyec-1 well in EA1A area successfully discovered hydrocarbons and Ondyek-1 well to the West of Nile was unsuccessful and exploration in this area is now complete.

Significant progress has been made with the Government of Uganda and our partners regarding the development options for the Lake Albert Basin. Discussions with the Government are ongoing to finalise the details of a Memorandum of Understanding (MoU) aimed at agreeing a basin commercialisation plan. The MoU concept, made public following the recent meeting of the Presidents of Uganda, Kenya and Rwanda, involves an integrated development of the upstream, an export pipeline and a refinery sized initially at 30,000 bopd with the potential to expand to 60,000bopd to meet available market demand. The partnership has completed the concept stage of the pipeline studies and discussions with Government on pipeline cooperation are ongoing.

The partnership continues to submit Production Licence Applications in line with the basin development concept and as required under the Production Sharing Agreement. Recent submissions include the Kasamene, Wahrindi, Kigogole, Nsoga, Ngege and Ngara fields in the EA2 area. The Production Licence Application Period for the Waraga field, also in EA2, has been extended to the end of April 2014 to allow a further appraisal well to be drilled on the field. Other activities being progressed to prepare for the development include facilities designs, socio-environmental surveys and studies, engineering surveys and infrastructure and logistics planning.

On 14 June 2013, Tullow received judgment in its favour in the High Court tax case proceedings against Heritage Oil and Gas Ltd and Heritage Oil plc (together 'Heritage'). In his judgment, Mr. Justice Burton found in favour of Tullow's indemnity claim for \$313 million in its entirety and also dismissed Heritage's counterclaim.

A hearing with Mr. Justice Burton was held on 29 July 2013 to determine several consequential matters related to the judgment. The amount now owed to Tullow by Heritage is approximately \$343 million when taking into account interest that has accrued on Tullow's \$313 million indemnity claim. This amount excludes Heritage's liability for Tullow's legal costs.

At this hearing, Mr Justice Burton ordered that Heritage satisfy its debt by paying c.\$283 million to Tullow as soon as possible with the remainder, c.\$60 million, to be paid by no later than 26 August 2013. Heritage also sought permission to appeal the judgment at the hearing and this application was rejected by Mr Justice Burton. Heritage has until 5 August 2013 in which to make a direct application to the Court of Appeal for permission to appeal the judgment.

## **Namibia**

In Namibia, the Kudu Gas to Power Project continues to progress following the execution of the Project Development Agreement (PDA) and Gas Sales Agreement (GSA) term sheet with Nampower in March 2013. A geotechnical survey of the Kudu field area and pipeline has been completed and Subsea FEED and FPSO design completion contracts have been awarded. Kudu remains written down in the financial statements and the project's status will continue to be reviewed as progress is made.

## **Mozambique**

In offshore Mozambique, Area 2, the Cachalote-1 exploration well spudded on 10 April 2013. The well has discovered 38 metres of good quality gas bearing reservoir sandstone in an Upper Cretaceous deepwater objective on the outboard flank of the Ibo High. The Cachalote-1 well was then sidetracked, according to plan, to target older sandstone reservoirs which were expected to be developed on the inboard flank of the Ibo High. Thick sandstones were encountered in this section but were not of reservoir quality. Wet gas shows were seen in the well, providing important evidence for a working petroleum system. Following completion of logging operations, the well has been plugged and abandoned. The rig is now drilling the Buzio prospect in Block 2.

## Madagascar

Seismic acquisition in Madagascar has continued to provide encouraging data and 560km of 2D seismic acquired from Block 3111 has now been interpreted and will be used to pick a potential wildcat location to commence drilling in early 2014. Following Tullow's decision to farm-down an intended 50% of its 100% equity in Blocks 3111 and 3009, the process has now been initiated and the data room is open.

## EUROPE, SOUTH AMERICA & ASIA

1H 2013 Production 20,100 boepd	Reserves and resources 133.7 mboe	1H 2013 Revenue US\$207.3 million	1H 2013 Investment US\$241.5 million
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## Norway

Tullow commenced its 10 well exploration campaign offshore Norway in June 2013 with the 7/34 well on the Carlsberg prospect, and the well has since been plugged and abandoned after no hydrocarbons were encountered. The Mjøsa well (PL 511) was also completed in June 2013, with preliminary results indicating the discovery of uncommercial gas volumes in reservoir quality sandstone. Further key wells will be drilled in our Norwegian portfolio in the second half of the year, including Wisting in the Barents Sea, Mantra, which is adjacent to the Troll Field, and Kuro, a high-risk, high-upside, play-testing well which the Mantra well will target in a downdip position.

Tullow was successfully awarded three new licences in the 22nd Norwegian Licensing Round in June 2013. The licences lie in frontier areas of the west, north and central Barents Sea and Tullow will hold non-operated equities of 20-40%.

Production from the Brage field in Norway has been in line with expectations, averaging 300 boepd for the first half of the year.

## UK

The sales process of Tullow's businesses in the UK and Dutch Southern North Sea gas basin is in progress and good interest has been shown at a number of data room visits.

Production from the UK assets for the first half of 2013 averaged 10,100 boepd. Whilst system capacity issues and poor weather conditions in the CMS area have impacted production, this has since improved due to intervention work on the Ketch field, which has delivered incremental production above expectations.

On 15 June 2013, the Schooner-11 gas well commenced drilling. The well is targeting an undrained compartment of the field which is expected to increase production by around 20 mmscf/d in the fourth quarter of 2013.

## Netherlands

Production from the Netherlands for the first half of 2013 averaged 5,800 boepd and performance has been sustained since the K8 A 308 well was brought on stream in April 2013. Another new well, K12 B11, will be brought on stream in August 2013.

Preparations to drill the play-opening Vincent prospect in the Tullow Operated E Blocks are advanced and the Ensco-92 rig is scheduled to start drilling in the third quarter of 2013.

## Greenland

Tullow is continuing to work with its partners to interpret the data acquired from 1,800 sq km of 3D seismic in the Toq block in Baffin Bay during the summer of 2012. The social baseline study is ongoing that will form the foundation for individual social impact assessments to be progressed in the remainder of 2013 and into 2014. Further geotechnical analysis and the integration of various datasets are also under way. The decision on whether Tullow enters the next phase of the Toq licence to drill an exploration well in 2015, will only be made following the satisfactory completion of all the technical, environmental and social evaluations.

## French Guiana

Following-on from Tullow's Zaedyus-1 oil discovery in 2011, a four-well drilling programme in the Guyane Maritime licence offshore French Guiana continued in the first half of 2013, using the Stena Ice Max rig. The second well in the follow-on programme, Priodontes-1 (GM-ES-3), was declared unsuccessful in April 2013 due to a trap-specific issue with no material consequences for prospectivity elsewhere in the block.



The third well, GM-ES-4, on the Cebus prospect, commenced drilling in early May 2013 with results announced on the 23 July 2013. Provisional interpretation of all drilling and geological data indicates that whilst there was extensive development of the targeted sands, no indications of hydrocarbons were observed. The well is being plugged and abandoned. The current four-well French Guiana campaign now concludes with the GM-ES-5 well which is located in the Cingulata fan where the initial Zaedyus-1 discovery was made. Interpretation of 3D seismic acquired during the second half of 2012 is ongoing in order to rank prospects for follow up drilling to the West of the Cingulata fan system.

### **Suriname**

In Suriname, seismic processing is ongoing of a 3,000 sq km 3D survey taken over Block 47 in late 2012. Initial seismic interpretations confirm the presence of major deepwater turbidite systems and an attractive prospect inventory is being completed and ranked before a formal decision is made whether to enter the next phase of the Production Sharing Contract (PSC) in April 2014.

Tullow has agreed terms with Teikoku Oil (Suriname) Co., Ltd, a subsidiary of INPEX CORPORATION, to farm in to Block 31, offshore Suriname. INPEX currently holds a 100% interest and under the agreement Tullow will take a 30% stake, subject to sanction from the state oil company, Staatsolie.

### **Guyana**

Tullow has continued to evaluate oil exploration opportunities in Guyana following the expiry of the Georgetown licence in 2012 after the early termination of the Jaguar-1 well. In the second quarter of 2013, Tullow reached an agreement with Repsol to secure a 30% interest in the newly defined Kanuku Block offshore Guyana and discussions are ongoing to finalise the agreements with Repsol and the Government. As part of the agreement, Repsol and Tullow will be required to complete a 3D seismic programme before the end of the initial two-and-a-half-year period.

### **Uruguay**

In the first half of 2013, Tullow has been actively acquiring 2,000 sq km of 3D seismic in Area 15 which lies in the Pelotas Basin in water depths between 2,000 and 3,000 metres, offshore Uruguay. While initial results are encouraging for potential prospectivity, a full evaluation of the data is expected to commence in the fourth quarter of 2013.

Tullow finalised an agreement to farm out 30% equity in Area 15, offshore Uruguay, to INPEX CORPORATION in the second quarter of 2013. The farm-out is subject to approval from the Uruguayan regulator, Administracion Nacional de Combustibles Alcohol y Portland (ANCAP) and approval is expected shortly.

### **Bangladesh**

Following the decision to divest its Asian gas assets, Tullow announced the sale of Tullow Bangladesh Limited in April 2013 to KrisEnergy Asia Limited for a consideration of \$42.4 million. The sale is conditional upon receipt of Government of Bangladesh and Petrobangla approvals and consents, but Tullow expects the sale to be completed in the second half of 2013.

Gross production from the Bangora field has been maintained at around 83 mmscfd gas production plus 250 bopd of condensate for the first half of 2013, but rates are expected to improve in the third quarter of 2013 following workovers on two wells. Development work to enhance the life of the Bangora field is also ongoing with compression installations and other upgrades to improve the safety and reliability of the site.

### **Pakistan**

The sale process of Tullow's 100% owned Pakistan subsidiary (TPDL) has been resumed following national elections and the installation of a new government in Islamabad. The Group has received interest from a number of parties and the sale process is progressing.

## Finance review

### Half-year 2013 results overview

Tullow delivered strong results in the first half of 2013. Sales revenue grew 15% to \$1.35 billion (1H 2012: \$1.17 billion) principally as a result of a 16% increase in sales volumes primarily relating to the Jubilee field in Ghana. Although profit from continuing activities before tax was lower by 41% to \$486 million (1H 2012: \$829 million) this was primarily because of the benefit of a one off item in the first half of 2012. The main factors explaining the movements between 1H 2013 and 1H 2012 were:

- An increase in 1H 2013 sales revenue of \$180 million primarily due to higher volumes was partially offset by a related \$67 million increase in operating costs;
- A \$701 million gain on Uganda farm-down in 1H 2012; and
- Lower overall exploration write-downs, some \$275 million lower than 1H 2012.

Similarly, profit for the period from continuing activities decreased 45% to \$313 million (1H 2012: \$567 million). Basic earnings per share decreased 47% to 32.2 cents (1H 2012: 60.3 cents). However, gross profit shows an increase of 13% to \$764 million (1H12: \$679 million).

Key financial metrics	1H 2013	1H 2012	Change
Production (boepd, working interest basis)	88,600	77,400	+14%
Sales volume (boepd)	79,000	67,900	+16%
Realised oil price per bbl (\$)	105.5	110.7	-5%
Realised gas price (pence per therm)	66.6	58.4	+14%
Gross profit (\$million)	764	679	+13%
Cash operating costs per boe (\$) <sup>1</sup>	16.3	14.4	+13%
Operating profit (\$million)	500	834	-40%
Profit from continuing activities before tax (\$million)	486	829	-41%
Profit for the period from continuing activities (\$million)	313	567	-45%
Basic earnings per share (cents)	32.2	60.3	-47%
Cash generated from operations <sup>2</sup> (\$million)	1,016	875	+16%
Operating cash flow per boe <sup>2</sup> (\$)	61.3	62.1	-1%
Capital investment <sup>3</sup> (\$million)	804	926	-13%
Net debt <sup>4</sup> (\$million)	1,729	695	+149%
Interest cover <sup>5</sup>	38.3	59.6	-21.3
Gearing (%) <sup>6</sup>	31	13	+18%

1. Cash operating costs are cost of sales excluding depletion, depreciation and amortisation and under/over lift movements.

2. Before working capital movements.

3. 1H 2013 capital investment excludes the Spring acquisition

4. Net debt is cash and cash equivalents less financial liabilities.

5. Interest cover is earnings before interest, tax, depreciation and amortisation charges and exploration written-off divided by net finance costs.

6. Gearing is net debt divided by net assets.

### Operating performance

Working interest production averaged 88,600 boepd, an increase of 14% from the corresponding prior year period (1H 2012: 77,400 boepd). Sales volumes averaged 79,000 boepd, representing an increase of 16%.

Realised oil price after hedging for the period was US\$105.5/bbl (1H 2012: US\$110.7/bbl), a decrease of 5%. Tullow's oil production sold at an average 2% discount to Brent Crude during 1H 2013 (1H 2012: 0% discount). The realised UK gas price after hedging was 66.6 pence/therm (1H 2012: 58.4 pence/therm), an increase of 14%. Higher sales volumes resulted in an overall revenue increase of 15% to \$1.35 billion (1H 2012: \$1.17 billion).

Underlying cash operating costs, which exclude depletion and amortisation and movements on the underlift/overlift, amounted to \$270 million; \$16.3/boe (1H 2012: \$203 million; \$14.4/boe). The increased costs primarily relate to increased volumes produced and workover activity in Ghana together with some increase in costs for more mature fields.

DD&A charges amounted to \$310 million; \$18.7/boe for the half-year (1H 2012: \$265 million; \$18.8/boe). At the period-end, the Group was in a net underlift position of 270,000 barrels. The movements during 2013 in the underlift and stock positions have given rise to a credit of \$15 million to cost of sales (1H 2012: charge of \$21 million).

Administrative expenses of \$89 million (1H 2012: \$95 million) include an amount of \$15 million (1H 2012: \$14 million) associated with IFRS 2 – Share-based Payments.

### Exploration costs written-off

Exploration write-offs based on drilling results in the first half of 2013 are \$176 million (1H 2012: \$451 million). The exploration write-offs were principally in respect of the Priodontes-1 well in French Guiana (\$61 million), the Sapele-1 well in Ghana (\$26 million), the Carlsberg-1 well in Norway (\$39m), the Calao-1 well in Côte d'Ivoire (\$7 million), together with costs associated with ongoing new ventures activity and licence relinquishments.

### Operating profit

Operating profit decreased by 40% to \$500 million (1H 2012: \$834 million). Higher sale volumes and lower exploration cost write-offs in 2013 were more than offset by the benefit in 1H 2012 of the Uganda farm down (\$701 million).

### Derivative instruments

Tullow continues to undertake hedging activities as part of the ongoing management of its business risk, to protect against volatility and to ensure the availability of cash flow for reinvestment in capital programmes that are driving business growth.

At 30 June 2013, the Group's derivative instruments had a net negative fair value of \$33 million (1H 2012: negative \$18 million), inclusive of deferred premium. While all of the Group's commodity derivative instruments currently qualify for hedge accounting, a pre tax credit of \$12 million (1H 2012: credit of \$20 million) has been recognised in the income statement for the first half of 2013. The credit is in relation to the changes in time value of the Group's commodity derivative instruments over the last six months, driven primarily by the movement in the forward curve during the period.

At 30 July 2013 the Group's commodity hedge position to the end of 2015 was as follows:

Hedge position	2H 2013	2014	2015
<b>Oil</b>			
Volume – bopd	35,000	31,500	19,000
Current Price Hedge – US\$/bbl	105.8	101.5	97.0
<b>Gas Hedges</b>			
Volume – mmscfd	22.5	10.4	4.9
Current Price Hedge – p/therm	67.2	68.6	66.9

### Net financing costs

The net interest charge for the period was \$25 million (1H 2012: \$26 million) and reflects higher net debt levels during 2013 offset by the unwind of the discount on the Uganda farm-down contingent consideration. The 2013 net interest charge includes interest incurred on the Group's debt facilities and the decommissioning finance charge offset by interest earned on cash deposits and borrowing costs capitalised against the Ugandan assets and TEN project in Ghana.

### Taxation

The tax charge of \$173 million (1H 2012: \$262 million, which included a charge of \$142 million for capital gains tax in Uganda) relates to the Group's North Sea, Gabon, Equatorial Guinea and Ghanaian production activities. After adjusting for exploration write-offs, the related deferred tax benefit in relation to the exploration write-offs and the profit on disposal, the Group's underlying effective tax rate is 35% (1H 2012: 35%).

### Operating cash flow

Operating cash flow before working capital movements of \$1,016 million was higher than the comparable prior year period (1H 2012: \$875 million). In 1H 2013, this cash flow together with debt drawings helped fund \$0.8 billion capital

investment in exploration and development activities, the Spring acquisition costs paid in the period of \$419 million and \$183 million payment of dividends and the servicing of debt facilities.

<b>Reconciliation of net debt</b>	<b>1H 2013 \$m</b>	<b>1H 2012 \$m</b>
Net debt at 1 January	(989)	(2,854)
Revenue	1,347	1,167
Operating costs	(270)	(203)
Operating expenses	(61)	(89)
<b>Cash flow from operations</b>	<b>1,016</b>	<b>875</b>
Working capital and tax	(276)	(217)
Capital expenditures	(847)	(898)
Acquisitions & disposals*	(461)	2,568
Other investing activities	6	-
Financing activities	(180)	(153)
Cash held for sale	2	(16)
<b>Net debt at 30 June</b>	<b>(1,729)</b>	<b>(695)</b>

\*Includes Spring Energy acquisition cost of \$419.1 million, net of cash acquired.

### Capital expenditure

Capital expenditure on an accruals basis amounted to \$804 million for the first half of 2013 (1H 2012: \$926 million) with 36% invested in development activities, 14% in appraisal activities and 50% in exploration activities. More than 40% of the total was invested in Ghana, Kenya and Uganda and over 70%, more than \$560 million, was invested in Africa. Based on current estimates and work programmes, 2013 capital expenditure is forecast to reach \$2.0 billion.

### Portfolio management

During the first half of 2013 Tullow continued its portfolio development activities. The highlights include:

- On 22 January 2013 Tullow completed the \$372 million (\$419 million after completion adjustments and before contingent consideration) acquisition of Spring Energy Norway AS;
- In January 2013 Tullow also completed the farm-in announced in November 2012 to gain a 40% operated interest in the Hyperdynamics Corporation's oil and gas exploration licence offshore Guinea. The parties intend to commence drilling before April 2014;
- In April 2013 Tullow announced the sale of Tullow Bangladesh Limited to KrisEnergy Asia Limited for consideration of \$42.35 million. The sale is expected to complete in the second half of 2013;
- The process to divest non-core gas production and exploration assets in South Asia and the Southern North Sea to enable the Group to focus on light oil in Africa and the Atlantic margins is ongoing;
- Concluded the transfer of 15% equity in Block CI-103 in Côte d'Ivoire to Anadarko in return for a full carry on the recent Calao-1X exploration well and a carry of half of Tullow's costs on the upcoming Paon-2A well; and
- Initial discussions have commenced on the TEN farm-down with the Ghanaian Government and early marketing has commenced with potential farminees.

### Dividend

The Board is proposing to maintain the interim dividend at 4.0 pence per share (1H 2012: 4.0 pence per share). The dividend will be paid on 3 October 2013 to shareholders on the register on 30 August 2013. Shareholders with registered addresses in the UK and countries outside the Euro zone will be paid their dividends in pounds Sterling. Shareholders with registered addresses within a country in the Euro zone will be paid their dividends in Euro. Shareholders may, however, elect to be paid their dividends in either pounds Sterling or Euro, provided such election is received at the Company's registrars by the record date for the dividend. Shareholders on the Ghana branch register will be paid their dividends in Ghana Cedis. The conversion rate for the dividend payments in Euro or Ghana Cedis will be determined using the applicable exchange rate on the record date.

## Balance sheet

In the first half of 2013, the Revolving Corporate Facility (\$0.5 billion) commitments and commitments under the Reserve Based Lend Facility (\$3.5 billion) remain unchanged. At 30 June 2013, Tullow had net debt of \$1.7 billion (1H 2012: \$0.7 billion). Unutilised debt capacity at period-end amounted to approximately \$1.7 billion. Gearing was 31% (1H 2012: 13%) and EBITDA interest cover was 38.3 times (1H 2012: 59.6 times). Total net assets at 30 June 2013 amounted to \$5.5 billion (30 June 2012: \$5.3 billion) with the increase in total net assets principally due to the profit for the period from continuing activities.

## Liquidity risk management and going concern

The Group closely monitors and manages its liquidity risk. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, changes in commodity prices, different production rates from the Group's producing assets and delays to development projects. In addition to the Group's operating cash flows, portfolio management opportunities are reviewed to potentially enhance the financial capacity and flexibility of the Group. The Group's forecasts, taking into account reasonably possible changes as described above, show that the Group will be able to operate within its current debt facilities and have significant financial headroom for the 12 months from the date of approval of the 2013 half-yearly results.

## 2013 principal risks and uncertainties

The Board determines the key risks for the Group and monitors mitigation plans and performance on a monthly basis. The principal risks and uncertainties facing the Group at the year-end are detailed in the risk management section of the 2012 Annual Report. The Group has identified its principal risks for the next 12 months as being:

- Receive appropriate approvals from Ugandan authorities, followed by commencement of the PoD;
- Successful management and mitigation of above-ground risk given local elections and political uncertainty in key African countries of operation; and
- Successful delivery of exploration programme and asset monetisation options.

## Financial strategy and outlook

Our financial strategy remains to maintain the appropriate financial flexibility to fund high-impact exploration and selective developments. Our focus is to fund exploration activities from production cash flow and to fund selective developments primarily from a combination of debt capacity and swapping equity to pay for development costs (carries). Where surplus cash is generated from farm-downs, this will either be reinvested or returned to shareholders as appropriate. We will also look to broaden the sources of funding for Tullow, whilst ensuring an appropriate capital structure. Allied to this we will work to ensure that our cost base remains appropriate as we continue to build our organisational capacity and international footprint. These goals are aligned with our 2013-2015 business plan key objectives and enable us to support the Group's growth strategy with a robust, well funded business. Tullow has a strong balance sheet and clear plans to grow the value of the business.

## Responsibility statement

The Directors confirm that to the best of their knowledge:

- a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
- b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

The Directors of Tullow Oil plc are as listed in the Group's 2012 Annual Report and Accounts. A list of the current Directors is maintained on the Tullow Oil plc website: [www.tulloil.com](http://www.tulloil.com).

By order of the Board,

**Aidan Heavey**  
Chief Executive Officer  
30 July 2013

**Ian Springett**  
Chief Financial Officer  
30 July 2013

## Disclaimer

This statement contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with the oil and gas exploration and production business. Whilst the Group believes the expectations reflected herein to be reasonable in light of the information available to them at this time, the actual outcome may be materially different owing to factors beyond the Group's control or within the Group's control where, for example, the Group decides on a change of plan or strategy. Accordingly no reliance may be placed on the figures contained in such forward-looking statements.

# Independent review report to Tullow Oil plc

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2013 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income and expense, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 13. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standards on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

## Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

## Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

## Scope of Review

We conducted our review in accordance with International Standards on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

## Deloitte LLP

Chartered Accountants and Statutory Auditor  
London, UK  
30 July 2013

## Condensed consolidated income statement

Six months ended 30 June 2013

	Note	6 months ended 30.06.13 Unaudited \$m	6 months ended 30.06.12 Unaudited \$m	Year ended 31.12.12 Audited \$m
Sales revenue		1,347.0	1,167.2	2,344.1
Cost of sales		(582.9)	(488.5)	(999.3)
Gross profit		764.1	678.7	1,344.8
Administrative expenses		(88.6)	(95.4)	(191.2)
Profit on disposal		-	702.3	702.5
Exploration costs written off	9	(176.0)	(451.3)	(670.9)
Operating profit		499.5	834.3	1,185.2
Gain/(loss) on hedging instruments		11.5	20.2	(19.9)
Finance revenue		7.3	0.9	9.6
Finance costs		(32.1)	(26.5)	(59.0)
Profit from continuing activities before tax		486.2	828.9	1,115.9
Income tax expense	11	(172.8)	(262.0)	(449.7)
Profit for the period from continuing activities		313.4	566.9	666.2
Attributable to:				
Equity holders of the parent		292.2	546.2	624.3
Non-controlling interest		21.2	20.7	41.9
		313.4	566.9	666.2
Earnings per ordinary share		¢	¢	¢
– Basic	3	32.2	60.3	68.8
– Diluted	3	32.1	59.9	68.4

## Condensed consolidated statement of comprehensive income and expense

Six months ended 30 June 2013

	6 months ended 30.06.13 Unaudited \$m	6 months ended 30.06.12 Unaudited \$m	Year ended 31.12.12 Audited \$m
Profit for the period	313.4	566.9	666.2
Cash flow hedges			
Gains/(losses) arising in the period	11.6	0.6	(3.3)
Reclassification adjustments for losses included in profit on realisation	3.0	7.6	11.0
	14.6	8.2	7.7
Exchange differences on translation of foreign operations	(28.4)	(11.9)	7.7
Other comprehensive (charge)/income before tax	(13.8)	(3.7)	15.4
Tax relating to components of other comprehensive income	0.3	0.1	0.1
Other comprehensive (charge)/income for the period	(13.5)	(3.6)	15.5
Total comprehensive income for the period	299.9	563.3	681.7
Attributable to:			
Equity holders of the parent	278.7	542.6	639.8
Non-controlling interest	21.2	20.7	41.9
	299.9	563.3	681.7



## Condensed consolidated balance sheet

As at 30 June 2013

	Note	30.06.13 Unaudited \$m	30.06.12 Unaudited \$m	31.12.12 Audited \$m
<b>ASSETS</b>				
Non-current assets				
Goodwill	7	350.5	-	-
Intangible exploration and evaluation assets		3,868.9	3,112.0	2,977.1
Property, plant and equipment		4,523.3	3,639.8	4,407.9
Investments		1.0	1.0	1.0
Other receivables	10	764.1	631.6	696.7
Derivative financial instruments		-	8.5	-
Deferred tax assets		9.3	1.6	4.9
		9,517.1	7,394.5	8,087.6
Current assets				
Inventories		162.5	160.3	163.7
Trade receivables		309.4	308.7	238.7
Other current assets		493.6	466.6	416.6
Current tax assets		159.1	5.9	28.6
Cash and cash equivalents		560.2	417.3	330.2
Assets classified as held for sale	8	101.7	97.8	116.4
		1,786.5	1,456.6	1,294.2
<b>Total assets</b>		<b>11,303.6</b>	<b>8,851.1</b>	<b>9,381.8</b>
<b>LIABILITIES</b>				
Current liabilities				
Trade and other payables		(1,017.1)	(858.7)	(848.1)
Other financial liabilities	7	(115.2)	-	-
Current tax liabilities		(112.9)	(197.2)	(292.4)
Derivative financial instruments		(27.2)	(26.8)	(39.4)
Liabilities directly associated with assets classified as held for sale	8	(38.6)	(32.1)	(48.9)
		(1,311.0)	(1,114.8)	(1,228.8)
Non-current liabilities				
Trade and other payables		(134.5)	(2.4)	(30.6)
Other financial liabilities		(2,046.1)	(1,045.8)	(1,173.6)
Deferred tax liabilities		(1,659.4)	(977.3)	(1,076.3)
Provisions		(627.0)	(459.5)	(531.6)
Derivative financial instruments		(5.3)	-	(19.3)
		(4,472.3)	(2,485.0)	(2,831.4)
<b>Total liabilities</b>		<b>(5,783.3)</b>	<b>(3,599.8)</b>	<b>(4,060.2)</b>
<b>Net assets</b>		<b>5,520.3</b>	<b>5,251.3</b>	<b>5,321.6</b>
<b>EQUITY</b>				
Called up share capital		146.7	146.4	146.6
Share premium		590.5	574.2	584.8
Other reserves		553.1	547.5	566.6
Retained earnings		4,116.4	3,886.9	3,931.2
Equity attributable to equity holders of the parent		5,406.7	5,155.0	5,229.2
Non-controlling interest		113.6	96.3	92.4
<b>Total equity</b>		<b>5,520.3</b>	<b>5,251.3</b>	<b>5,321.6</b>

## Condensed consolidated statement of changes in equity

As at 30 June 2013

	Share Capital \$m	Share Premium \$m	Other Reserves* \$m	Retained Earnings \$m	Total \$m	Non- controlling interest \$m	Total Equity \$m
At 1 January 2012	146.2	551.8	551.1	3,441.3	4,690.4	75.6	4,766.0
Total comprehensive income and expense	-	-	(3.6)	546.2	542.6	20.7	563.3
New shares issued in respect of employee share options	0.2	22.4	-	-	22.6	-	22.6
Vesting of PSP shares	-	-	-	(7.8)	(7.8)	-	(7.8)
Share-based payment charge	-	-	-	22.6	22.6	-	22.6
Dividends paid	-	-	-	(115.4)	(115.4)	-	(115.4)
At 30 June 2012	146.4	574.2	547.5	3,886.9	5,155.0	96.3	5,251.3
Total comprehensive income and expense	-	-	19.1	78.1	97.2	21.2	118.4
Issue of equity shares	-	4.9	-	-	4.9	-	4.9
New shares issued in respect of employee share options	0.2	5.7	-	-	5.9	-	5.9
Vesting of PSP shares	-	-	-	(1.3)	(1.3)	-	(1.3)
Share-based payment charge	-	-	-	25.3	25.3	-	25.3
Dividends paid	-	-	-	(57.8)	(57.8)	-	(57.8)
Distribution to minority shareholders	-	-	-	-	-	(25.1)	(25.1)
At 31 December 2012	146.6	584.8	566.6	3,931.2	5,229.2	92.4	5,321.6
Total comprehensive income and expense	-	-	(13.5)	292.2	278.7	21.2	299.9
New shares issued in respect of employee share options	0.1	5.7	-	-	5.8	-	5.8
Vesting of PSP shares	-	-	-	(2.9)	(2.9)	-	(2.9)
Share-based payment charge	-	-	-	22.6	22.6	-	22.6
Dividends paid	-	-	-	(126.7)	(126.7)	-	(126.7)
At 30 June 2013	146.7	590.5	553.1	4,116.4	5,406.7	113.6	5,520.3

\*Other reserves comprise Merger Reserve, Foreign Currency Translation Reserve, Hedge Reserve and Treasury Shares.

## Condensed consolidated cash flow statement

Six months ended 30 June 2013

	Note	6 months ended 30.06.13 Unaudited \$m	6 months ended 30.06.12 Unaudited \$m	Year ended 31.12.12 Audited \$m
<b>Cash flows from operating activities</b>				
Profit before taxation		486.2	828.9	1,115.9
Adjustments for:				
Depletion, depreciation and amortisation		323.0	277.4	561.9
Impairment loss		7.3	-	31.3
Exploration costs written off		176.0	451.3	670.9
Profit on disposal of intangible assets		-	(702.3)	(702.5)
Decommissioning expenditure		(4.8)	(1.2)	(2.4)
Share based payment charge		14.8	15.2	32.6
(Gain)/loss on hedging instruments		(11.5)	(20.2)	19.9
Finance revenue		(7.3)	(0.9)	(9.6)
Finance costs		32.1	26.5	59.0
Operating cash flow before working capital movements		1,015.8	874.7	1,777.0
Increase in trade and other receivables		(78.2)	(94.6)	(11.3)
Decrease in inventories		0.1	14.0	11.3
Increase in trade payables		92.7	68.3	7.5
Cash generated from operations		1,030.4	862.4	1,784.5
Income taxes paid		(290.8)	(204.4)	(264.1)
Net cash flow from operating activities		739.6	658.0	1,520.4
<b>Cash flows from investing activities</b>				
Disposal of intangible exploration & evaluation assets		-	2,568.2	2,568.2
Disposal of oil and gas assets		-	-	0.3
Disposal of other assets		-	-	1.3
Purchase of subsidiaries	7	(392.8)	-	-
Purchase of intangible exploration & evaluation assets		(473.3)	(584.6)	(1,196.6)
Purchase of property, plant and equipment		(373.3)	(312.9)	(652.8)
Finance revenue		5.9	0.3	1.3
Net cash (used in)/generated by investing activities		(1,233.5)	1,671.0	721.7
<b>Cash flows from financing activities</b>				
Net proceeds from issue of share capital		2.9	15.0	24.5
Debt arrangement fees		(0.9)	-	(77.2)
Repayment of bank loans		-	(2,415.0)	(2,407.5)
Drawdown of bank loan		900.8	365.0	565.0
Repayment of obligations under finance leases		-	-	(1.8)
Finance costs		(55.1)	(50.0)	(103.2)
Dividends paid		(126.7)	(115.4)	(173.2)
Distribution to minority shareholders		-	-	(25.1)
Net cash generated by/(used in) financing activities		721.0	(2,200.4)	(2,198.5)
Net increase in cash and cash equivalents		227.1	128.6	43.6
Cash and cash equivalents at beginning of period		330.2	307.1	307.1
Cash transferred to held for sale	8	1.7	(16.1)	(18.0)
Translation difference		1.2	(2.3)	(2.5)
Cash and cash equivalents at end of period		560.2	417.3	330.2

## Notes to the half-yearly financial statements

Six months ended 30 June 2013

### 1. General information

The Condensed financial statements for the six month period ended 30 June 2013 have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting and the requirements of the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority (FCA) in the United Kingdom as applicable to interim financial reporting.

The Condensed financial statements represent a 'condensed set of financial statements' as referred to in the DTR issued by the FCA. Accordingly, they do not include all of the information required for a full annual financial report and are to be read in conjunction with the Group's financial statements for the year ended 31 December 2012, which were prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use by the European Union (EU). The Condensed financial statements are unaudited and do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the year ended 31 December 2012 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. This information was derived from the statutory accounts for the year ended 31 December 2012, a copy of which has been delivered to the Registrar of Companies. The auditor's report on these accounts was unqualified, did not include a reference to any matters to which the auditor drew attention by way of an emphasis of matter and did not contain a statement under sections 498 (2) or (3) of the Companies Act 2006.

### 2. Accounting policies

The annual financial statements of Tullow Oil plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the Financial Services Authority.

#### Basis of preparation

The condensed set of financial statements included in this half-yearly financial report have been prepared on a going concern basis as the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future as explained in the Finance Review.

In 2012, a number of new standards and interpretations became effective as noted in the 2012 Annual report and accounts (page 134). The adoption of these standards and interpretations has not had a material impact on the financial statements of the Group. Since the 2012 Annual report and accounts was published no significant new standards and interpretations have been issued. The following new and revised standards became effective during 2013:

- IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
- IAS 19 (revised) Employee Benefits
- IFRS 7 (amended) Disclosures – Offsetting Financial Assets and Financial Liabilities
- IFRS 13 Fair Value Measurement

The adoption of these standards has not had a material impact on the financial statements of the Group.

In addition, the following standards, which are endorsed by the EU but are not effective until 1 January 2014 will be adopted for the period beginning 1 January 2014:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 28 (revised) Investment in Associates and Joint Ventures

The Directors do not expect that the adoption of these standards will have a material impact on the financial statements of the Group in future periods.

### 3. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of \$292.1 million (1H 2012: \$546.2 million) and a weighted average number of shares in issue of 907.9 million (1H 2012: 906.2 million).

The calculation of diluted earnings per share is based on the profit for the period after taxation as for basic earnings per share. The number of shares outstanding, however, is adjusted to show the potential dilution if employee share options are converted into ordinary shares. The weighted average number of ordinary shares is increased by 0.9 million (1H 2012: 6.3 million) in respect of employee share options, resulting in a diluted weighted average number of shares of 908.8 million (1H 2012: 912.5 million).

#### 4. Dividends

The Company's shareholders approved a final dividend for the year ended 31 December 2012 of 8p per share at the Annual General Meeting on 8 May 2013. This amount was paid on 16 May 2013 to shareholders on the register of members of the Company on 19 April 2013.

The Board has declared an interim 2013 dividend of 4p per share in the half year to 30 June 2013 to be paid on 3 October 2013 to shareholders on the register on 30 August 2013 (1H 2012: 4p per share).

#### 5. Approval of Accounts

These unaudited half-yearly financial statements were approved by the Board of Directors on 30 July 2013.

#### 6. Segmental reporting

The operations of the Group comprise one class of business, oil and gas exploration, development and production and the sale of hydrocarbons and related activities. The reportable segments in accordance with IFRS 8 are therefore the three geographical regions that the Group operates within, being Europe, South America and Asia; West and North Africa; and South and East Africa. The following tables present revenue, profit and certain asset and liability information regarding the Group's business segments for the six months ended 30 June 2013 and 2012 and for the year ended 31 December 2012.

Six months ended 30 June 2013	Europe, South America and Asia \$m	West and North Africa \$m	South and East Africa \$m	Unallocated \$m	Total \$m
Sales revenue by origin	207.3	1,139.7	-	-	1,347.0
Segment result	(72.6)	670.1	(4.1)	(5.3)	588.1
Unallocated corporate expenses					(88.6)
Operating profit					499.5
Gain on hedging instruments					11.5
Finance revenue					7.3
Finance costs					(32.1)
Profit before tax					486.2
Income tax expense					(172.8)
Profit after tax					313.4
Total assets	3,078.2	5,463.9	2,464.5	297.0	11,303.6
Total liabilities	(1,819.6)	(1,578.2)	(293.7)	(2,091.8)	(5,783.3)
Other segment information					
Capital expenditure:					
Property, plant and equipment	57.5	358.7	0.2	24.2	440.6
Intangible fixed assets	216.7	78.7	242.3	-	537.7
Depletion, depreciation and amortisation	(84.2)	(227.2)	(0.2)	(11.4)	(323.0)
Impairment losses recognised in income statement	(7.3)	-	-	-	(7.3)
Exploration costs written off	(111.5)	(60.4)	(4.1)	-	(176.0)

Unallocated expenditure and net liabilities include amounts of a corporate nature and not specifically attributable to a geographic area and the Group debt.

6. Segmental reporting (continued)

Six months ended 30 June 2012	Europe, South America and Asia \$m	West and North Africa \$m	South and East Africa \$m	Unallocated \$m	Total \$m
Sales revenue by origin	203.2	964.0	-	-	1,167.2
Segment result	15.8	375.8	(164.2)	-	227.4
Profit on disposal					702.3
Unallocated corporate expenses					(95.4)
Operating profit					834.3
Gain on hedging instruments					20.2
Finance revenue					0.9
Finance costs					(26.5)
Profit before tax					828.9
Income tax expense					(262.0)
Profit after tax					566.9
Total assets	1,873.7	4,849.1	1,906.5	221.8	8,851.1
Total liabilities	(922.1)	(1,305.5)	(257.8)	(1,114.4)	(3,599.8)
Other segment information					
Capital expenditure:					
Property, plant and equipment	70.6	258.9	1.3	11.2	342.0
Intangible fixed assets	67.9	332.8	276.1	-	676.8
Disposal of intangible assets	-	-	(2,573.6)	-	(2,573.6)
Depletion, depreciation and amortisation	100.9	162.3	3.2	11.0	277.4
Exploration costs written off	14.2	272.9	164.2	-	451.3

Unallocated expenditure and net liabilities include amounts of a corporate nature and not specifically attributable to a geographic area and the Group debt.

6. Segmental reporting (continued)

Year ended 31 December 2012	Europe, South America and Asia \$m	West and North Africa \$m	South and East Africa \$m	Unallocated \$m	Total \$m
Sales revenue by origin	380.6	1,963.5	–	–	2,344.1
Segment result	(124.0)	974.1	(176.2)	–	673.9
Profit on disposal					702.5
Unallocated corporate expenses					(191.2)
Operating profit					1,185.2
Loss on hedging instruments					(19.9)
Finance revenue					9.6
Finance costs					(59.0)
Profit before tax					1,115.9
Income tax expense					(449.7)
Profit after tax					666.2
Total assets	1,868.0	5,148.3	2,185.6	179.9	9,381.8
Total liabilities	(999.4)	(1,531.9)	(285.1)	(1,243.8)	(4,060.2)
Other segment information					
Capital expenditure:					
Property, plant and equipment	136.3	626.5	1.5	29.8	794.1
Intangible fixed assets	246.1	512.2	582.6	–	1,340.9
Depletion, depreciation and amortisation	(178.4)	(360.2)	(1.2)	(22.1)	(561.9)
Impairment losses recognised in income statement	–	(31.3)	–	–	(31.3)
Exploration costs written off	(173.9)	(320.9)	(176.1)	–	(670.9)

Unallocated expenditure and net liabilities include amounts of a corporate nature and not specifically attributable to a geographic area and the Group debt.

6. Segmental reporting (continued)

Sales revenue by origin	6 months ended 30.06.13 Unaudited \$m	6 months ended 30.06.12 Unaudited \$m	Year ended 31.12.12 Audited \$m
Ghana	626.9	439.9	958.6
Equatorial Guinea	168.4	173.7	330.7
Côte d'Ivoire	42.1	41.0	74.4
Gabon	251.1	250.8	482.2
Congo	28.1	34.0	73.3
Mauritania	23.1	24.6	44.3
<b>Total Africa<sup>1</sup></b>	<b>1,139.7</b>	<b>964.0</b>	<b>1,963.5</b>
UK	121.6	117.7	219.4
Netherlands	72.2	75.4	142.3
Norway	5.6	-	-
<b>Total Europe</b>	<b>199.4</b>	<b>193.1</b>	<b>361.7</b>
Pakistan	-	0.2	0.2
Bangladesh	7.9	9.9	18.7
<b>Total Asia</b>	<b>7.9</b>	<b>10.1</b>	<b>18.9</b>
<b>Total revenue</b>	<b>1,347.0</b>	<b>1,167.2</b>	<b>2,344.1</b>

1. Total Africa represents total revenue from West and North Africa as currently there is no production from South and East Africa.

Non-current assets by origin	6 months ended 30.06.13 Unaudited \$m	6 months ended 30.06.12 Unaudited \$m	Year ended 31.12.12 Audited \$m
Ghana <sup>1</sup>	3,194.5	2,918.3	3,093.0
Uganda <sup>2</sup>	1,826.1	1,542.2	1,713.8
Mauritania <sup>1</sup>	392.0	334.8	377.4
Other	1,367.1	991.1	1,220.1
<b>Total Africa</b>	<b>6,779.6</b>	<b>5,786.4</b>	<b>6,404.3</b>
UK	366.0	384.9	404.1
Netherlands	825.3	828.8	860.3
Norway	1,047.4	-	-
<b>Total Europe</b>	<b>2,238.7</b>	<b>1,213.7</b>	<b>1,264.4</b>
<b>Total Asia</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total South America</b>	<b>351.5</b>	<b>286.8</b>	<b>297.0</b>
<b>Unallocated</b>	<b>147.3</b>	<b>107.6</b>	<b>121.9</b>
<b>Total Non-current assets</b>	<b>9,517.1</b>	<b>7,394.5</b>	<b>8,087.6</b>

1. Included within West and North Africa region

2. Included within South and East Africa region



## 7. Acquisitions of subsidiaries

On 11 December 2012 Tullow announced that it had acquired 100% of the ordinary share capital of Spring Energy Norway AS ("Spring"). The acquisition of Spring added a portfolio of 28 offshore licences across Norway's continental shelf in the North, Norwegian and Barents Seas. The acquisition enables the Group to rapidly build a strong platform for future Growth in Norway. The transaction had an effective date of 1 September 2012 but completed on 22 January 2013 and this is therefore the acquisition date.

	Acquisition fair value \$m
Goodwill	350.5
Intangible exploration and appraisal assets	565.1
Property, plant and equipment	28.8
Other non-current assets	26.2
Inventory	0.8
Trade receivables	4.1
Other current assets	30.4
Current tax assets	90.7
Cash and cash equivalents	26.3
Trade and other payables	(41.8)
Other financial liabilities - current	(87.7)
Deferred tax liabilities	(414.6)
Provisions	(55.2)
<b>Total purchase consideration</b>	<b>523.6</b>
<b>Represented by:</b>	
Consideration satisfied by cash	419.1
Contingent consideration	104.5
<b>Total purchase consideration</b>	<b>523.6</b>
Consideration satisfied by cash	(419.1)
Cash and cash equivalents acquired	26.3
<b>Purchase of subsidiaries per the cash flow statement</b>	<b>(392.8)</b>

The contingent consideration represents the fair value of a contingent amount payable to the previous owners of Spring. The payable is calculated as \$0.5/bbl to \$1/bbl of recoverable resources recognised by 4 operated wells expected to be drilled in 2013 and 2014 and is capped at \$300 million. The total purchase consideration equals the aggregate of the pre-tax fair value of the identifiable assets and liabilities of Spring. Given the nature of the oil and gas regime in Norway, the fair value of the business acquired has been determined based on the purchase price which is net of tax attributes. As a consequence, the goodwill balance solely results from the requirement on an acquisition to recognise a deferred tax liability, calculated as the difference between the tax effect of the fair value of the acquired assets and liabilities and their tax bases. Other current financial liabilities at 30 June and at the acquisition date relate to Spring's Exploration Funding Facility, which provides funding for 74% of Norwegian exploration costs secured against the exploration tax refund. Provisions represent the present value of decommissioning costs (\$18.6 million) which are expected to be incurred up to 2025, a \$10.0 million liability on development of the PL407 licence and a \$26.6m provision for change of control provisions in seismic data contracts. Transaction costs of \$0.9m in respect of the acquisition were recognised in the 2013 income statement. From the date of acquisition, Spring has contributed \$5.6 million to Group revenues and a loss of \$17.9 million to the profit of the Group. If the acquisition had been completed on the first day of the financial year, Group revenues for the period would have been \$1,347.9 million and Group profit would have been \$313.0 million.

## 8. Assets held for sale

In March 2012, the board resolved to dispose of the Group's Asia interests. In April 2013 Tullow announced the sale of Tullow Bangladesh limited to KrisEnergy Asia Limited for consideration of \$42.4 million. The sale is expected to complete in the second half of 2013. The consideration post working capital adjustment is expected to be lower than the carrying value of Tullow Bangladesh Limited as such an impairment of \$7.3 million has been recognised.

In respect of Tullow's Pakistan assets negotiations with interested parties are ongoing and are expected to be sold within 12 months.

Pakistan and Bangladesh have been classified as two disposal groups held for sale and are presented separately in the following table.

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

Six months ended 30 June 2013	Pakistan \$m	Bangladesh \$m	Total \$m
Intangible exploration and appraisal assets	29.0	-	29.0
Property, plant and equipment	-	25.7	25.7
Trade receivables	0.5	3.9	4.4
Other current assets	2.2	24.1	26.3
Cash and cash equivalents	15.9	0.4	16.3
<b>Total assets classified as held for sale</b>	<b>47.6</b>	<b>54.1</b>	<b>101.7</b>
Trade and other payables	(27.2)	(9.8)	(37.0)
Provisions	(0.5)	(1.1)	(1.6)
<b>Total liabilities associated with assets classified as held for sale</b>	<b>(27.7)</b>	<b>(10.9)</b>	<b>(38.6)</b>
<b>Net assets of disposal group</b>	<b>19.9</b>	<b>43.2</b>	<b>63.1</b>
Impairment recognised in the income statement	-	(7.3)	(7.3)

#### 9. Exploration costs written off

Exploration write-offs based on drilling results to date are \$176 million for the first half of 2013 (1H 2012: \$451 million). The 1H 2013 write-offs were principally in respect of the Priodontes-1 well in French Guiana (\$61 million), the Sapele-1 well in Ghana (\$26 million), the Carlsberg-1 well in Norway (\$39m), the Calao-1 well in Côte d'Ivoire (\$7 million), together with costs associated with ongoing new ventures activity and licence relinquishments.

#### 10. Non-current other receivables

At 30 June 2013 the non-current other receivables balance includes \$353 million of contingent consideration receivable from the Uganda farm-down. The amount of contingent consideration recoverable is dependent on a number of judgements in respect to the timing of the receipt of certain project approvals. The receivable recorded at the Balance Sheet date is calculated based on the most likely outcome.

Non-current other receivables also include the recoverable security paid by Tullow to the Ugandan Revenue Authority (URA) as agent to the transaction between Tullow and Heritage Oil & Gas Limited (Heritage) in respect of the sale of their interest in Uganda. Separately, and under the terms of Tullow and Heritage's PSA, Tullow has opened proceedings against Heritage in London to recover this sum. On 14 June 2013, Tullow received judgment in its favour in the High Court tax case proceedings against Heritage Oil plc. Mr. Justice Burton found in favour of Tullow's indemnity claim in its entirety and also dismissed Heritage's counterclaim.

A hearing with Mr. Justice Burton was then held on 29 July 2013 to determine several consequential matters related to the judgment. The amount now owed to Tullow by Heritage is approximately \$343 million when taking into account interest that has accrued on Tullow's \$313 million indemnity claim. This amount excludes Heritage's liability for Tullow's legal costs. At this hearing, Mr Justice Burton ordered that Heritage satisfy its debt by paying c.\$283 million to Tullow as soon as possible with the remainder, c.\$60 million, by no later than 26 August 2013. Heritage also sought permission to appeal the judgment at the hearing and this application was rejected by Mr Justice Burton. Heritage has until 5 August 2013 in which to make a direct application to the Court of Appeal for permission to appeal the judgment.

Recoverable VAT in Uganda has been classified as non-current as at 30 June 2013 as is a portion of the Norwegian tax refund which is due in December 2014.

#### 11. Taxation

Income tax for the six month period is accrued based on the estimated annual effective rate of 36% (1H 2012: 33%).

#### 12. Capital structure

In the six months ended 30 June 2013, the Group issued 0.6 million (1H 2012: 2.0 million) new shares in respect of employee share options.

As at 30 June 2013 the Group had in issue 908.3 million allotted and fully paid ordinary shares of Stg 10 pence each (1H 2012: 906.9million).

### 13. Subsequent events

Since the balance sheet date Tullow has continued its exploration, development and business growth strategies.

### 14. Commercial Reserves and Contingent Resources Summary (Not reviewed by Auditors) working interest basis

	West and North Africa		South and East Africa		Europe, South America and Asia		TOTAL		
	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Petroleum mmboe
<b>Commercial Reserves</b>									
1 Jan 2013	339.6	16.5	-	-	1.4	265.9	341.0	282.4	388.0
Revisions	0.7	-	-	-	(0.1)	8.6	0.6	8.6	2.0
Acquisitions	-	-	-	-	0.9	-	0.9	-	0.9
Production	(12.2)	(1.5)	-	-	(0.1)	(21.2)	(12.3)	(22.7)	(16.1)
30 June 2013	328.1	15.0	-	-	2.1	253.3	330.2	268.3	374.8
<b>Contingent Resources</b>									
1 Jan 2013	77.2	1,363.8	381.5	360.7	36.6	192.2	495.3	1,916.7	814.8
Revisions	-	-	-	-	-	(11.5)	-	(11.5)	(1.9)
Acquisitions	-	-	-	-	22.7	-	22.7	-	22.7
30 June 2013	77.2	1,363.8	381.5	360.7	59.3	180.7	518.0	1,905.2	835.6
<b>Total</b>									
30 June 2013	405.3	1,378.8	381.5	360.7	61.4	434.0	848.2	2,173.5	1,210.4

1. Proven and Probable Commercial Reserves are based on a Group reserves report produced by an independent engineer. Reserves estimates for each field are reviewed by the independent engineer based on significant new data or a material change with a review of each field undertaken at least every two years.
2. Proven and Probable Contingent Resources are based on both Tullow's estimates and the Group reserves report produced by an independent engineer.
3. The Europe, South America and Asia acquisition relates to the purchase of Spring Energy which completed in January 2013.

The Group provides for depletion and amortisation of tangible fixed assets on a net entitlements basis, which reflects the terms of the Production Sharing Contracts related to each field. Total net entitlement reserves were 335.8 mmboe at 30 June 2013 (30 June 2012: 256.1mmboe).

Contingent Resources relate to resources in respect of which development plans are in the course of preparation or further evaluation is under way with a view to development within the foreseeable future.

## About Tullow Oil plc

Tullow is a leading independent oil & gas, exploration and production group, quoted on the London, Irish and Ghanaian stock exchanges (symbol: TLW) and is a constituent of the FTSE 100 Index. The Group has interests in over 150 exploration and production licences across 25 countries which are managed as three regional business units: West & North Africa, South & East Africa and Europe, South America and Asia. For further information please consult the Group's website [www.tulloil.com](http://www.tulloil.com).

### Events on results day

In conjunction with these results Tullow is conducting a London Presentation and a number of events for the financial community.

#### 09.00 BST - UK/European conference call (and simultaneous Video webcast)

To access the call please dial the appropriate number below shortly before the call and ask for the Tullow Oil plc conference call. A replay facility will be available from approximately noon on 31 July until 7 August. The telephone numbers and access codes are:

Live event		Replay facility available from Noon	
UK Participants	020 3427 1902	UK Participants	020 3427 0598
Irish Participants	01 2465603	Irish Participants	01 4860902
Access code	7532850	Access Code	7532850

To join the live Video webcast, or play the on-demand version which will be available from noon on 31 July, you will need to have either Real Player or Windows Media Player installed on your computer.

#### 11.00 BST – Press Conference Call

To access the call please dial the appropriate number below shortly before the call and use the access code. The telephone numbers and access code are:

UK Participants	0808 109 0700	International Participants	+44 (0) 20 3003 2666
UK Local Call	020 3003 2666	USA Toll Free	1 866 966 5335
Irish Free Call	1 800 930 488	Access code	8426623 (Password – Tullow Oil)

#### 15:00 BST - US Conference Call

To access the call please dial the appropriate number below shortly before the call and ask for the Tullow Oil plc conference call.

Live Event	
Domestic Toll Free	+1 877 280 1254
Toll	+1 646 254 3361
Access code	9216122

#### For further information contact:

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George Cazenove - Media Relations	Jack Rich	Ed Micheau