

TULLOW OIL PLC

JANUARY TRADING STATEMENT & OPERATIONAL UPDATE

26 JANUARY 2022 – Tullow Oil plc (Tullow) issues this update and guidance in advance of the Group’s 2021 Full Year Results scheduled for 9 March 2022. The information contained herein has not been audited and may be subject to further review and amendment. **Tullow will host a call at 9am this morning, details of which can be found at the end of this statement.**

RAHUL DHIR, CHIEF EXECUTIVE OFFICER, TULLOW OIL PLC, COMMENTED TODAY:

“2021 was a year of positive change and transformation for Tullow, and we ended the year on a firm financial and operational footing. The delivery of our long-term Business Plan is progressing well with significant improvements in safety, operating efficiency and drilling performance. In 2022, we will build on these firm foundations and focus on investing in our producing assets in West Africa. Our plans in Ghana, where we are in the process of increasing our stakes in both the Jubilee and TEN fields, will position us to deliver the free cash flow to reduce gearing to less than 1.5x by 2025. Elsewhere, our Gabon near-field non-operated exploration opportunities, our revised Kenya development project and the Beebei-Potaro commitment well in Guyana also have the potential to be significant value drivers for Tullow. There is much to look forward to this year.”

2021 PERFORMANCE

- Group working interest oil production averaged 59.2 kboepd, in line with guidance, with notable production growth from the Jubilee field in Ghana and Simba field in Gabon but lower production than expected from TEN and Espoir.
- In Ghana, ongoing improvements in operating performance resulted in uptime of >97% on both operated FPSOs and an increase in water injection rates and gas processing capacity.
- Drilling in Ghana restarted in April with four new wells and a workover successfully completed, ahead of plan.
- Revenue is expected to be c.\$1.3 billion with a realised oil price of \$63/bbl, including hedge costs of c.\$150 million.
- Capital and decommissioning expenditure were c.\$265 million and c.\$70 million respectively.
- Underlying operating cash flow¹ is expected to be c.\$700 million and free cash flow is expected to be c.\$250 million, ahead of guidance, driven by continued focus on costs, supportive oil prices in the latter parts of 2021 and favourable working capital movements.
- Year-end net debt reduced to c.\$2.1 billion (2020: \$2.4 billion), with liquidity headroom of c.\$0.9 billion at the start of 2022.

2022 OUTLOOK

- Group working interest oil production guidance is 55 to 61 kboepd. This forecast is based on Tullow’s existing equity interests in TEN (47.125%) and Jubilee (35.48%) and will be adjusted following completion of the pre-emption of the sale of Occidental Petroleum’s interest in Ghana to Kosmos Energy. The estimated full year impact of the completed pre-emption would be an addition of c.5 kboepd (net) to the Group’s 2022 production forecast, adjusted for completion timing.
- Tullow is prioritising investment in high return opportunities in its producing assets, whilst ensuring the business remains self-funded at c.\$65/bbl² this year. Capital expenditure is forecast to be c.\$350 million, split c.\$270 million in Ghana, c.\$30 million on the non-operated portfolio, c.\$5 million in Kenya and c.\$45 million on exploration and appraisal. Decommissioning expenditure is expected to be c.\$100 million.
- Increased year-on-year spend in Ghana is primarily due to investment in infrastructure for the Jubilee North East and South East areas that will lead to meaningful growth in production as these undeveloped parts of Jubilee are brought on stream from 2023 onwards.
- At \$75/bbl, underlying operating cash flow¹ is expected to be c.\$750 million with free cash flow² of c.\$100 million.
- Debt reduction remains a key priority and the Group remains on track to materially reduce net debt and achieve gearing of less than 1.5x net debt to EBITDAX by 2025.
- A material hedge portfolio protects c.75% of forecast sales volumes to May 2023 and 50% from May 2023 to May 2024.

Oil hedge portfolio as of 31 December 2021	2022	2023	2024
Hedged volume (kbopd)	42.5	33.1	11.3
Weighted average floor protected	\$51/bbl	\$55/bbl	\$55/bbl
Weighted average sold call	\$78/bbl	\$75/bbl	\$75/bbl
Premium spend	\$1.6/bbl	\$2.0/bbl	\$2.0/bbl

¹ Cash flow from operating activities including lease payments, before capital investment, decommissioning expenditure and debt service

² Free cash flow before debt amortisation and including an expected \$75 million payment from Total following Ugandan parliamentary approval of the Uganda Final Investment Decision (FID)

Group average working interest production	FY 2021 actuals (kboepd)	FY 2022 range (kboepd)
Ghana ³	42.1	39-42
<i>Jubilee</i>	26.6	28-30
<i>TEN</i>	15.5	11-12
Non-operated portfolio ⁴	17.2	16-19
Oil production	59.2	55-61

OPERATIONAL UPDATE

Ghana

Jubilee – 2021 performance

- Oil production from Jubilee averaged 74.9 kbopd (net 26.6 kbopd), ahead of guidance set at the start of the year.
- Average daily production grew from c.70 kbopd at the beginning of 2021 to exceed 90 kbopd by the end of the year, achieved through a combination of new wells brought on stream and improved operational performance.
- The drilling programme delivered two producers (J56-P online in July, J57-P online in December), one water injector (J55-WI online in September) and a work over (J12-WI online early in January 2022).
- Strong drilling performance over the period achieved both cost and efficiency improvements compared to previous drilling campaigns.
- FPSO uptime averaged c.98%; gas offtake rates averaged >100 mmscfpd; and water injection rates averaged >200 kbwpd.

Jubilee – 2022 outlook

- Jubilee production is expected to average between 80 to 84 kbopd (net: 28 to 30 kbopd). This includes the impact of a planned maintenance shutdown of approximately two weeks, scheduled to take place in the second quarter.
- Three new wells are planned to be drilled at Jubilee in 2022. A water injector is due onstream in the first quarter, which will provide pressure support to existing producers. This will be followed by a producer and a second water injector.
- The work programme is focused on delivering reliable in-year production through continued infill drilling as well as investment in projects that will access undeveloped resources and lead to meaningful production growth in subsequent years.
- This investment will focus on new infrastructure to support the development of over 170 mmbbls gross estimated ultimate recovery (EUR) in previously undeveloped areas in the eastern parts of the field.
- As part of a longer-term operational transformation plan, Tullow, supported by its Joint Venture (JV) Partners, has taken the decision to self-operate the Jubilee FPSO and will take over all operations and maintenance (O&M) from MODEC when the current O&M contract comes to a scheduled end in 2022. This presents an opportunity to realise further efficiency improvements whilst sustaining top quartile production operating performance in terms of safety, emissions, reliability, costs and local content.
- As part of Tullow's commitment to becoming a Net Zero Company by 2030 on its Scope 1 and 2 emissions, the scheduled shutdown on the Jubilee FPSO will help facilitate increased gas handling capacity. Planned facility modifications will support increased gas export capability and help towards the target of eliminating routine flaring in Ghana by 2025. Other activities planned during the shutdown will focus on maintenance, integrity and reliability of the FPSO for the long-term.

TEN – 2021 performance

- Oil production from TEN in 2021 averaged 32.8 kbopd (net 15.5 kbopd), below guidance at the start of the year. This was primarily due to higher production decline rates than expected at some wells.
- A gas injector at the Ntomme field, (Nt06-GI), was brought on stream in the fourth quarter to provide pressure support to existing production wells. Nt06-GI also encountered oil at the base of the well, de-risking the development potential of areas further to the north of Ntomme.
- In 2021, uptime on the TEN FPSO was c.97%, water injection was c.90 kbwpd and gas injection was c.100 mmscfpd.

TEN – 2022 outlook

- TEN oil production is expected to average between 22 to 26 kbopd (net 11 to 12 kbopd), driven by natural decline in the existing wells.
- The JV Partners have identified material potential across TEN and a coordinated effort to improve field performance is under way with plans to accelerate production from undeveloped resources in the Greater Ntomme and Tweneboa (GNT) areas.
- Drilling in 2022 will focus on further defining future development plans to maximise production and the fields' value potential. Two strategic development wells are to be drilled in the Ntomme riser base area and an additional well is planned in the Enyenra area in the second half of the year. The JV is also investing in the infrastructure required to allow these wells to be brought on stream from 2023.

³ Ghana production represented before impact of pre-emption on Deep Water Tano (DWT) Block

⁴ Tullow divested its assets in Equatorial Guinea and the Dussafu Marin Permit in Gabon, in 2021

Pre-emption of Occidental Petroleum/Kosmos Energy transaction

- As previously announced, in November 2021, Tullow exercised its right of pre-emption related to the sale of Occidental Petroleum's interests in the Jubilee and TEN fields to Kosmos Energy for an expected consideration of c.\$150 million. Consequently, Tullow's equity interests are expected to increase to 38.9% in the Jubilee field and 54.8% in the TEN fields upon completion of the transaction. Completion of the transaction remains subject to finalising definitive agreements with Kosmos Energy/Anadarko WCTP Company, and securing approval from the Government of Ghana.

Non-operated

- Production from Tullow's non-operated portfolio was 17.2 kboepd in 2021. Production in 2022 is expected to average between 16 to 19 kboepd.
- During 2021, Tullow divested its interests in the Ceiba and Okume fields in Equatorial Guinea and the Ruche field in the Dussafu Marin permit in Gabon, receiving a total consideration of \$133 million following completion of the sales in March and June respectively.
- In Gabon, the Simba expansion project progressed well in 2021, with a successful infill well drilled and a new 10-inch offtake pipeline installed at the end of the year. Consequently, net production for the Simba field in 2022 is expected to average c.6kbopd, 40% higher than in 2021.
- In the fourth quarter of 2021, the Tchatamba JV Partners made a near field discovery with the TCTB-14 well in the Tchatamba South licence in Gabon. This discovery will undergo a long-term production test during 2022.
- The Espoir field in Côte d'Ivoire had to be shut down twice in 2021 following a major incident in January 2021 and required maintenance works on the FPSO's cargo tanks. The field is now back onstream and Tullow continues to engage with the operator (CNR International) on further remediation plans for the FPSO and on identifying development drilling opportunities.

Kenya

- In December 2021, as per the licence extension obligations provided by the Government of Kenya in September 2020, the Project Oil Kenya JV Partners submitted a Field Development Plan for the 10BB and 13T licences, including the additional exploration and appraisal (E&A) opportunities within the 10BB and 13T licences. The E&A plan for 10BA was also submitted.
- The JV Partners continue to seek a strategic partner for this project and constructive discussions continue with interested parties.

Exploration

- Tullow exited 11 exploration blocks in 2021, including all of its licences in Suriname and Peru, reorienting its exploration effort towards near-field and infrastructure-led exploration activities to enhance value in core areas. In January 2022, Tullow also exited the PEL 90 licence in Namibia, further optimising its portfolio.
- Exploration capex in 2022 is expected to be c.\$45 million, which includes capital exposure to historic commitments in Guyana and Argentina. Tullow continues to seek strategic partners to unlock value and reduce its capital exposure in these emerging basins.
- In Côte d'Ivoire, Tullow, together with its JV Partner PetroCi, has elected to proceed into the second exploration phase in Block CI-524, adjacent to the TEN fields in Ghana.
- In Guyana, the Kanuku JV (Repsol operated) is planning to spud the Beebei-Potaro commitment well during the second quarter of 2022, targeting the Cretaceous light oil play of the Guyana-Suriname Basin.

Reserves and Resources

- 2021 year-end reserves and resources audits are ongoing and the final position will be provided at the Group's Full Year Results on 9 March 2022.

CONFERENCE CALL – 09:00 GMT

To access the call please dial the appropriate number below shortly before the call and ask for the Tullow Oil plc conference call. The telephone numbers and access codes are:

Live from 09:00 GMT on 26 January 2022

All participants	+44 (0) 2071 928338
UK freephone	0800 279 6619
Passcode	2664526

Replay available from 13:30 GMT on 26 January 2022

All participants	+44 (0) 3333 009785
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NOTES TO EDITORS

Tullow is an independent oil & gas, exploration and production group, quoted on the London, Irish and Ghanaian stock exchanges (symbol: TLW). The Group has interests in over 30 exploration and production licences across eight countries. In March 2021, Tullow committed to becoming Net Zero on its Scope 1 and 2 emissions by 2030.

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