

Tullow Oil plc

# ANNUAL GENERAL MEETING

26 April 2017



# Disclaimer

This presentation 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 Tullow 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.

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## Rights issue – Reducing debt and enabling growth

### **Rights Issue rationale: Tullow believes its gearing is too high**

- Worked hard to reduce costs and re-set the business
- Brought TEN on stream and entered into Uganda farm-down
- Started generating free cash-flow from December 2016
- Using free cash-flow alone to pay down debt was possible, but it would have been slow

### **\$750m Rights Issue enables Tullow to:**

- Accelerate de-leveraging and substantially reduce gearing by paying down debt
- Be better placed to take advantage of growth opportunities
- Re-invest future cash-flow in our assets which deliver high-value returns
- Better placed to reduce debt further in 2018+ through portfolio management

This fundraise will give Tullow the financial and operational flexibility to take full advantage of current industry opportunities and enable growth over the next 3-5 years

Note: all references to “gearing” above refer to the gearing ratio calculated as Net Debt/Adjusted EBITDAX

# A sustainable future production base



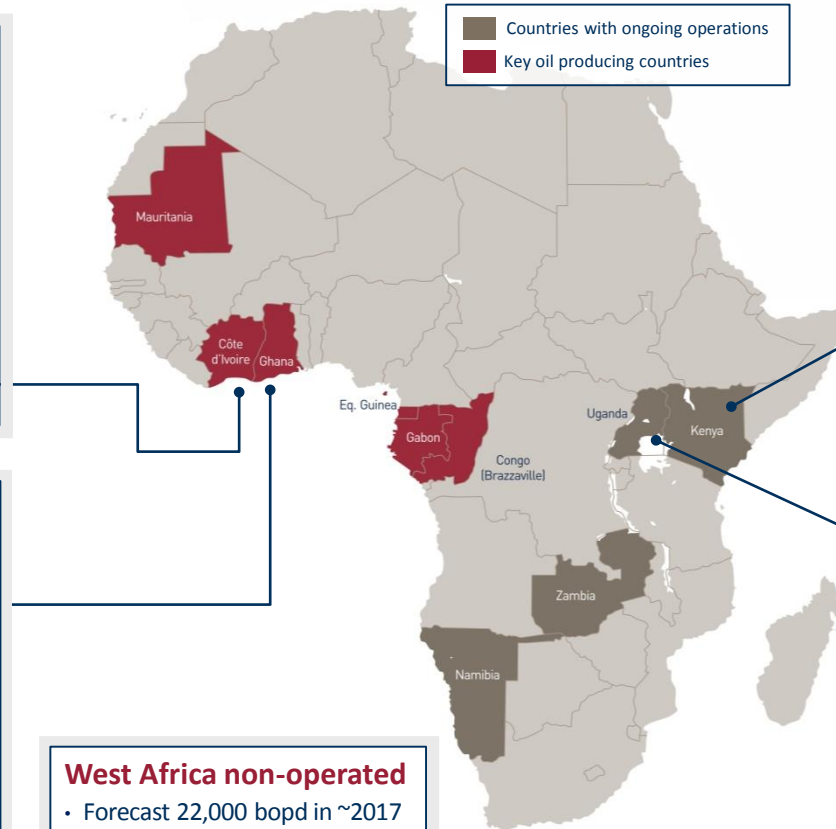
## TEN field

- First oil in August 2016
- 2017 gross forecast c.50,000 bopd
- FPSO capacity of 80,000 bopd



## Jubilee field

- 2017 gross forecast 68,500 bopd
- FPSO capacity of 120,000 bopd
- Potential to extend production and increase reserves



## West Africa non-operated

- Forecast 22,000 bopd in ~2017
- Investment options to minimise declines



## Kenya

- Est. 750m bbls of discovered resources
- Target 80-120k bopd (gross)



## Uganda

- Est 1.7bn bbls discovered resources
- c.230kbopd gross production

Low-cost producing assets with significant and value-adding portfolio opportunities

# TEN on stream following successful project delivery

## Successful project execution & completion

- Project delivered on time and on budget
- FPSO tested in excess of design capacity (80kbopd)

## TEN field on stream

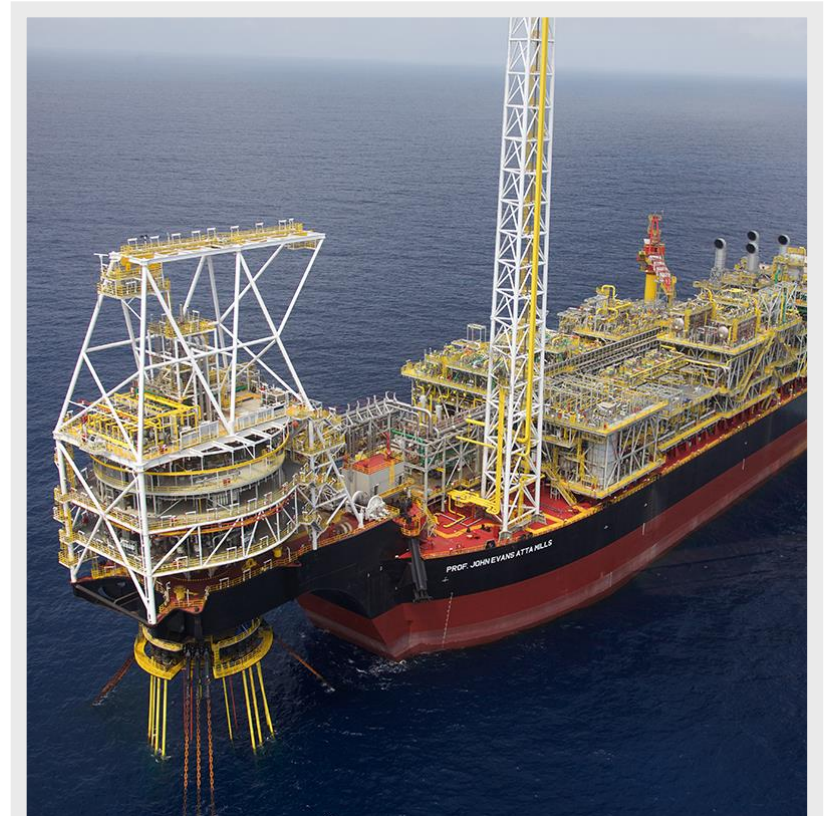
- 50,000 bopd forecast average gross production '17
- Production optimisation work ongoing

## Drilling expected to recommence in 2018

- ITLOS boundary decision expected late '17
- Position remaining 13 wells in optimum locations

## Future growth potential

- 4D seismic to target potential upside resources
- Future near field exploration opportunities



Bringing TEN on-stream continues to build high-margin, long-life cash flow

# Jubilee remediation and future production

## Turret remediation project on track

- Unexpected event managed quickly and effectively
- Insurance cover for lost production and repair

✓	Interim spread moor	Completed Feb '17
●	Long-term spread moor	2H 2017
●	Deepwater Offloading Buoy	2018/19



## Securing stable long-term production

- Significant resource base underpins future production
- Targeting Greater Jubilee Full Field Development Plan approval in 2H 2017
- Commence drilling in early 2018 to extend plateau and increases reserves
- 4D seismic acquired in Q1 2017 to optimise location of future wells

Material low-cost  
production and  
cash flow

## Additional cash flow from future Uganda production

### Farm-down to Total announced

- \$900m total consideration
- Tullow's capex exposure covered beyond first oil
- Partnership ambition of FID by end '17
- CNOOC exercised pre-emption rights

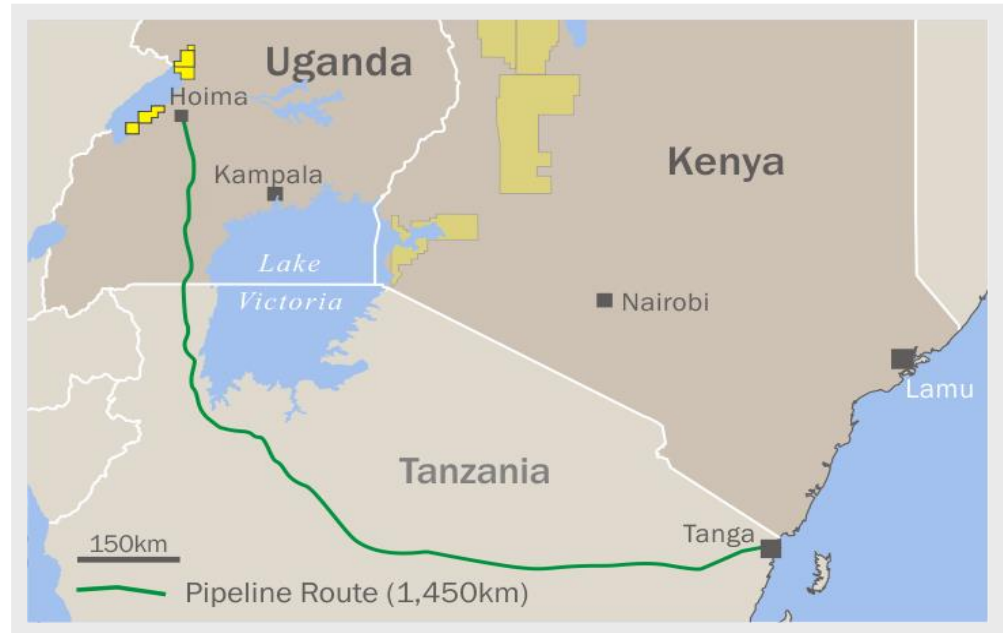
### Development milestones to FID

#### Upstream:

- FEED awarded and in progress
- ESIA in progress

#### Pipeline:

- FEED awarded; ESIA commenced
- Government agreements in progress



Estimated ~23,000 bopd of long-term, low-cost net production

# Preparing Kenya asset for development

## De-risk and build on South Lokichar resources

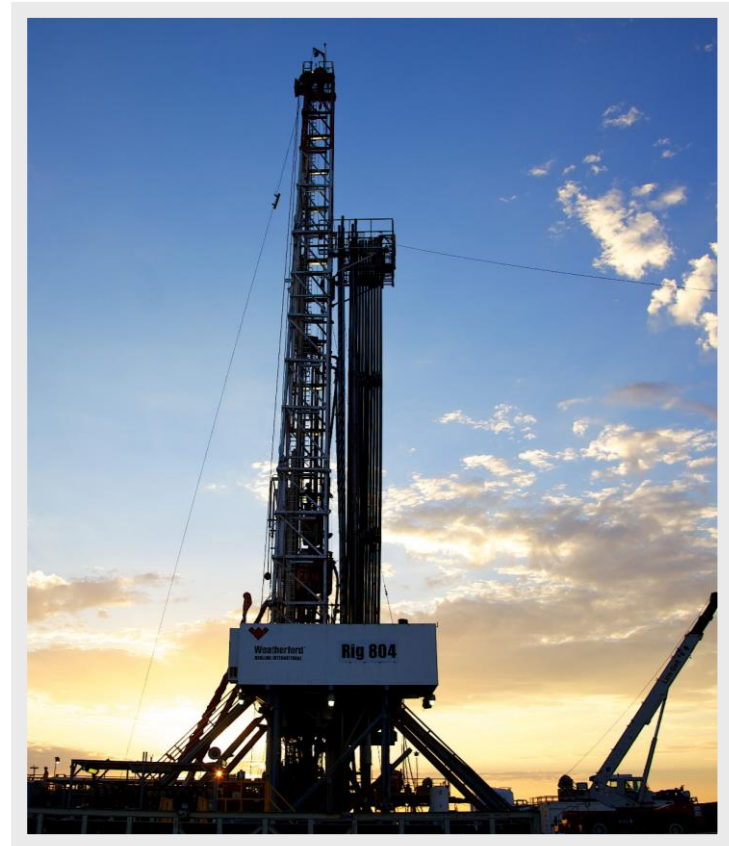
- 750 mmbbl mean resource estimate
- E&A programme ongoing
- Successful water injection tests support development

## Progressing Full Field Development

- Targeting 80 – 120k bopd gross via pipeline
- ESIA under way; FEED to commence in 2H 2017
- Expected full cycle costs \$25-\$30/bbl

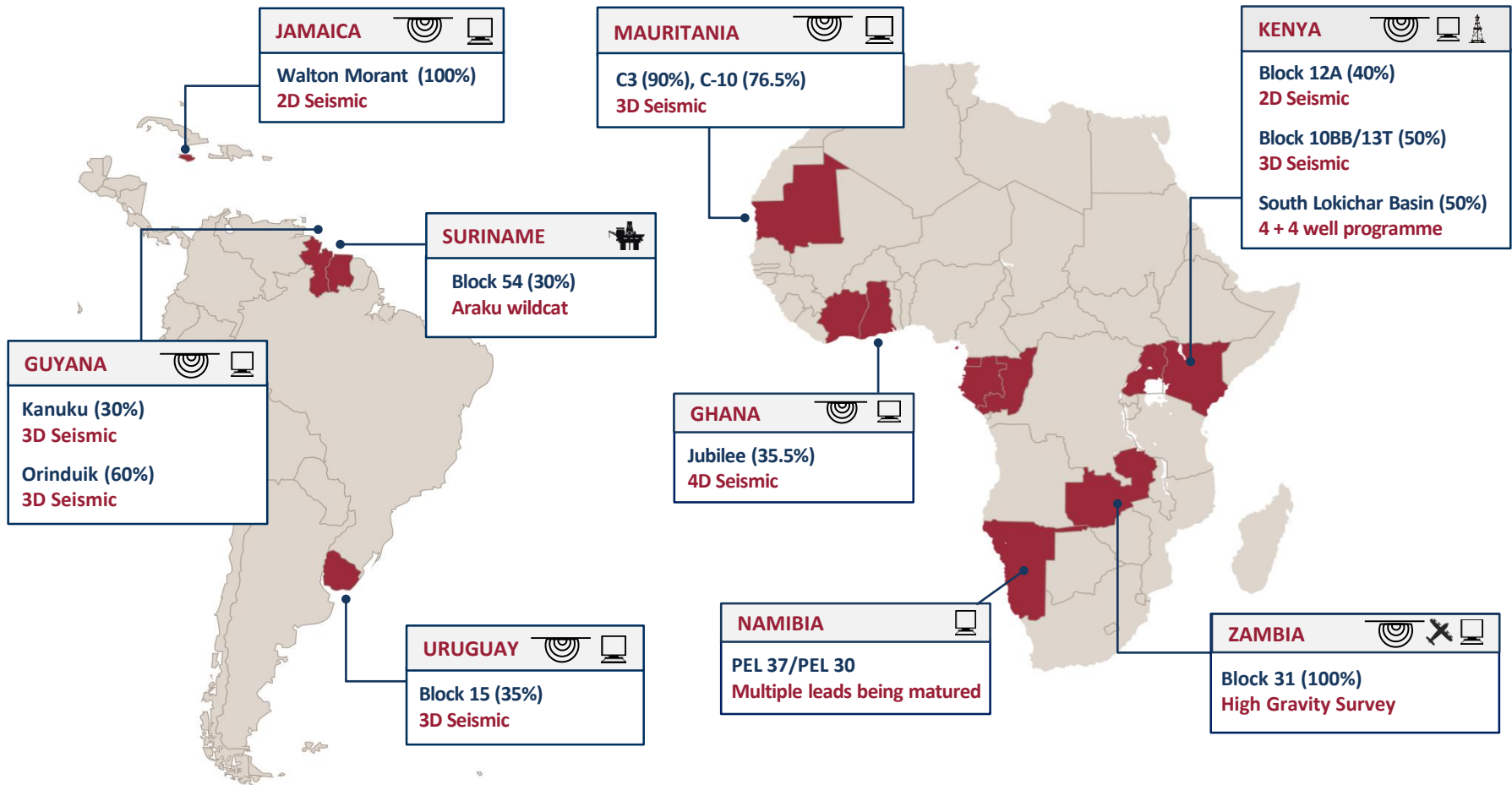
## Early Oil Pilot Scheme

- c.2,000 bopd gross road export pilot '17
- Provides reservoir and production data
- Assists Partners, Government and Turkana to prepare for Full Field Development



Pursuing upside potential through E&A & progressing towards Full Field Development

# Substantial E&A activity in 2017 – laying foundations for growth



**SEISMIC**



Acquisition



Processing / Re-processing



Airborne Surveys

**DRILLING**



Offshore



Onshore

# High-impact South America prospects

## Industry focus

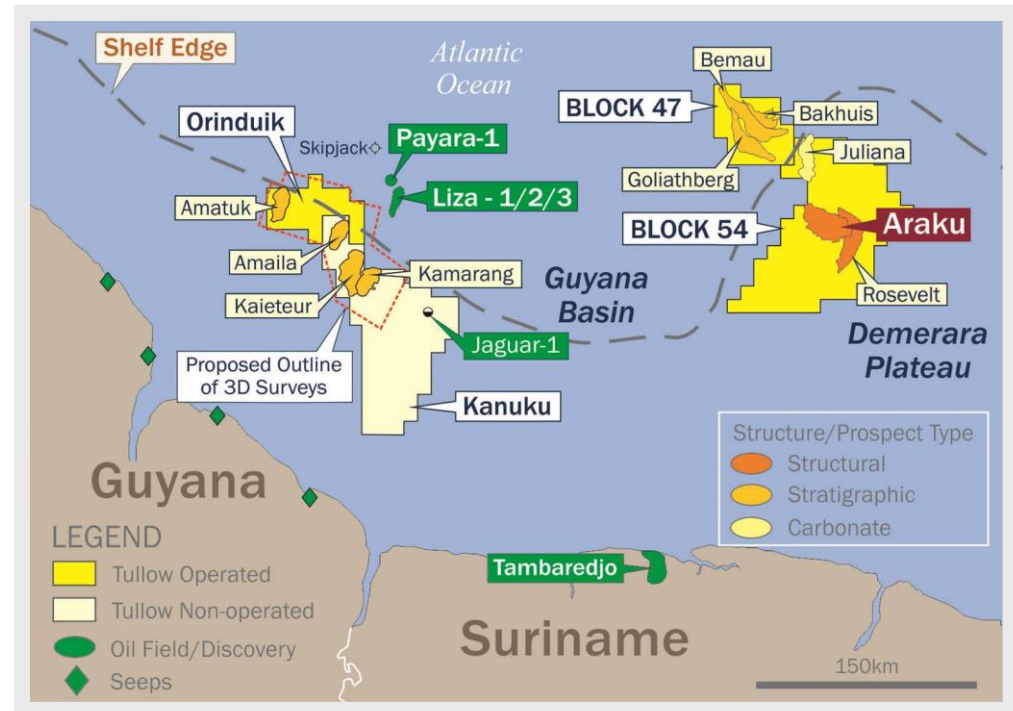
- Recent discoveries prove oil-prone area
- Tullow has built up substantial acreage in low-cost settings

## Wild-cat drilling in Suriname in 2H 2017

- Low-cost offshore Araku well
- Estimated 500 mmbo prospect

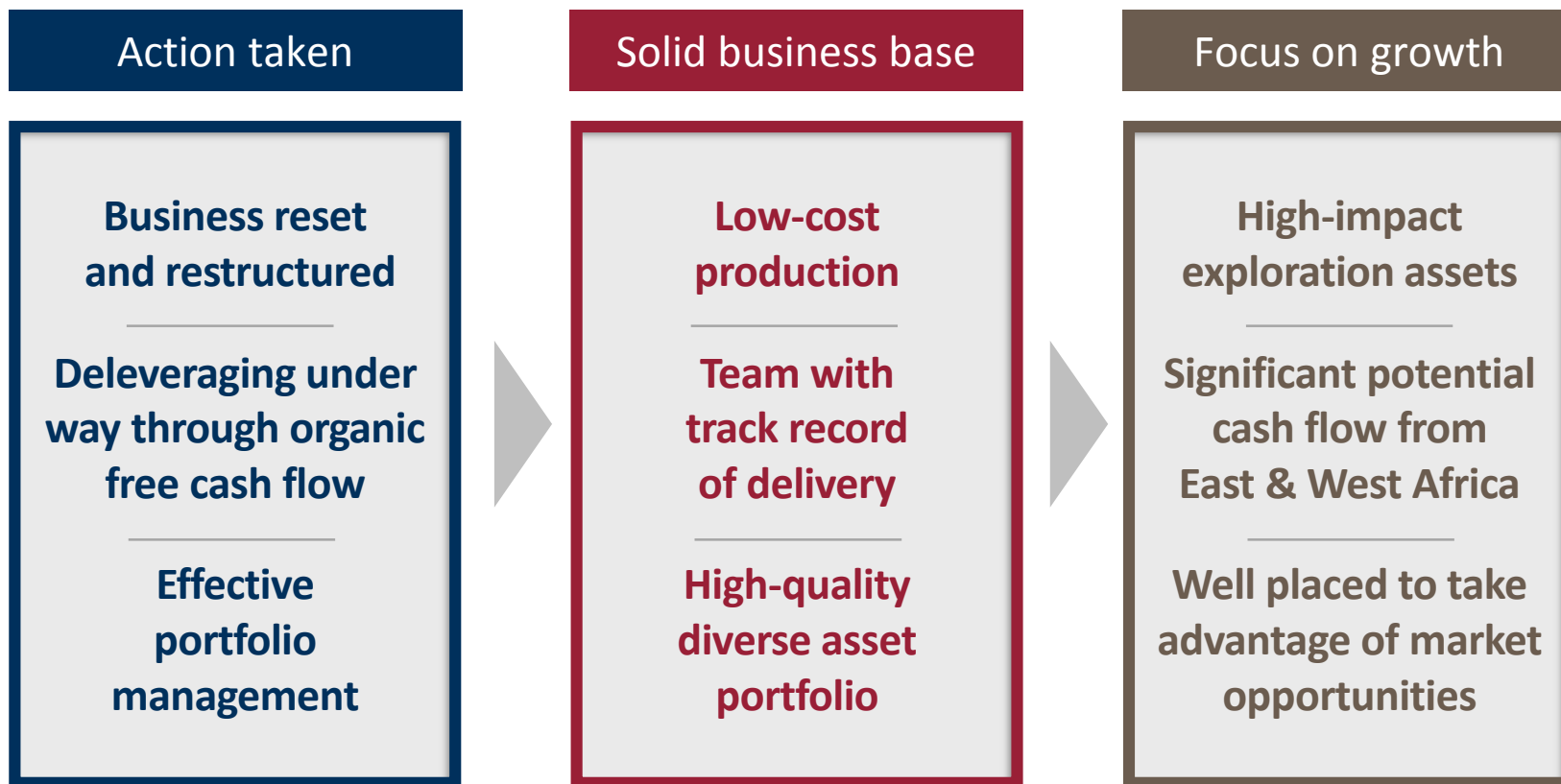
## Multiple future prospects

- Shallow water prospects offshore Guyana, up-dip of Liza discoveries
- Seismic acquisition ongoing to mature and refine prospects for drilling



Substantial acreage positions with long-term future upside potential

## Flexible, disciplined, proven E&P company



**High-quality portfolio with further growth potential**

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