

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. THIS DOCUMENT IS A CIRCULAR FOR THE PURPOSES OF LISTING RULE 13. IF YOU ARE IN ANY DOUBT AS TO WHAT ACTION YOU SHOULD TAKE, YOU ARE RECOMMENDED TO SEEK YOUR OWN PERSONAL FINANCIAL ADVICE IMMEDIATELY FROM YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000, OR FROM ANOTHER APPROPRIATELY AUTHORISED INDEPENDENT FINANCIAL ADVISER.**

If you have sold or otherwise transferred all of your Tullow Shares, please send this document and the accompanying documents (other than documents or forms personalised for you) at once to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, these documents must not be forwarded, distributed or transmitted in, into or from any jurisdiction where to do so would violate the laws of that jurisdiction. If you have sold or otherwise transferred only part of your holding of Tullow Shares you should retain these documents and contact the bank, stockbroker or other agent through whom the sale or transfer was effected.

The release, publication or distribution of this document and/or the accompanying Form of Proxy in jurisdictions other than the United Kingdom may be restricted by law and, therefore, any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. Any failure to comply with any such restrictions may constitute a violation of the securities laws of such jurisdictions. This document has been prepared for the purposes of complying with English law and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside of England.

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## **Tullow Oil plc**

*(incorporated and registered in England and Wales under the Companies Act 2006 with registered number 03919249)*

### **Proposed sale of Tullow's entire interest in Tullow Equatorial Guinea Limited**

#### **Circular to Shareholders**

**and**

#### **Notice of General Meeting**

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**This document should be read in its entirety and in conjunction with the accompanying Form of Proxy. Your attention, in particular, is drawn to the risk factors set out in Part II (*Risk Factors*) of this document and the letter from the Non-Executive Chair of Tullow that is set out in Part I (*Letter from the Non-Executive Chair of Tullow*) of this document and which contains the unanimous recommendation from the Directors that you vote in favour of the Resolution to be proposed at the General Meeting.**

**Notice of a General Meeting of Tullow to be held at the offices of Tullow Oil plc, at 9 Chiswick Park, 566 Chiswick High Road, London W4 5XT at 12 noon (London time) on 18 March 2021 is set out in Part X (*Notice of General Meeting*) of this document. The actions to be taken in respect of the General Meeting are set out in Section 16 of Part I (*Letter from the Non-Executive Chair of Tullow*) of this document.** In light of the social distancing measures aimed at reducing the transmission of the COVID-19 virus in the United Kingdom, please note that **attendance at the General Meeting in person is not possible and Shareholders should instead vote in advance by proxy** by appointing the Chair of the General Meeting as their proxy in respect of all of their shares to vote on their behalf. Continued Shareholder engagement remains very important to the Company and Shareholders will therefore be able to listen to a live audio-cast of the General Meeting and submit questions remotely throughout, as was possible for the Company's 2020 Annual General Meeting. Shareholders may also submit questions in advance via [ir@tullowoil.com](mailto:ir@tullowoil.com). Detailed instructions about voting by proxy and accessing the audio-cast are set out in Part X (*Notice of General Meeting*) of this document.

Whether participating in the audio-cast or not, Shareholders are strongly encouraged to appoint the Chair of the General Meeting as their proxy, by completing and signing the enclosed Form of Proxy or by appointing a proxy via CREST or online.

You will find enclosed with this document a Form of Proxy for the General Meeting. You are asked to complete the Form of Proxy in accordance with the instructions printed on it and return it to Tullow's Registrars: (i) in the UK, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, as soon as possible and, in any event, so as to be received by no later than 12 noon (London time) on 16 March 2021, being 48 hours (excluding any part of a day that is not a working day) before the time appointed for the holding of the General Meeting; or (ii) in Ghana, The Central Securities Depository (Ghana) Limited, 4th Floor, Cedi House, P.M.B CT 465 Cantonments, Accra, Ghana, as soon as possible and, in any event, so as to be received by no later than 11.00 a.m. (local time) on 15 March 2021, being 72 hours (excluding any part of a day that is not a working day) before the time appointed for the holding of the General Meeting.



CREST members who wish to appoint a proxy through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the following website: [www.euroclear.com](http://www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf. You must appoint a proxy through CREST by no later than 12 noon (London time) on 16 March 2021, being 48 hours (excluding any part of a day that is not a working day) before the time appointed for the holding of the General Meeting.

As an alternative to appointing a proxy using the Form of Proxy or CREST, members can appoint a proxy online at: [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). In order to appoint a proxy using this website, members will need their Control Number, Shareholder Reference Number and PIN. You must appoint a proxy using the website by no later than 12 noon (London time) on 16 March 2021, being 48 hours (excluding any part of a day that is not a working day) before the time appointed for the holding of the General Meeting.

In addition, members who are institutional investors may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by Computershare Investor Services PLC. For further information regarding Proxymity, please visit [www.proxymity.io](http://www.proxymity.io). You must appoint a proxy via Proxymity by no later than 12 noon (London time) on 16 March 2021, being 48 hours (excluding any part of a day that is not a working day) before the time appointed for the holding of the General Meeting. Before appointing a proxy via Proxymity, members will need to agree to Proxymity's associated terms and conditions. You should read such terms and conditions carefully as you will be bound by such terms and conditions, which will govern the electronic appointment of your proxy.

**If you have any questions about this document, the General Meeting, the completion and return of the Form of Proxy or the appointment of a proxy through CREST or online, please call the shareholder helpline between 8:30 a.m. and 5:30 p.m. (London time) Monday to Friday (except UK public holidays) on +44 370 703 6242 (UK and other Shareholders) or +233 302 906 576 (Ghana Shareholders). Please note that calls may be monitored or recorded, and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Transaction.**

This document is not a prospectus and it does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase, acquire or subscribe for, any security. This document is a circular relating to the Transaction, which has been prepared in accordance with English law and the Listing Rules and approved by the FCA.

J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove ("J.P. Morgan Cazenove"), and which is authorised in the UK by the PRA and regulated in the UK by the FCA and the PRA, is acting as sponsor exclusively for Tullow and no one else in connection with the Transaction and will not regard any other person as its client in relation to the Transaction and will not be responsible to anyone other than Tullow for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, nor for providing advice in relation to the Transaction or any other matters or arrangements referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Sponsor by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither the Sponsor, nor any of its subsidiaries, branches or affiliates, owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) for, and makes no representation or warranty, express or implied, as to the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by them, or on their behalf, and nothing contained in this document is, or shall be, relied on as a promise or representation in this respect, whether as to the past or the future, in connection with Tullow or the Transaction. Save for the aforementioned responsibilities and liabilities, if any, the Sponsor and its subsidiaries, branches and affiliates accordingly disclaim, to the fullest extent permitted by law, all and any duty, liability and responsibility whether arising in contract, in tort, under statute or otherwise (save as referred to above) in respect of this document or any such statement or otherwise.

The contents of the website of Tullow ([www.Tullowoil.com](http://www.Tullowoil.com)), any other website referred to in this document and any website directly or indirectly linked to such websites do not form part of (nor are otherwise incorporated into) this document and should not be relied upon.

Capitalised terms have the meaning ascribed to them in Part VIII (*Definitions*) of this document.

This document is dated 2 March 2021.

## INFORMATION RELATING TO THE PRESENTATION AND SOURCES OF INFORMATION

### INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, “forward-looking statements” within the meaning of the securities laws of certain jurisdictions. These forward-looking statements can be identified by the use of forward-looking terminology, such as “anticipate”, “expect”, “suggests”, “plan”, “believe”, “intend”, “estimates”, “targets”, “projects”, “should”, “could”, “would”, “may”, “will”, “forecast” and other similar expressions or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding Tullow’s or the Directors’ plans, estimates, intentions, beliefs or current expectations concerning, among other things, the Transaction, Tullow’s exploration and development plans and the timing and cost thereof, future production levels and volumes, future operating cost levels, the grant and timing of future governmental or commercial or joint venture partner approvals or consents, future portfolio management plans, the Group’s liquidity, financing costs and reserve base redeterminations, the timing, outcome and potential scope of liability in any litigation, proceedings or other disputes and Tullow’s business, financial condition, results of operations and/or prospects and/or the industry in which the Group operates more generally.

Forward-looking statements are not guarantees of future performance and the Group’s actual business, financial condition, results of operations and/or prospects and/or the development of the industry in which it operates, may differ materially from those made in or suggested by the forward-looking statements contained in this document. In addition, even if the Group’s business, financial condition, results of operations and/or prospects and/or the development of the industry in which it operates, are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

None of the Company, the Sponsor nor any of its or their associates, directors, officers or advisers provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. You are cautioned not to place undue reliance on forward-looking statements because, by their nature, they involve known and unknown risks, uncertainties and other factors and relate to events and depend on circumstances that may or may not occur in the future that are in many cases beyond the control of the Group or, following Completion, the Retained Group.

The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that the Company, or persons acting on its behalf, may issue. Factors that may cause the actual results of the Group and/or the Retained Group to differ materially from those expressed or implied by the forward-looking statements in this document include, but are not limited to, the risks described in Part II (*Risk Factors*) of this document.

Nothing in this section or anywhere else in this document should be construed as qualifying the statement in respect of the Retained Group’s working capital set out in Section 12 of Part VII (*Additional Information*) of this document.

Any forward-looking statements that are made in this document speak only as at the date of such statement and, other than as may be required by the FCA, the London Stock Exchange, Euronext Dublin, the Ghana Stock Exchange or applicable law (including as may be required by the Listing Rules, the Disclosure Guidance and Transparency Rules and/or the Irish Listing Rules), Tullow and the Sponsor expressly disclaim any obligation to release publicly any updates or revisions to any forward-looking statements contained in this document whether as a result of new information, future events or otherwise. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

### NO PROFIT FORECAST

Save in respect of the statement set out in Part V (*Profit Estimate*) of this document, no statement in this document is intended or should be construed as a profit forecast or a profit estimate and no statement in this document should be interpreted to mean that earnings per Tullow Share for the current or future financial periods would necessarily match or exceed the historical published earnings per Tullow Share.

## **CURRENCIES**

References to “£”, “GBP”, “pounds”, “pounds sterling”, “sterling”, “p” and “pence” are to the lawful currency of the United Kingdom. References to “\$”, “US\$”, “USD”, “\$US”, “US Dollars”, “US dollars” or “cents” are to the lawful currency of the United States of America.

## **RESERVES AND RESOURCES**

Except for oil and gas reserves data in relation to minor assets contributing less than five per cent. of the Group’s reserves and unless otherwise indicated, the oil and gas reserves data presented in this document are audited by and have been estimated by TRACS International Limited (“TRACS”). TRACS is an independent reservoir evaluation company which has prepared its estimates in accordance with resource definitions jointly set out by the Society of Petroleum Engineers (“SPE”), the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers in June 2018 in the Petroleum Resources Management System (“PRMS”).

In this document, references to “commercial reserves” are to 2P reserves, which is the sum of proved reserves plus probable reserves. Pursuant to the classifications and definitions provided by the PRMS, “proved reserves” are those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90 per cent. probability that the quantities actually recovered will equal or exceed the estimate. “Probable reserves” are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated aggregate of proved reserves and probable reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50 per cent. probability that the actual quantities recovered will equal or exceed the 2P estimate. “Possible reserves” are those additional reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than probable reserves. The total quantities ultimately recovered from a project have a low probability to exceed the aggregate of proved reserves, probable reserves and possible reserves (3P), which is equivalent to the high estimate scenario. In this context, when probabilistic methods are used, there should be at least a 10 per cent. probability that the actual quantities recovered will equal or exceed the 3P estimate.

In this document, references to “contingent resources” are to 2C resources. Pursuant to the classifications and definitions provided by the PRMS, 2C resources denote the best estimate scenario of contingent resources (being those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies) which is defined as the most realistic assessment of recoverable quantities if only a single result were reported. If probabilistic methods are used, there should be at least a 50 per cent. probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

Unless otherwise indicated, all production figures are presented on a net basis to the Group’s working interest basis. Where gross amounts are indicated, they are presented on a total basis (being the actual interest of the relevant licence holder in the relevant fields and licence areas without deduction for the economic interest of the Group’s commercial partners, taxes or royalty interests or otherwise). The legal interest and effective working interest of the Group in the relevant fields and licence areas are disclosed separately in this document.

### *Hydrocarbon data*

The mineral expert’s report prepared by TRACS and set out in Part VIII (*Mineral Expert’s Report for the Interests*) of this document (the “TRACS Report”) uses the following estimates:

- oil in standard millions of barrels (“mmbbl”) (a barrel being the equivalent of 42 US gallons);
- natural gas and natural gas liquids in billions of cubic feet (“bcf”) at standard temperature and pressure bases; and
- liquid in standard millions of barrels of oil equivalent (“mmboe”).

This document presents certain production and reserves related information on an “equivalency” basis. The conversion by the Company of data from tons into barrels and from cubic feet into mmboe may differ from that

used by other companies. The Company has assumed a conversion rate of six bcf to one mmboe. This conversion is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent value equivalencies at the wellhead. Although this conversion factor is an industry accepted convention, it is not reflective of price or market value differentials between product types.

There are a number of uncertainties inherent in estimating quantities of commercial reserves and contingent resources, including many factors beyond the Group's control.

The commercial reserves and contingent resources information on the Interests in the TRACS Report and commercial reserves and contingent resources information in respect of the Group and/or Retained Group (as applicable) represent only estimates and such estimates are forward-looking statements which are based on judgements regarding future events that may be inaccurate. Estimation of commercial reserves and contingent resources is a subjective process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact manner. The accuracy of any commercial reserves or contingent resources estimate is a function of a number of factors, many of which are beyond the Group's control, including the quality of available data, and involves engineering and geological interpretation and judgement. As a result, estimates of different engineers may vary. In addition, results of drilling, testing and production subsequent to the date of an estimate may justify revising the original estimate. Accordingly, due to the inherent uncertainties and the limited nature of reservoir data and the inherently imprecise nature of commercial reserves and contingent resources estimates, the initial commercial reserves and contingent resources estimates are often different from the quantities of oil and natural gas that are ultimately recovered. The meaningfulness of such estimates depends primarily on the accuracy of the assumptions upon which they were based. Thus, investors should not place undue reliance on the ability of the commercial reserves and contingent resources information to predict actual commercial reserves and contingent resources or on comparisons of similar reports concerning other companies and this document should be accepted with the understanding that the Company's financial performance subsequent to the date of the estimates may necessitate revision of the commercial reserves and contingent resources information set forth herein. In addition, except to the extent that the Group acquires additional assets containing commercial reserves or conducts successful exploration and development activities, or both, its commercial reserves will decline as they are produced.

Investors should note that the TRACS Report has not estimated proved and probable reserves under the standards of reserves measurement applied by the U.S. Securities and Exchange Commission for any of the relevant periods reviewed in this document, or otherwise, which differ from PRMS.

#### *Presentation in TRACS Report*

TRACS has prepared assessments of the Group's asset base in respect of the Interests as at 1 October 2020 and presented its estimates of commercial reserves and contingent resources in the TRACS Report.

The technical personnel responsible for preparing the reserve estimates at TRACS meet the requirements regarding qualifications, independence, objectivity and confidentiality set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the SPE. TRACS is an independent firm of petroleum engineers, geologists, geophysicists and petrophysicists. It does not own an interest in the Group's assets and is not employed on a contingent fee basis.

**The TRACS Report was commissioned by the Company and was prepared specifically for the purposes of this document. So far as the Company is aware, no material changes have occurred since the date of the TRACS Report, the omission of which would make either of the TRACS Report misleading.**

#### ***ROUNDING***

Certain figures included in this document have been subject to rounding adjustments. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

#### ***PRESENTATION OF FINANCIAL INFORMATION***

Unless otherwise stated, financial information relating to Tullow has been extracted without material adjustment from the audited consolidated financial statements of the Tullow Group for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 and the unaudited condensed consolidated financial statements of the Tullow Group for the six month period ended 30 June 2020.

Where information has been extracted from the audited condensed consolidated financial statements of Tullow, the information is audited unless otherwise stated. Where information has been extracted from the unaudited

interim accounts to 30 June 2020 or management accounts of Tullow, the information is unaudited and has been prepared on a basis consistent with the accounting policies adopted in the Group's latest annual accounts, being those for the year ended 31 December 2019.

Unless otherwise indicated, financial information in this document relating to Tullow has been prepared in accordance with IFRS.

#### *Pro forma financial information*

In this document, any reference to "pro forma" financial information is to information which has been extracted without material adjustments from the unaudited pro forma financial information contained in Part IV (*Unaudited Pro Forma Financial Information of the Retained Group*) of this document. The unaudited pro forma financial information is presented in millions of US Dollars. The unaudited pro forma financial information has been prepared to illustrate the effect on the net assets of the Retained Group as if the Transaction had taken place on 30 June 2020.

The unaudited pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses hypothetical situations and does not, therefore, represent Tullow's or the Retained Group's actual financial position or results. The unaudited pro forma financial information has been prepared under IFRS as adopted by the EU and on the basis set out in Part IV (*Unaudited Pro Forma Financial Information of the Retained Group*) of this document and in accordance with Annex 20 of the PR Regulation. The unaudited pro forma financial information is stated on the basis of the accounting policies of Tullow Oil plc.

#### *Non-IFRS measures*

Net Debt is a useful indicator of the Group's indebtedness, financial flexibility and capital structure because it indicates the level of cash borrowings after taking account of cash and cash equivalents within the Group's business that could be utilised to pay down the outstanding cash borrowings. "Net Debt" as referred to in this document is defined as set out in the Group's latest half year results, being those for the six months ended 30 June 2020, and means current and non-current borrowings plus non-cash adjustments, less cash and cash equivalents. Non-cash adjustments include unamortised arrangement fees, adjustment to convertible bonds, and other adjustments. The Group's definition of Net Debt does not include the Group's leases as the Group's focus is the management of cash borrowings and a lease is viewed as deferred capital investment. This definition of Net Debt should be distinguished from the definition of Covenanted Net Debt in respect of the RBL Gearing Covenant under the RBL Facility (described in Section 12 of Part VII (*Additional Information*) of this document).

The following reconciliation table, which is unaudited, has been extracted from the Group's half year results report for the six months ended 30 June 2020.

#### *Calculation of Net Debt for the Group as at 30 June 2020*

|   | <b>\$m</b>     |
|---|----------------|
| <b>Non-current borrowings (US\$m)</b> . . . . .         | 3,239.2        |
| <b>Non-cash adjustments (US\$m)</b> . . . . .           | 16.6           |
| <b>Less cash and cash equivalents (US\$m)</b> . . . . . | <u>(236.3)</u> |
| <b>Net Debt (US\$m)</b> . . . . .                       | 3,019.5        |

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

|  |   |
|--|---|
| Announcement of the Transaction . . . . .  | 9 February 2021   |
| Publication of this document . . . . .   | 2 March 2021  |
| Latest time and date for receipt of Forms of Proxy for the General Meeting by Tullow's Registrar in Ghana . . . . .  | 11.00 a.m. on 15 March 2021 (local time) <sup>(1)</sup> |
| Latest time and date for receipt of Forms of Proxy for the General Meeting by Tullow's Registrar in the UK . . . . . | 12 noon on 16 March 2021 <sup>(1)</sup>                 |
| Latest time and date for receipt of CREST Proxy Instructions for the General Meeting . . . . .                       | 12 noon on 16 March 2021 <sup>(1)</sup>                 |
| Latest time and date for completion of online proxy appointment for the General Meeting . . . . .                    | 12 noon on 16 March 2021 <sup>(1)</sup>                 |
| Voting record time for the General Meeting . . . . .   | 8.00 p.m. on 16 March 2021 <sup>(2)</sup>               |
| General Meeting . . . . .  | 12 noon on 18 March 2021 <sup>(3)</sup>                 |
| Expected timing of Completion . . . . .  | H1 2021   |
| Long stop date for satisfaction of the Transaction conditions . . . . .  | 9 February 2022 <sup>(4)</sup>                          |

All time references in this document are to London time unless otherwise stated.

These dates are provided by way of indicative guidance only and are subject to change. If any of the above times and/or dates change, the new times and/or dates will be notified to Shareholders by an announcement through an RIS.

**The Transaction is conditional upon the fulfilment or waiver of various conditions, including (i) the approval of the Resolution by Shareholders, (ii) the approval of the Panoro Resolutions by Panoro Shareholders, (iii) release from existing security arrangements and (iv) the delivery by the Company and Tullow Netherlands of an agreed form confirmation relating to the Tullow Convertible Bonds and Senior Notes. There can be no certainty if or when such conditions will be fulfilled and therefore no certainty as at the date of this Circular regarding the date of Completion.**

### Notes

- (1) In order to be valid if the General Meeting is adjourned, the Form of Proxy must be received by post, or the CREST Proxy Instruction must be received, or the online proxy appointment must be completed, no later than 48 hours (excluding any part of a day that is not a working day) before the time set for such adjourned meeting (except for Forms of Proxy posted to The Central Securities Depository (Ghana) Limited, 4th Floor, Cedi House, P.M.B CT 465 Cantonments, Accra, Ghana, which must be received no later than 72 hours (excluding any part of a day that is not a working day) before the time appointed for the holding of the General Meeting). Please see Section 16 of Part I (*Letter from the Non-Executive Chair of Tullow*) of this document.
- (2) If the General Meeting is adjourned, the voting record time for the adjourned meeting will be 8.00 p.m. (London time) on the day which is two days (excluding non-working days) prior to the date set for such adjourned meeting.
- (3) The General Meeting will be held at the offices of Tullow Oil plc, at 9 Chiswick Park, 566 Chiswick High Road, London W4 5XT. The General Meeting will be a closed meeting and it will not be possible for Shareholders to attend in person.
- (4) Unless the parties to the Sale and Purchase Agreement (as the context requires) mutually agree to extend such date.

## DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

|   |  |  |
|---|--|--|
| <b>Directors of Tullow</b> . . . . .                  | Rahul Dhir<br>George Leslie Wood<br>Dorothy Thompson CBE<br>Jeremy Wilson<br>Michael Daly<br>Sheila Khama<br>Genevieve Sangudi<br>Martin Greenslade<br>Mitchell Ingram   | Chief Executive Officer<br>Chief Financial Officer<br>Non-Executive Chair<br>Senior Independent Non-Executive Director<br>Independent Non-Executive Director<br>Independent Non-Executive Director<br>Independent Non-Executive Director<br>Independent Non-Executive Director<br>Independent Non-Executive Director |
| <b>Company Secretary of Tullow</b> .                  | Adam Holland   |  |
| <b>Registered Office of Tullow</b> . . .              | 9 Chiswick Park<br>566 Chiswick High Road<br>London, W4 5XT  |  |
| <b>Sponsor</b> . . . . .                              | J.P. Morgan Securities plc<br>(which conducts its UK investment banking business as J.P. Morgan Cazenove)<br>25 Bank Street<br>Canary Wharf<br>London, E14 5JP   |  |
| <b>English Legal Adviser to the Company</b> . . . . . | Norton Rose Fulbright LLP<br>3 More London Riverside<br>London, SE1 2AQ  |  |
| <b>Reporting Accountants and Auditors</b> . . . . .   | Ernst & Young LLP<br>1 More London Place,<br>London, SE1 2AF   |  |
| <b>Reserves and Resources Auditors</b>                | TRACS International Limited<br>East Wing First Floor<br>Admiral House<br>Poynerook Road<br>Aberdeen, AB11 5QX  |  |
| <b>Registrars</b> . . . . .                           | Computershare Investor Services PLC<br>The Pavilions<br>Bridgwater Road<br>Bristol, BS99 6ZY<br><br>The Central Securities Depository (Ghana) Limited<br>4 <sup>th</sup> Floor<br>Cedi House<br>P.M.B CT 465 Cantonments<br>Accra<br>Ghana |  |

## PART I—LETTER FROM THE NON-EXECUTIVE CHAIR OF TULLOW

### TULLOW OIL PLC

*(Incorporated and registered in England and Wales with registered number 03919249)*

#### Directors:

Rahul Dhiri (*Chief Executive Officer*)  
George Leslie Wood (*Chief Financial Officer*)  
Dorothy Thompson CBE (*Non-Executive Chair*)  
Jeremy Wilson (*Senior Independent Non-Executive Director*)  
Michael Daly (*Independent Non-Executive Director*)  
Sheila Khama (*Independent Non-Executive Director*)  
Genevieve Sangudi (*Independent Non-Executive Director*)  
Martin Greenslade (*Independent Non-Executive Director*)  
Mitchell Ingram (*Independent Non-Executive Director*)

#### Registered Office:

9 Chiswick Park,  
566 Chiswick  
High Road,  
London,  
W4 5XT

2 March 2021

Dear Shareholder

### **Proposed sale of Tullow's entire interest in Tullow Equatorial Guinea Limited and Notice of General Meeting**

#### **1. INTRODUCTION**

On 9 February 2021, the Company announced that it had signed a sale and purchase agreement with Panoro, with an economic effective date of 1 July 2020 (the "Effective Date"), pursuant to which Tullow Overseas Holdings B.V. ("Tullow Netherlands") has agreed to transfer its entire shareholding in Tullow Equatorial Guinea Limited ("Tullow EG") to Panoro Energy Holding B.V. ("Panoro Netherlands") for cash consideration of US\$89 million payable at Completion (based on a locked box mechanism as at 1 July 2020 and subject to a customary locked box indemnity in place for a period of 6 months after Completion) and additional contingent payments of up to a maximum of US\$16 million in aggregate payable over a five year period, triggered by meeting a production threshold and payable in years where that threshold is met and the average oil prices are greater than US\$60/bbl, further details of which are summarised below in Section 3 of this letter (the "Transaction").

In the same announcement on 9 February 2021, the Company also announced that it had signed a separate sale and purchase agreement with Panoro pursuant to which Tullow Oil Gabon SA ("Tullow Gabon") has agreed to transfer its entire 10 per cent. undivided legal and beneficial interest in the Dussafu Marin Permit Exploration and Production Sharing contract in Gabon to Pan Petroleum Gabon B.V. ("Pan Gabon") (the "Dussafu Sale and Purchase Agreement") for cash consideration of US\$46 million, based on an effective date of 1 July 2020 and subject to customary working capital and other adjustments, payable at Dussafu Completion and additional contingent payments of up to US\$24 million in aggregate payable over a five year period once production from the Hibiscus and Ruche discoveries meets an agreed daily average and where average oil prices for the relevant year are greater than US\$55/bbl (the "Dussafu Transaction"). Further details of the Dussafu Transaction and its potential impact on the Group are set out in Section 10 of this letter.

Completion of the Transaction is not conditional on completion of the Dussafu Sale and Purchase Agreement. However, a deferred contingent payment of US\$5 million will be payable in relation to the Transaction on the later of (a) Completion, or (b) within two Business Days of completion of the Dussafu Transaction.

The Transaction, together with the Dussafu Transaction, will strengthen Tullow's balance sheet as part of its ongoing strategy to reduce its net debt and focus its capital on high-return investment opportunities within its current portfolio. Tullow's capital expenditure in respect of the Interests between the Effective Date and Completion will be recovered through a customary locked box indemnity in place for a period of 6 months after Completion in accordance with the Sale and Purchase Agreement.

Subject to Completion, the Transaction will remove all future capital expenditure associated with Tullow EG, estimated to be around US\$12 million in 2021, and the Group will no longer hold any assets in Equatorial Guinea beyond retaining exposure to the Equatorial Guinea operations via the potential contingent payments detailed in the Sale and Purchase Agreement and in Section 3 of this letter. Upon Completion, the Group

production forecast for 2021 will reduce by c. 4,500 bopd, the Group's 2P reserves will be reduced by 14.2 mmboe, the 3P reserves will be reduced by 22.5 mmboe and the 2C resources will be reduced by 25.6 mmboe, as described in the mineral expert's report prepared by TRACS.

Under the Listing Rules, the Transaction constitutes a Class 1 transaction and is therefore conditional on the approval of the Shareholders by a simple majority of votes cast in respect of the Resolution at the General Meeting, notice of which is set out at the end of this document. The Dussafu Transaction constitutes a Class 2 transaction under the Listing Rules and as such is not conditional on the approval of Shareholders. Subject to the satisfaction of the conditions to the Transaction and the conditions to the Dussafu Transaction, the transactions are both expected to complete independently in the first half of 2021.

The purpose of this document is to: (i) explain the background to and reasons for the Transaction; (ii) provide information about the Interests as defined in Section 3 of this letter; (iii) explain why the Directors unanimously consider the Transaction to be in the best interests of the Company and the Shareholders as a whole; and (iv) recommend that you vote in favour of the Resolution to be proposed at the General Meeting, particularly in light of the Group's working capital position as described further below.

## **2. BACKGROUND TO AND REASONS FOR THE TRANSACTION**

In light of developments in 2019, Tullow initiated a business review involving a thorough reassessment of the Group's organisation structure, cost base, future investment and asset portfolio plans. The results of the business review were disclosed in the Company's 2019 Full Year Results published on 12 March 2020. This review resulted in the sale of assets in Uganda to Total for US\$575 million in 2020 and completion of an organisational restructuring which is expected to deliver sustainable annual cash savings of over US\$125 million.

The Board also undertook a review of Tullow's portfolio and corporate strategy which led Tullow to exit a number of exploration licences and countries. Tullow's new business plan and operating strategy (the "New Business Plan and Operating Strategy") was presented to investors and the wider market at a Capital Markets Day on 25 November 2020 (the "Capital Markets Day"). The New Business Plan and Operating Strategy is focused on short-cycle, high-return opportunities and the substantial potential associated with Tullow's producing assets within its large resource base. The New Business Plan and Operating Strategy, alongside a rigorous focus on costs, is expected to generate material cash flow over the next decade, which the Group anticipates will enable reduction of its current debt levels and deliver significant value for its host nations and investors. The New Business Plan and Operating Strategy will deliver production growth in the medium term and the ability to sustain production over the longer term.

At the Capital Markets Day, Tullow also stated that it would continue to consider additional asset sales, provided that they are value accretive and strengthen the balance sheet. The Transaction is in line with this strategy, reducing Tullow's capital expenditure and operating cost per barrel and allowing the Group to focus its investment on the highest value and highest return opportunities within its portfolio.

## **3. SUMMARY OF THE TERMS OF THE TRANSACTION**

In the Announcement, Tullow announced that the Sale and Purchase Agreement, with an Effective Date of 1 July 2020, had been signed on 9 February 2021 pursuant to which Tullow Netherlands has agreed to transfer to Panoro Netherlands the entire issued share capital of Tullow EG. Tullow EG holds an undivided 14.25 per cent. participating interest in and under the Interest Documents relating to the development and production interests in two offshore licenses, encompassing the Ceiba field and Okume Complex (being, together with the share capital of Tullow EG, the "Interests").

The Sale and Purchase Agreement concerns the transfer of the entire issued share capital of Tullow EG from Tullow Netherlands to Panoro Netherlands in exchange for cash consideration at Completion and contingent payments determined by oil production and price parameters summarised below.

The total consideration for the Transaction payable by Panoro Netherlands is structured as follows: (i) US\$89 million at Completion (based on a locked box mechanism as at 1 July 2020 and subject to a locked box indemnity in place for a period of 6 months after Completion); (ii) deferred contingent consideration of US\$5 million payable on the later of (a) Completion, or (b) within two Business Days of Dussafu Completion; and (iii) potential additional contingent consideration, of up to US\$16 million in aggregate, payable only in years where the average net production of the Interests is in excess of 5,500 bopd. Once the net production threshold has been reached in each annual period, annual contingent consideration of US\$5.5 million will apply to that year and to each of the four subsequent years where the production threshold

is met and the average daily Brent oil price in respect of the relevant year being in excess of US\$60/bbl, subject to the aforementioned cap of US\$16 million. Contingent consideration which is due and payable by Panoro Netherlands is subject to an amount being held in escrow by Panoro Netherlands against any warranty claims brought by Panoro Netherlands against Tullow Netherlands under the Sale and Purchase Agreement after Completion in circumstances where Tullow is insolvent or otherwise in financial distress, as detailed in Part VI (*Summary of the Principal Terms of the Transaction*).

In addition to the lack of assurance around the thresholds for the additional contingent consideration being reached, as indicated above, the deferred contingent consideration of US\$5 million is linked to Dussafu Completion, being payable on the later of (a) Completion, or (b) within two Business Days of Dussafu Completion. Dussafu Completion is subject to the satisfaction of a number of conditions as set out in Section 10 below. There can be no assurance that such conditions to Dussafu Completion will be fulfilled and as such there is a risk that the Retained Group will not receive the deferred contingent consideration payable by Panoro Netherlands under the Sale and Purchase Agreement. As noted below, Completion is not conditional on Dussafu Completion.

Signing of the Sale and Purchase Agreement was conditional on receipt by Tullow from Panoro of a signed commitment letter entered into by Panoro with Trafigura Ventures V B.V. ("Trafigura Ventures") in respect of an up to US\$90 million fully underwritten debt facility for the financing of the Transaction and the Dussafu Transaction (the "Commitment Letter"). Trafigura Group Pte Ltd has guaranteed to Panoro the underwriting obligations of Trafigura Ventures (the "Trafigura Guarantee"). The Commitment Letter and the Trafigura Guarantee were received by Tullow on 9 February 2021 together with an agreed form term sheet setting out the terms and conditions on which the debt financing will be provided by Trafigura Ventures (the "Term Sheet"). The Commitment Letter indicates that the reserves based lending facility will be split into two tranches, with up to US\$55 million being made available for the Transaction (the "Equatorial Guinea Tranche") and up to US\$35 million for the Dussafu Transaction (the "Dussafu Tranche"). The terms of the Commitment Letter are such that the financing of the Equatorial Guinea Tranche and the Dussafu Tranche are not inter-conditional, with the tranches being capable of being utilised independently of each other.

Additional financing for the Transaction and the Dussafu Transaction will be provided by the Panoro Equity Financing Arrangements, whereby Panoro has conditionally procured subscribers for new ordinary shares in Panoro for an aggregate amount of US\$70 million ("Panoro Placing Shares"). As at the date of this document, the Panoro Placing Shares have, except for a limited number of Panoro Placing Shares issued under existing shareholder authorities, been conditionally placed with new and existing investors, subject to the approval of Panoro Shareholders of the Panoro Equity Financing Arrangements at the Panoro General Meeting. The approval of Panoro Shareholders for Panoro Equity Financing Arrangements at the Panoro General Meeting is therefore also a condition to Completion.

The Transaction is classified as a Class 1 transaction as defined by Chapter 10 of the Listing Rules. As such, it is conditional on the approval of the Shareholders, by a simple majority of votes cast at the General Meeting, notice of which is set out at the end of this document.

Completion of the Sale and Purchase Agreement is also subject to a number of other conditions in addition to the Tullow and Panoro shareholder approvals, including:

- the consent or deemed consent of the Minister of Mines and Hydrocarbons responsible for petroleum operations in Equatorial Guinea having been received in respect of the Transaction pursuant to clause 6.1(f) of the PSC (the "Ministry Condition") with such consent having been duly received from the Minister of Mines and Hydrocarbons on 3 February 2021;
- the release from certain existing security held by BNP Paribas as security trustee under the RBL Facility Agreement in respect of the shares and certain assets of Tullow EG; and
- Tullow and Tullow Netherlands delivering a signed copy of an agreed form confirmation relating to the US\$650 million 6.25 per cent. Senior Notes due to mature on 15 April 2022, the US\$800 million 7 per cent. Senior Notes due to mature on 1 March 2025 and the US\$300 million 6.625 per cent. convertible bonds due to mature on 12 July 2021 (together the "Tullow Convertible Bonds and Senior Notes") to Panoro Netherlands and Panoro stating, amongst other things, that (i) no fact, event or circumstance has occurred or been notified to Tullow or Tullow EG that would, or may, cause Tullow EG to incur any liability as a guarantor under the Tullow Convertible Bonds and Senior Notes, (ii) the consideration for acquisition of Tullow EG, and the disposal of Tullow EG by Tullow Netherlands to Panoro Netherlands, meets the requirements for the sale to be at fair market value, (iii) the sale of Tullow EG is not being made by Tullow Netherlands out of distress or necessity and (iv) any guarantees or other obligations

provided or incurred by Tullow EG to any member of the Group or any third party in relation to any liability of the Group in respect of the Tullow Convertible Bonds and Senior Notes shall be released at Completion (the “Tullow Convertible Bonds and Senior Notes Guarantee Condition”).

Completion of the Sale and Purchase Agreement is not conditional on completion of the Dussafu Sale and Purchase Agreement.

The parties to the Sale and Purchase Agreement have undertaken to use all reasonable endeavours to procure the fulfilment of their respective shareholder approval conditions to Completion. Tullow Netherlands has additionally undertaken to use all reasonable endeavours to fulfil the satisfaction of the condition relating to the release of existing security held by BNP Paribas and the Tullow Convertible Bonds and Senior Notes Guarantee Condition. Under such undertakings the relevant party has undertaken to use all reasonable endeavours to procure the fulfilment of the relevant condition(s) as soon as possible after the signing date of the Sale and Purchase Agreement and in any event by no later than 5.00 pm London on 9 February 2022 (unless the parties mutually agree to extend such date) (the “Long Stop Date”).

Tullow Netherlands and Panoro Netherlands have agreed to consult with each other if it becomes apparent that the Ministry responsible for petroleum operations in Equatorial Guinea wishes to impose conditions, obligations or modifications in respect of the Transaction and, provided Panoro Netherlands reasonably believes that such conditions, obligations or modifications are reasonable and not materially onerous on its business, Panoro Netherlands will accept or agree to such conditions, obligations or modifications. Under the terms of the Sale and Purchase Agreement, Tullow Netherlands and Panoro Netherlands have agreed that payment of up to US\$9 million in order to procure the fulfilment of the Ministry Condition would be reasonable and not materially onerous on the business and that if any such amount was agreed, it would be borne equally between Panoro Netherlands and Tullow Netherlands. When providing consent in satisfaction of the Ministry Condition on 3 February 2021, the Minister of Mines and Hydrocarbons notified Tullow Netherlands and Panoro that a fee is payable under Article 102 of Law No. 8/2006, dated November 3 of the Hydrocarbons Law of the Republic of Equatorial Guinea to the Treasury account of the Government of Equatorial Guinea. The total fee payable under Article 102 is US\$9 million (in accordance with the provisions of the Sale and Purchase Agreement) and it has been agreed between Tullow, Panoro and the Government of Equatorial Guinea that this will be borne equally by Tullow and Panoro, to be satisfied through the following payments: (i) Tullow paying US\$5 million at Completion; (ii) Panoro reimbursing Tullow US\$500,000 at Completion; and (iii) Panoro paying the outstanding US\$4 million through two equal instalments in June 2021 and August 2021.

Confirmation was received on 3 February 2021 from the Ministry of Finance, Economy and Planning that the sale of the shares of Tullow EG by Tullow Netherlands to Panoro Netherlands will not be subject to any Equatorial Guinean tax obligations nor to similar charges (including tax withholding), stamp duty, fees or any tariff collection howsoever described.

Equatorial Guinea’s national oil company has waived its preferential right to acquire Tullow’s interest in Equatorial Guinea. The Transaction is not subject to any further rights of pre-emption.

The Sale and Purchase Agreement will terminate automatically if the conditions to Completion have not been fulfilled in accordance with the Sale and Purchase Agreement at 11.59 pm on the Long Stop Date, unless the parties mutually agree to extend such date. If the Sale and Purchase Agreement is terminated as a result of Tullow’s failure to obtain the approval of its Shareholders as required under the Listing Rules or breach by Tullow Netherlands of its undertaking to use its reasonable endeavours to procure fulfilment of the conditions to Completion (with the exception of the condition relating to Panoro shareholder approval) or where Panoro Netherlands terminates the Sale and Purchase Agreement due to failure by Tullow Netherlands or Tullow to comply with their Completion obligations (in circumstances where Tullow is at fault), then Tullow Netherlands shall pay to Panoro Netherlands by way of compensation an amount equal to US\$2 million (the “Tullow Break Fee”), provided that in no event shall Tullow be required to make a payment in respect of the Tullow Break Fee which exceeds the maximum amount permitted to be paid without the prior approval of the Shareholders pursuant to the Listing Rules. If the Sale and Purchase Agreement is terminated as a result of Panoro’s failure to obtain the approval of its shareholders of the Panoro Equity Financing Arrangements as required under section 10-1 et. Seq. of the Norwegian Public Limited Liability Companies Act 1997, as amended, or a breach by Panoro Netherlands of its undertaking to use its reasonable endeavours to procure fulfilment of the conditions to Completion (with the exception of the condition relating to the approval of Tullow Shareholders) or where Tullow Netherlands terminates the Sale and Purchase Agreement due to failure by Panoro Netherlands or Panoro to comply with their Completion obligations (in circumstances where Panoro is at fault), then Panoro Netherlands shall pay to Tullow Netherlands by way of compensation an amount equal to US\$2 million (the “Panoro Break Fee”).

Tullow Netherlands and Panoro Netherlands also each have a right to terminate the Sale and Purchase Agreement between signing and Completion if: (i) the other party fails to comply with its Completion obligations at the date of Completion, or (ii) the other party breaches or becomes subject to any applicable international sanctions. In relation to (i), where Tullow Netherlands is the defaulting party, it must have materially failed to comply with its obligations and shall be given 5 Business Days from receipt of notice from Panoro Netherlands to remedy the failure.

Further information regarding the terms of the Transaction is set out in Part VI (*Summary of the Principal Terms of the Transaction*) of this document.

#### **4. USE OF PROCEEDS AND FINANCIAL EFFECTS OF THE TRANSACTION**

The net proceeds from the Transaction will initially be held as cash as part of Tullow's strategy to reduce its net debt.

The Retained Group's Net Debt as at 30 June 2020 (adjusted for the disposal of the Ugandan Interests), if Completion had occurred on that date, would have been US\$2.43 billion on a pro forma basis. The financial information set out in this paragraph is unaudited and is calculated as described in Note 7 of the unaudited pro forma financial information contained in Part IV (*Unaudited Pro Forma Financial Information of the Retained Group*) of this document.

If Completion occurs, capital expenditure of the Group will reduce by US\$12 million approximately for 2021.

Had Completion occurred on 30 June 2020, the Group's total assets would have, before receipt of cash proceeds, reduced by US\$101.2 million, being the total amount of the Interests as at 30 June 2020. The loss in respect of the Interests for the six month period ended 30 June 2020 was US\$88.5 million and had Completion occurred on 30 June 2020 the Transaction would have reduced the Group's losses.

The Dussafu Transaction also represents a further step in Tullow's portfolio management programme and is value accretive to Tullow. Net proceeds from the Dussafu Transaction will be used to strengthen Tullow's balance sheet as part of the strategy outlined above. Details of the impact of Dussafu Completion on the Group are set out in Section 10 of this letter.

#### **5. TAXATION OF THE TRANSACTION**

Confirmation was received on 3 February 2021 from the Ministry of Finance, Economy and Planning that the sale of the shares of Tullow EG by Tullow Netherlands to Panoro Netherlands will not be subject to any Equatorial Guinean tax obligations nor to similar charges (including tax withholding), stamp duty, fees or any tariff collection howsoever described.

#### **6. CURRENT TRADING AND PROSPECTS**

Tullow announced its full year results for the year ended 31 December 2019 on 12 March 2020. In these results, the Directors assessed that the Group was a going concern for 12 months from the date of approval of Tullow's annual report and accounts for the financial year ended 31 December 2019. At the time of issuing Tullow's annual report and accounts for the financial year ended 31 December 2019, there were unprecedented market conditions relating to COVID-19 and Brent oil prices, as described in Section 7 (*Industry update*) below. These conditions increased the risk that the Group may not be able to sufficiently progress planned portfolio management activities, as a result of which its lenders may not approve the bi-annual RBL Facility redetermination liquidity assessments or covenant amendments if subsequently required. Therefore, the Directors concluded that there was a material uncertainty that may cast significant doubt that the Group will be able to operate as a going concern. This assessment of going concern by the Directors was repeated in Tullow's half year results for the six months ended 30 June 2020 which were announced on 9 September 2020. At that time the Directors once again concluded that there are material uncertainties that may cast significant doubt that the Group will be able to continue as a going concern, due to the Company forecasting a breach of the gearing covenant under the RBL Facility in both December 2020 and June 2021 and a potential liquidity shortfall under the periodic testing of the Group's forecast liquidity contained in the RBL Facility (the "Liquidity Forecast Test").

Since the publication of Tullow's half year results for the six months ended 30 June 2020, the Company agreed certain amendments with the lenders under the RBL Facility in respect of a covenant relating to the Group's level of gearing as set out in more detail in Section 7.1(f) of Part VII (*Additional Information*) (the "RBL Gearing Covenant") in respect of the 12 month testing period ending 31 December 2020. As a result, there was no longer a forecasted breach of the RBL Gearing Covenant in December 2020. Furthermore, Tullow

announced in its Trading Statement and Operational Update on 27 January 2021 that it had agreed with the lenders under the RBL Facility to an extension of the January 2021 redetermination date by up to one month. On 26 February 2021, Tullow announced that c.US\$1.7 billion of debt capacity has been agreed between the Company and the global technical banks under the RBL Facility; this remains subject to approval by a majority of lending banks under the RBL Facility and, once approved, will be effective from 26 February 2021. The Liquidity Forecast Test assessment, which forms part of each redetermination, is currently in progress.

Tullow issued a Trading Statement and Operational Update ahead of its audited full year 2020 results, which are scheduled to be issued on 10 March 2021. In this Trading Statement and Operational Update, Tullow announced that:

- the Group's working interest oil production in 2020 averaged 74,900 bopd in line with expectations;
- 2020 full year revenue is expected to be c.US\$1.4 billion;
- capital and decommissioning expenditure for 2020 were c.US\$290 million and c.US\$50 million respectively;
- year-end net debt reduced to c.US\$2.4 billion (2019: US\$2.8 billion), as a result of US\$430 million free cashflow including proceeds of US\$500 million from the Ugandan Transaction; and
- pre-tax impairments and exploration write-offs expected to be broadly in line with the Group's 2020 half-year results of US\$1.4 billion.

Looking ahead to 2021, Tullow announced in the same statement that:

- the Group's working interest oil production is forecast to average 60-66,000 bopd in 2021 following the Covid-driven drilling hiatus in 2020;
- capital expenditure is forecast to be c.US\$265 million, with an additional c.US\$100 million to be spent on decommissioning;
- organisational restructuring completed which is expected to deliver sustainable annual cash savings of over US\$125 million;
- in Ghana, production from Jubilee and TEN for the year to date is in line with expectations. This is supported by gas export in excess of 120 mmscf. A new oil offloading system is due to be commissioned on Jubilee in the first quarter of 2021; and
- on Jubilee, the drilling rig is being mobilised to Ghana to commence drilling in the second quarter of the year and the first new production well is forecast to be onstream in the third quarter.

Tullow also announced in its Trading Statement and Operational Update that the Group had started discussions with its creditors with regard to its debt refinancing options which are expected to conclude in the second quarter of 2021. As indicated above, in respect of the debt capacity redetermination under the RBL Facility, the Group announced on 26 February 2021 that c.US\$1.7 billion of debt capacity has been agreed between the Company and the global technical banks under the RBL Facility; this remains subject to approval by a majority of lending banks under the RBL Facility and, once approved, will be effective from 26 February 2021.

As described in Section 7 (*Industry Update*) below, Brent oil prices have increased from their lows in March and April 2020 with prices averaging c.US\$60/bbl over the first half of February 2021. This increase is as a result of good OPEC+ discipline and commitment, from Saudi Arabia in particular, in managing and continuing supply reductions, inventory draws, a high level of compliance within OPEC+ and increasing market confidence with the roll out of several approved COVID-19 vaccines.

Whilst there remains significant uncertainty as to how sustainable the recovery in oil prices will be, the Directors recognise that a sustained improvement in the oil price would provide some support to the financial position of the Group as it continues to explore portfolio management and other mitigating actions beyond the Transaction and the Dussafu Transaction. However, the overall reduction in oil price since the end of the 2019 financial year resulted in the Group reducing its long-term accounting oil price assumption and lowering its near-term oil price forecasts, causing the Group to recognise a net impairment charge on "Property, Plant and Equipment" of US\$418 million in respect of the first half of 2020 (1H 2019: US\$12 million).

As demonstrated at the Group's Capital Markets Day, Tullow's portfolio has substantial potential and a large resource base associated with its producing assets in West Africa where there is extensive infrastructure in place. Tullow believes that these assets, managed with a rigorous focus on costs, will generate material cash flow over the next decade, which the Group anticipates will enable reduction of its current debt levels and



deliver significant value for its host nations and investors. Tullow intends to deliver production growth in the medium term and the ability to sustain production over the longer term.

Separately, Tullow retains a 50 per cent. stake in an onshore development project in Kenya for which the Kenyan government has agreed an extension of the Second Additional Exploration Period for the 10BB and 13T licence blocks until 31 December 2021. This extension will provide time for Tullow and its joint venture partners to conduct a comprehensive review of the development concept to ensure it continues to be robust even at low oil prices and to consider the strategic alternatives for the asset.

Tullow has a focused but extensive portfolio in Africa and South America. Drilling of the Goliathberg-Voltzberg North (GVN-1) exploration well in Block 47 in Suriname started in late January 2021 and work continues on developing the prospect inventory on the Orinduik and Kanuku licences offshore Guyana.

As of 31 December 2020, Tullow had 60 per cent. of its 2021 sales revenue hedged. 2021 is hedged with a floor of approximately US\$48/bbl, whilst retaining good access to upside in oil prices with caps averaging US\$67/bbl. As of 28 February 2021, 2022 sales revenue is currently hedged at 16 per cent. with a floor of approximately US\$41/bbl. Tullow's realised oil price for 2020 was approximately US\$51/bbl (versus an average of US\$41.8/bbl for Brent oil price for the year) including the benefit of approximately US\$219 million of net hedge receipts during the period.

On 21 October 2020, Tullow Uganda and Total Uganda entered into a binding tax agreement with the Government of Uganda and the Ugandan Revenue Authority, representing one of the conditions to closing under the Ugandan Sale and Purchase Agreement. Following satisfaction of this condition, closing of the Ugandan Transaction took place on 10 November 2020, with US\$500 million being received from Total as part consideration for the Ugandan Interests. Once a final investment decision is taken (which is expected in 2021), Tullow will receive an additional US\$75 million payment by way of deferred consideration with further contingent payments linked to Brent oil price payable after production from the Ugandan Interests commences.

As announced on 21 April 2020, Rahul Dhir was appointed as Chief Executive Officer and as Executive Director of the Group with effect from 1 July 2020. Mr Dhir joined Tullow from Delonex Energy, where he was CEO of the Africa-focused oil and gas company. Prior to Delonex, Mr Dhir served as Managing Director and CEO of Cairn India.

As of 9 September 2020, Dorothy Thompson (who was the interim Executive Chair) reverted to her previous role of Non-Executive Chair following Mr Dhir's appointment and a transition of duties.

As announced on 9 September 2020, Mitchell Ingram was appointed as an independent Non-Executive Director of the Company with immediate effect. Mr Ingram held senior positions at Occidental Petroleum, BG Group and, most recently, at Anadarko where he was the Executive Vice-President International, Deepwater and Exploration with responsibility for Anadarko's project management, HSE, Gulf of Mexico Deepwater Operations, Exploration, and assets in Algeria and Ghana, including the Tullow-operated Jubilee and TEN fields.

## **7. INDUSTRY UPDATE**

2020 was a year dominated by the COVID-19 pandemic and resulting oil price crash, with a Brent price averaging c.US\$42/bbl albeit showing strong recovery in early 2021 towards spot prices of c.US\$60/bbl in February 2021. Prices began to decline in February 2020 on concerns over the outbreak of COVID-19, the risk of softening oil demand, weakening refining margins and easing geopolitical tensions in the Middle East. Oil prices that started the year within touching distance of US\$70/bbl (Brent), fell to US\$55/bbl levels on news of the spread of COVID-19. Oil futures prices ended February significantly lower with Brent showing monthly declines of more than 12 per cent. to reach their lowest monthly values in almost two-and-a-half years. Uncertainties over the extent of the demand destruction triggered sell-offs in the market, leading to oil futures prices plunging by more than 33 per cent. in the first ten days of March.

In an effort to alleviate the stark global oil market imbalance, OPEC and non-OPEC countries participating in the Declaration of Cooperation (the "DoC") convened two extraordinary Ministerial Meetings, on 9 and 12 April 2020. They reaffirmed their continued commitment to a stable market, and agreed to adjust downwards their overall crude oil production by a historic 9.7 mb/d, effective 1 May 2020. The agreement stated that OPEC+ expects total global oil cuts to reach as much as 20 mmb/d, with G20 and other oil-producing nations contributing by strategic petroleum reserve purchases or natural production reductions. The agreement stated that the OPEC+ reductions would be in place until 2022 and revisited at subsequent OPEC+ meetings.

May 2020 brought optimism, as crude prices bounced back. Spot crude oil prices continued rising in June, driven by prospects that the oil market would tighten further in the second half of 2020. July marked the third consecutive month of increases, supported by the decision of OPEC and non-OPEC countries participating in the DOC to adjust production. By late July, Brent had recovered by c. US\$24/bbl from the lows seen in April.

Global growth recovered in the third quarter of 2020, supported by exceptional fiscal and monetary stimulus and the easing of early lockdown measures. Savings mainly in OECD economies during the lockdown built a solid base for reviving consumption, as well as lifting global trade and investment. This growth slowed in September as spot crude prices settled lower. This decline was the result of several factors, including a softening recovery of crude market fundamentals amid the continuing increase of COVID-19 new cases globally.

Prices bounced back in November 2020, following a rally in crude futures contracts after positive news on COVID-19 vaccines. Nonetheless, weak refining margins, increases in crude oil supply and high stocks levels constrained prices, which averaged US\$50/bbl during December. At the end of the year, OPEC+ reached a compromise agreement to add 500kb/d day of production to the market in January 2021, confirming the commitment under the DoC decision from 12 April 2020 to gradually return 2mb/d.

Spot crude prices rose in January 2021. Major physical crude benchmarks increased c.10 per cent. on a monthly average amid continuing improvements in market fundamentals, particularly prospects for tighter crude supply and declining oil stocks, and the prospects of improving heating oil demand following cold weather globally. This has continued into February, with Brent prices averaging c.US\$60/bbl over the first half of the month. Hedge funds and other managers appeared positive about the oil price outlook, raising net long positions by c.11 per cent. in January. Demand outlook looks positive as additional stimulus measures in the US and an accelerating recovery in Asian economies are expected to boost the 2021E global economic forecast.

## **8. PROFILE AND STRATEGY FOR THE RETAINED GROUP**

The Company is a well-established and recognised oil and gas producer and explorer operating across Africa and South America. Following Completion, Tullow will continue to focus on delivering cost effective and efficient production from its operating assets, in particular its large resource base associated with its producing assets in West Africa where it has extensive infrastructure already in place.

Since December 2019, Tullow has taken significant steps to re-base its business through a major restructuring of its organisation and cost base which has led to substantial savings. This work has continued with the arrival of Rahul Dhir as Chief Executive Officer in July 2020 who commissioned a comprehensive review of Tullow's portfolio and corporate strategy which led Tullow to exit a number of exploration licences and countries. Following completion of this review, the Group held a Capital Markets Day on 25 November 2020 at which Tullow's senior management presented the New Business Plan and Operating Strategy to investors and the wider market. The New Business Plan and Operating Strategy, alongside rigorous focus on costs, is expected to generate material cash flow over the next decade, which the Group anticipates will enable reduction of its current debt levels and deliver significant value for its host nations and investors. The New Business Plan and Operating Strategy will deliver production growth in the medium term and the ability to sustain production over the longer term.

Tullow has attractive opportunities to unlock value in Kenya. These require an innovative approach and a deep geoscience and engineering expertise but do not require significant capital investment in the evaluation phase. Tullow is in the process of re-assessing Project Oil Kenya (being its appraisal project in the South Lokichar basin) to design an economic project at low oil prices whilst preserving the phased development concept. In South America, Tullow has material positions in emerging basins with substantial acreage in Suriname, Guyana and Argentina. Tullow's current focus is to better understand the prospectivity in these basins and look at the most optimal plans to deliver value whilst reducing capital expenditure.

The 2019 business review also identified significant savings that could be achieved by making the Company a more efficient and effective organisation. As indicated in the half-yearly financial report for the six months ended 30 June 2020, the Company is expected to deliver sustainable cash savings of approximately US\$125 million per annum, delivered through a number of efficiency measures, including office closures. The Company reduced employee numbers by 53 per cent. by 31 December 2020 compared to 31 December 2019 and is also in the process of implementing further organisational and redesigning processes, including business planning and operational forecasting, which will lead to further reductions in employee numbers and cost.

The Company aims to maintain a prudent financial strategy with diverse sources of funding. Debt reduction and active management of the Company's debt maturities will remain a priority, with portfolio action being an

important component to delivering a more conservative capital structure. The Ugandan Transaction represented the first significant step in raising material proceeds from portfolio management, in order to further streamline the business and reduce Net Debt. Closing of the Ugandan Transaction on 10 November 2020 raised US\$500 million, with a further US\$75 million of deferred consideration payable when a final investment decision is taken (expected in 2021), and additional contingent payments linked to Brent oil price payable after production from the Ugandan Interests commences. The Transaction proposed in this document and the Dussafu Transaction represent further steps in the Group's management of its portfolio in line with its strategic objectives.

The Board also announced its decision to suspend the Company's dividend payment in December 2019. In the Company's half-yearly financial report for the six months ended 30 June 2020, the Company confirmed that the Directors intend to recommend that no 2020 interim dividend be paid in order to further preserve cash.

Ordinarily, the Company actively hedges its exposure to oil prices and it has a policy of hedging its expected sales volumes on a graduated two-year rolling basis with the aim to ensure that 60 per cent. of its expected production for the current calendar year and 30 per cent. of its expected production for the following calendar year is hedged. However, as a result of the prevailing low forward prices for Brent oil in early 2020, the Company ceased to enter into new hedging contracts on 25 February 2020. Hedging activity resumed on 3 July 2020, when oil prices reached a level at which the Company considered it appropriate to resume hedging, with a focus on increasing its 2021 hedging position. As of 31 December 2020, Tullow had 60 per cent. of its 2021 sales revenue hedged. 2021 is hedged with a floor of approximately US\$48 /bbl, whilst retaining good access to upside in oil prices with caps averaging US\$67/bbl. As of 28 February 2021, 2022 sales revenue is currently hedged at 16 per cent. with a floor of approximately US\$41/bbl. Liquidity risk will continue to be monitored closely through cash flow forecasts and sensitivity analyses. The Company will also continue to manage credit risk by assessing the creditworthiness of potential counterparties before entering into transactions with them, and by continuing to evaluate their creditworthiness after transactions have been initiated. Further, the Company intends to maintain insurance policies in line with customary industry practices, including business interruption insurance to protect against loss of production from its material assets.

## **9. INFORMATION ON THE INTERESTS**

The Interests that Tullow Netherlands has agreed to transfer to Panoro Netherlands comprise the entire issued share capital of Tullow EG which holds an undivided 14.25 per cent. participating interests in and under the Interest Documents, including relating to the development and production interests in two offshore licenses, encompassing the Ceiba field and Okume Complex. During 2020, Tullow EG's working interest production in these fields was 4,800bopd.

Tullow EG acquired an interest in the Block G PSC in 2004, including the Ceiba field, which was on production and the Okume Complex fields through the acquisition of Energy Africa, a partner in the block from the first discovery. In late November 2017, Kosmos Energy Ltd and Trident Energy Management Limited completed the acquisition of the shares in the Hess Corp. licensee entity for US\$650 million through a jointly held entity, Kosmos-Trident Equatorial Guinea Inc., and this entity took over as operator of the Ceiba field and Okume Complex fields. In February 2019 the equity jointly held by Kosmos-Trident Equatorial Guinea Inc. was split equally between Kosmos Energy Equatorial Guinea and Trident Equatorial Guinea Inc., with Trident Equatorial Guinea Inc. becoming the operator.

### *Ceiba field*

The Ceiba field lies approximately 35 kilometres offshore Equatorial Guinea in Block G in the Rio Muni Basin. The field was developed in phases, with the first phase including five production wells tied back to an FPSO via flowlines connected to subsea manifolds. First oil was achieved in November 2000.

The second phase of the development was designed to increase production capacity and commence water injection including replacement of the FPSO and a drilling campaign of seven wells. The Sendje Ceiba FPSO is moored at 92 metre water depth and has a design capacity of 120,000 bopd, water injection facilities enabling up to 125,000 bwpd injection and storage capacity of 2 MMbbls. Several additional drilling campaigns have been undertaken on the field post this second phase, including subsea architecture expansion to 6 key well clusters.

### *Okume Complex*

Discovered in June 2001, the Okume Complex is located approximately 29 kilometres offshore Equatorial Guinea in Block G of the Rio Muni Basin, approximately 25 kilometres northeast of the Ceiba field. The Okume Complex is composed of five fields, Okume, Oveng, Ebano, Elon and Akom North.

The Government of Equatorial Guinea approved the plan of development for the Okume Complex in July 2004. The integrated development comprises of two tension leg platforms, a key processing platform on Elon and three satellite platforms. Production flows from the two tension leg platforms and satellite platforms to a central processing platform located at the Elon field, from where dry oil is transferred via a 24 kilometre subsea pipeline to the Sendje Ceiba FPSO. The FPSO has a storage capacity of 2.0 MMbbls of crude oil.

Production commenced at the Okume Complex in December 2006. Several drilling campaigns have been undertaken across the five fields, the most recent in 2015, with a further campaign on Elon planned for 2021 comprising three firm wells. In addition, artificial lift optimisation (gas lift to electric submersible pump conversions on key wells) and installation of additional water handling and injection capacity is ongoing.

### *Interests Offtake and marketing*

The offtake arrangements involved the use of the Sendje Ceiba FPSO from which crude oil is sold free on board. Tullow markets its own entitlements from these Interests as spot cargoes.

## **10. DUSSAFU TRANSACTION**

In the Announcement, Tullow also announced that the Dussafu Sale and Purchase Agreement, also with an effective date of 1 July 2020, had been entered into with Panoro on 9 February 2021 pursuant to which Tullow Gabon has agreed to transfer to Pan Gabon for cash consideration detailed below, the entirety of Tullow's interests in: (i) the 10 per cent. undivided legal and beneficial interest in the Dussafu PSC; (ii) and under the Dussafu JOA and the other Dussafu Documents; (iii) the right to take and receive a consequent share of all petroleum attributable to Tullow's interest in subparagraph (i) and (ii) and (subject to tax) the gross proceeds from the sale or other disposition thereon and after the effective date; and (iv) a consequent share of Tullow's right, title and interest in and to jointly owned funds, Dussafu Joint Property and all other assets which are attributable to Tullow's interest in subparagraph (i) and (ii) (the "Dussafu Assets").

The Dussafu Sale and Purchase Agreement concerns the transfer of the Dussafu Assets from Tullow Gabon to Pan Gabon in exchange for: (i) US\$46 million in cash at Dussafu Completion (based on an effective date of 1 July 2020 and subject to customary working capital and other adjustments); and (ii) possible contingent consideration of up to US\$24 million in aggregate once production commences from the Hibiscus and Ruche discoveries and the daily production associated with the developments related to the Hibiscus and Ruche discoveries achieves an agreed daily average, subject to future oil prices. Contingent consideration which is due and payable by Pan Gabon is subject to an amount being held in escrow by Pan Gabon against any warranty claims brought by Pan Gabon against Tullow Gabon under the Dussafu Sale and Purchase Agreement after Dussafu Completion in circumstances where Tullow is insolvent or otherwise in financial distress, further details of the contingent consideration thresholds and retention are set out in Section 7 of Part VII (*Additional Information*) of this document.

The existing parties to the Dussafu PSC have entered into certain agreements to settle a dispute concerning inter alia Tullow Gabon's payment to BW Energy of US\$9.35 million and a corresponding cost recovery entitlement assignment to Tullow Gabon for the same amount. The proposed settlement extinguishes all disputed items and claims between the parties. Under the Dussafu Sale and Purchase Agreement, the parties have agreed that Tullow Gabon will retain US\$5 million of the liability for the settlement amount (of which US\$1 million may be reimbursed by Pan Gabon), resulting in a liability of US\$4.35 million or US\$5.35 million for Pan Gabon. The Dussafu Sale and Purchase Agreement provides that if, within 180 days of Dussafu Completion, (i) the DGH's non-objection condition under the BW Transfer Agreement is satisfied or waived by the parties to the BW Transfer Agreement or (ii) the DGH objects under the BW Transfer Agreements but the parties to the BW Transfer Agreement enter into another agreement on substantially the same terms as the previous agreements to settle such dispute which the DGH does not object to, Pan Gabon will reimburse US\$1 million of Tullow Gabon's US\$5 million liability within 5 Business Days of the occurrence of the event in (i) or (ii).

Signing of the Dussafu Sale and Purchase Agreement was conditional on receipt by Tullow from Panoro of the Commitment Letter and the Trafigura Guarantee, which were received on 9 February 2021. The Trafigura Ventures debt facility is split into two tranches, with the Dussafu Tranche being for an amount up to

US\$35 million. The Commitment Letter provides that the Dussafu Tranche will be fully underwritten by Trafigura Ventures with the amount of the loan made available thereunder being increased from US\$27 million to up to US\$35 million if the loan under the Equatorial Guinea Tranche is made prior to, or on the same day as, the loan under the Dussafu Tranche. The terms of the Commitment Letter are such that the financing of the Dussafu Tranche and the Equatorial Guinea Tranche are not inter-conditional, with the tranches being capable of being utilised independently of each other, subject to the condition set out above relating to the amount of the debt funding for the Dussafu Tranche.

Additional financing for the Dussafu Transaction and the Transaction will be provided by the Panoro Equity Financing Arrangements referred to in Section 3 of this letter. As at the date of this document, the Panoro Placing Shares have, except for a limited number of Panoro Placing Shares issued under existing shareholder authorities, been conditionally placed with institutional investors, subject to the approval of Panoro Shareholders of the Panoro Equity Financing Arrangements at the Panoro General Meeting. The approval of Panoro Shareholders at the Panoro General Meeting is therefore also a condition to completion of the Dussafu Sale and Purchase Agreement.

The Dussafu Transaction is classified as a Class 2 transaction as defined by Chapter 10 of the Listing Rules. As such, the Dussafu Transaction is not conditional on the approval of the Shareholders. However, completion of the Dussafu Sale and Purchase Agreement is subject to a number of conditions in addition to the approval by Panoro Shareholders of the Panoro Equity Financing Arrangements, including:

- Tullow Gabon having notified the relevant Gabon governmental authority of the Dussafu Transaction and either (i) having obtained a copy of the letter by which the relevant Gabon governmental authority confirms its approval of the Dussafu Transaction on behalf of Gabon, or (ii) the 30 day period referred to under the Dussafu PSC having expired without having expressed its opposition to the Dussafu Transaction within this period;
- Tullow Gabon having received written consent of each party to the Dussafu JOA to the Dussafu Transaction in accordance with Article 12.1(E) of the Dussafu JOA; and
- if applicable, release from and termination of the BW Energy pledge in respect of the Dussafu Assets and Tullow Gabon.

The parties to the Dussafu Sale and Purchase Agreement have undertaken to use all reasonable endeavours to procure the fulfilment of the Gabon governmental authority consent condition and the release from the BW Energy pledge condition. Panoro and Pan Gabon have additionally undertaken to use all reasonable endeavours to procure the fulfilment of the Panoro shareholder approval condition and Tullow Gabon has additionally undertaken to use all reasonable endeavours to obtain the consent of each other party to the Dussafu JOA to the Dussafu Transaction. Under such undertakings the relevant party(ies) have undertaken to use all reasonable endeavours to procure the fulfilment of the relevant condition(s) as soon as possible after the signing date of the Dussafu Sale and Purchase Agreement and in any event by no later than 5.00 pm London on the Long Stop Date, being the first anniversary of the date of the Dussafu Sale and Purchase Agreement (unless the parties mutually agree to extend such date).

A summary of the terms of the Dussafu Sale and Purchase Agreement is set out in Section 7 of Part VII (*Additional Information*) of this document.

Had Dussafu Completion also occurred on 30 June 2020, the Group's total assets would have, before receipt of cash proceeds, reduced by US\$46.3 million, being the total asset amount of the Dussafu Assets as at 30 June 2020. The losses in respect of the Dussafu Assets for the six month period ended 30 June 2020 were US\$27.4 million.

Subject to Dussafu Completion, the Dussafu Transaction will remove all future capital expenditure associated with Dussafu PSC, estimated to be around US\$14 million in 2021, such that, following Dussafu Completion, while the Group will retain a number of other assets in Gabon, it will have no exposure to Dussafu PSC beyond the additional contingent payments linked to production and oil price through the potential contingent cash consideration described in more detail in Section 7 of Part VII (*Additional Information*) of this document. Upon Dussafu Completion, the Group's production forecast for 2021 will be reduced by c.1,500 bopd, the Group's 2P reserves will be reduced by approximately 5 mmboe, 3P reserves will be reduced by approximately 10 mmboe and 2C resources will be reduced by approximately 5 mmboe.

Subject to the satisfaction of the conditions to the Dussafu Transaction, the Dussafu Transaction is expected to complete in the first half of 2021.

## 11. DESCRIPTION OF PANORO

Panoro is an independent exploration and production company based in London and listed on the main board of the Oslo Stock Exchange with the ticker PEN. Panoro holds production, exploration and development assets in Africa, namely the Dussafu License offshore southern Gabon, OML 113 offshore western Nigeria (held-for-sale, subject to completion), and the TPS operated assets, Sfax Offshore Exploration Permit and Ras El Besh Concession, offshore Tunisia. Subject to completion of certain conditions, Panoro has also farmed-into an exploration block in South Africa (Block 2B). Panoro is the operator of some of the Tunisian assets. Panoro holds 9.6 million equivalent of 2P reserves (at the end of 2019 excluding Nigerian reserves held for sale) with 2020 net production of 2,219 bopd.

In 2019, Panoro reported net cash flow generated from operating activities of US\$12.3 million and adjusted net income of US\$10.2 million. The financial information set out in this paragraph has been extracted without material adjustment from Panoro's audited consolidated financial statements for the year ended 31 December 2019. As at 30 June 2020, Panoro held cash balances of US\$19 million (including cash held for bank guarantee) on its balance sheet.

## 12. INTERESTS AND OPERATORSHIP FOLLOWING THE TRANSACTION

Following Completion, the Retained Group will have interests in 59 licences in 10 countries and will be operator of: (i) two producing fields, the TEN and Jubilee fields in Ghana; (ii) four development blocks in Kenya; and (iii) 25 exploration licences spread across Africa and South America.

If the Dussafu Transaction also completes in 2021, the Retained Group's number of interests will be reduced to 58 licences in 10 countries.

## 13. WORKING CAPITAL

Your attention is drawn to the working capital statement in Section 12 of Part VII (*Additional Information*) of this document. As set out in Section 12 of Part VII (*Additional Information*) of this document, Tullow is of the opinion that the Retained Group does not have sufficient working capital for its present requirements, which is for at least the next 12 months from the date of this document.

## 14. RISK FACTORS

For a discussion of the risks and uncertainties which you should take into account when considering whether to vote in favour of the Resolution, please refer to Part II (*Risk Factors*) of this document.

## 15. GENERAL MEETING

A General Meeting is being convened at the offices of Tullow Oil plc, at 9 Chiswick Park, 566 Chiswick High Road, London W4 5XT at 12 noon (London time) on 18 March 2021 for the purpose of seeking Shareholder approval of the Resolution. A notice of the General Meeting is set out at the end of this document.

As described further in Section 16 below, the General Meeting will be a closed meeting. **Shareholders should not attempt to attend the General Meeting in person.** Any Shareholders who attempt to attend in person will be refused entry. **Shareholders should instead vote in advance by proxy**, as described in Section 16 below.

The Resolution will be proposed as an ordinary resolution requiring a majority of votes in favour. The Resolution proposes that the Transaction be approved and the Directors be authorised to take all steps as may be necessary, expedient or desirable to implement the Transaction.

## 16. ACTION TO BE TAKEN

In light of the social distancing measures aimed at reducing the transmission of the COVID-19 virus in the United Kingdom, please note that attendance at the General Meeting in person is not possible and Shareholders should instead vote in advance by proxy by appointing the Chair of the General Meeting as their proxy in respect of all of their shares to vote on their behalf.

Continued Shareholder engagement remains very important to the Company and Shareholders will therefore be able to listen to a live audio-cast of the General Meeting and submit questions remotely throughout, as was possible for the Company's 2020 Annual General Meeting. Shareholders may also submit questions in advance via [ir@Tullowoil.com](mailto:ir@Tullowoil.com). Detailed instructions about voting by proxy and accessing the audio-cast are set out in Part X (*Notice of General Meeting*) of this document.

**Whether participating in the audio-cast or not, Shareholders are strongly encouraged to appoint the Chair of the General Meeting as their proxy, by completing and signing the enclosed Form of Proxy or by appointing a proxy via CREST or online.**

You will find enclosed with this document a Form of Proxy for the General Meeting. You are asked to complete the Form of Proxy in accordance with the instructions printed on it and return it to Tullow's Registrars: (i) in the UK, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, as soon as possible and, in any event, so as to be received by no later than 12 noon (London time) on 16 March 2021, being 48 hours (excluding any part of a day that is not a working day) before the time appointed for the holding of the General Meeting; or (ii) in Ghana, The Central Securities Depository (Ghana) Limited, 4th Floor, Cedi House, P.M.B CT 465 Cantonments, Accra, Ghana, as soon as possible and, in any event, so as to be received by no later than 11.00 a.m. (local time) on 15 March 2021, being 72 hours (excluding any part of a day that is not a working day) before the time appointed for the holding of the General Meeting.

To ensure that all proxy votes can be counted and exercised at the General Meeting, Shareholders should ensure that they appoint the Chair of the Meeting as their proxy rather than any other individual(s). Due to the restrictions on physical attendance at the General Meeting, any other individual(s) will not be able to attend, speak or vote on members' behalf.

CREST members who wish to appoint a proxy through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the following website: [www.euroclear.com](http://www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf. You must appoint a proxy through CREST by no later than 12 noon (London time) on 16 March 2021, being 48 hours (excluding any part of a day that is not a working day) before the time appointed for the holding of the General Meeting. Further details are set out in the Notice of General Meeting set out in Part X (*Notice of General Meeting*) of this document.

As an alternative to appointing a proxy using the Form of Proxy or CREST, you can appoint a proxy online at: [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). In order to appoint a proxy using this website, you will need their Control Number, Shareholder Reference Number and PIN. This information is printed on the Form of Proxy. You must appoint a proxy using the website by no later than 12 noon (London time) on 16 March 2021, being 48 hours (excluding any part of a day that is not a working day) before the time appointed for the holding of the General Meeting.

In addition, members who are institutional investors may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by Computershare Investor Services PLC. For further information regarding Proxymity, please visit [www.proxymity.io](http://www.proxymity.io). You must appoint a proxy via Proxymity by no later than 12 noon (London time) on 16 March 2021, being 48 hours (excluding any part of a day that is not a working day) before the time appointed for the holding of the General Meeting. Before appointing a proxy via Proxymity, members will need to agree to Proxymity's associated terms and conditions. You should read such terms and conditions carefully as you will be bound by such terms and conditions, which will govern the electronic appointment of your proxy.

## **17. FURTHER INFORMATION**

The expected timetable of principal events for the Transaction are set out on page 7 of this document.

Further information regarding the terms of the Transaction is set out in Part VI (*Summary of the Principal Terms of the Transaction*) of this document.

**Shareholders are advised to read the whole of this document and the accompanying Form of Proxy and not rely solely on the summarised information set out in this letter, including the summarised financial information.**

## **18. RECOMMENDATION TO SHAREHOLDERS**

### **Importance of vote**

Your attention is drawn to the fact that the Transaction is conditional and dependent upon, amongst other things, the Resolution being passed at the General Meeting.

Shareholders are asked to vote in favour of the Resolution in order for the Transaction to proceed. If the Resolution is not passed by Shareholders, the Transaction cannot complete and the Company will not receive the proceeds of the Transaction.

Further to completion of the Ugandan Transaction and the announcement of the Dussafu Transaction alongside the announcement of the Transaction on 9 February 2021, the Board would emphasise to Shareholders that the Transaction represents another step in progressing the Board's strategy of raising material proceeds from portfolio management in order to further streamline the business and reduce Net Debt. If the Transaction does not proceed, the Group may lose this opportunity to realise proceeds for the Interests at an attractive valuation and to reduce Net Debt. Together with the Dussafu Transaction, the Transaction is expected to provide positive impetus to the Group's ongoing constructive discussions with its creditors.

The Group's RBL Facility contains, among other things, a Liquidity Forecast Test, which is described in more detail below. The Group announced in its Trading Statement and Operational Update on 27 January 2021 that it had agreed with the lenders under the RBL Facility to an extension of the January 2021 redetermination date by up to one month. As announced by the Group on 26 February 2021, following the February 2021 redetermination, c.US\$1.7 billion of debt capacity has been agreed between the Company and the global technical banks under the RBL Facility; this remains subject to approval by a majority of lending banks under the RBL Facility and, once approved, will be effective from 26 February 2021. The next scheduled redetermination of the Group's debt capacity under the RBL Facility is due to take place by the end of September 2021.

With regard to the Liquidity Forecast Test, a failure to satisfy this test may lead to an event of default under the RBL Facility. As set out in Section 12 of Part VII (*Additional Information*) of this document, completion of the Transaction is not forecast to fully mitigate the potential liquidity shortfall in respect of the Liquidity Forecast Test which is currently in progress. However, as demonstrated by the recent completion of the Ugandan Transaction and the announcement of the Dussafu Transaction on 9 February 2021, the Group is committed to reducing its overall level of Net Debt and the Transaction represents a further important step towards achieving this.

It is not possible for the Board, particularly in light of current trading conditions and, especially, the COVID-19 pandemic and the high levels of market volatility and uncertainty arising therefrom, to determine with absolute certainty the quantum of any forecasted liquidity shortfall which could result in a failure to pass the Liquidity Forecast Test.

However, based on (i) current trading expectations and the average realisable oil price the Directors believe to be applicable for the assessment of the reasonable worst case scenario (as described below) and (ii) all of the Group's debt obligations being repaid in full on the contractual maturity dates (rather than refinanced in accordance with past practice) which includes the Convertible Bonds due in July 2021 and maturity of the US\$650 million 2022 Senior Notes in April 2022, the Group's working capital projections forecast a potential liquidity shortfall (as set out further below) during the 18-month period relevant to the Liquidity Forecast Test assessment which is currently in progress.

Failure to pass the Liquidity Forecast Test which is currently in progress, as described in more detail below, could result in an event of default under the RBL Facility, allowing the lenders under the RBL Facility, at their discretion, to cancel the RBL Facility and demand that all outstanding borrowings under the RBL Facility be repaid and/or enforce their security rights, which could in turn trigger cross-defaults under the other financing arrangements of the Retained Group (namely the Convertible Bonds, the 2022 Senior Notes and the 2025 Senior Notes) by the end of April 2021. Should the lenders under the RBL Facility decide to exercise their right to demand that all outstanding borrowings under the RBL Facility be repaid and the Group's remaining creditors exercise their right to trigger a cross-default under the Group's other financing arrangements, resulting in the borrowings under such arrangements being accelerated such that the entirety of the Group's borrowings become immediately repayable, the amount repayable was US\$3.18 billion as at 31 December 2020. The financial information set out in this paragraph has been extracted without material adjustment from the Company's unaudited management accounts for the month ended 31 December 2020.

(a) Relevant provisions of the RBL Facility

Under the RBL Facility the Group is required to demonstrate to the satisfaction of the majority of lenders under the RBL Facility that there are, or will be, sufficient funds available to the Group to meet the Group's financial commitments over the period of 18 months from the day following the relevant liquidity assessment (the "Liquidity Forecast Test"). A Liquidity Forecast Test is part of each redetermination of the Group's debt capacity under the RBL Facility.



(b) Timing and action plan in respect of the Liquidity Forecast Test which is currently in progress

In the event that:

- i. Completion does not occur, the consequence for the Group would be that, in the reasonable worst case scenario, a potential liquidity shortfall in relation to the Group's financial commitments of approximately US\$486 million is first forecasted to arise in April 2022 (which is within the 18-month testing period from March 2021 to August 2022 inclusive that is relevant to determining whether the Company will pass the Liquidity Forecast Test which is currently in progress); and
- ii. Completion does occur, the consequence for the Group would be that, in the reasonable worst case scenario, a reduced potential liquidity shortfall in relation to the Group's financial commitments of approximately US\$365 million is first forecasted to arise in April 2022 (which is within the 18-month testing period from March 2021 to August 2022 inclusive that is relevant to determining whether the Company will pass the Liquidity Forecast Test which is currently in progress).

The above scenarios have been modelled on (i) what the Directors believe to be the reasonable worst case scenario based on the average realisable oil price being US\$45/bbl for the 2021 financial year and US\$47.5/bbl for the 2022 financial year and (ii) Dussafu Completion having been reached. If the Company is unable to demonstrate to the satisfaction of the majority of its lenders under the RBL Facility that there are, or will be, sufficient funds available to the Group to meet the Group's financial commitments for the 18-month testing period from March 2021 to August 2022 inclusive, and the Company is unable to cure the forecast liquidity shortfall by the end of April 2021, there would be an event of default under the RBL Facility by the end of April 2021. The position for the base case scenarios is set out in the working capital statement in Section 12 of Part VII (*Additional Information*).

Such event of default would allow the lenders under the RBL Facility, at their discretion, to cancel the RBL Facility and demand that all outstanding borrowings under the RBL Facility be repaid and/or enforce their security rights. This would in turn trigger other creditors' rights to call cross-defaults under the other financing arrangements of the Group (namely the Convertible Bonds, the 2022 Senior Notes and the 2025 Senior Notes) which could result in the entirety of the Group's borrowings potentially becoming immediately repayable by the end of April 2021.

The Directors note that passing the Liquidity Forecast Test which is currently ongoing would require satisfying a majority of lenders in relation to the Group's liquidity. This is therefore outside the control of the Group.

At the Capital Markets Day, Tullow's senior management laid out the New Business Plan and Operating Strategy. The New Business Plan and Operating Strategy is focused on short-cycle, high-return opportunities and the substantial potential associated with Tullow's producing assets within its large resource base. The New Business Plan and Operating Strategy, alongside a rigorous focus on costs, is expected to generate material cash flow over the next decade, which the Group anticipates will enable reduction of its current debt levels and deliver significant value for its host nations and investors. The New Business Plan and Operating Strategy will deliver production growth in the medium term and the ability to sustain production over the longer term.

In connection with its stated divestment strategy, the Group has already completed the Ugandan Transaction and announced the terms of the Transaction and the Dussafu Transaction on 9 February 2021. The Transaction represents a further positive step in the Group's portfolio management strategy of raising material proceeds to further streamline the business, reduce its overall level of Net Debt and address the forecasted liquidity shortfall in April 2022.

However, the Directors do not believe that the New Business Plan and Operating Strategy, the proceeds from the Uganda Transaction, the Dussafu Transaction and the Transaction are capable of fully addressing the forecasted liquidity shortfall, which could result in a failure to pass the Liquidity Forecast Test which is currently in progress. As announced in the Trading Statement and Operational Update on 27 January 2021, the Group's management has therefore commenced discussions with its creditors, the objective of which is to agree certain amendments to the terms, including the maturity dates, of some or all of the RBL Facility, the Convertible Bonds, the 2022 Senior Notes and the 2025 Senior Notes, that would enable the Group to pass the Liquidity Forecast Test which is currently in progress, with, if necessary, such amendments being approved by Shareholders. The Transaction is expected to provide positive impetus to the Group's ongoing constructive discussions with its creditors, however there can be no certainty that the creditors will agree to such amendments which are therefore outside the control of the Group. Accordingly, the Directors cannot be confident that the necessary amendments will be agreed in sufficient time for the Liquidity Forecast Test which is currently in progress, or at all.

### *Event of default*

The amount outstanding under the Group's RBL Facility which could be required to be repaid, should the lenders under the RBL Facility exercise their right to accelerate repayment of all amounts owing under the RBL Facility following an event of default under the RBL Facility as described above, was US\$1.43 billion as at 31 December 2020. The amount repayable should the Group's creditors then exercise their right to trigger a cross-default under the Group's other financing arrangements, resulting in the borrowings under such arrangements being accelerated such that the entirety of the Group's borrowings, including the amount outstanding under the Group's RBL Facility, become immediately repayable, was US\$3.18 billion as at 31 December 2020. The financial information set out in this paragraph has been extracted without material adjustment from the Company's unaudited management accounts for the month ended 31 December 2020.

In the circumstances described above, the Group might have to enter into insolvency proceedings and counterparties to material contracts might seek to exercise termination rights under those contracts. The ability of the Group to continue trading would depend on the Group being able to negotiate a refinancing proposal with its creditors and, if necessary, that proposal being approved by Shareholders. Whilst the Board would seek to negotiate such a refinancing proposal with its creditors, there is no certainty that the creditors would engage with the Board in those circumstances. There would therefore be a significant risk of the Group entering into insolvency proceedings, which the Directors consider would likely result in limited or no value being returned to Shareholders.

In the context of the current prospects of the Group, it is important that all Shareholders vote in favour of the Resolution so that the Transaction may proceed.

### **Recommendation**

The Board considers that the Transaction is in the best interests of Tullow and its Shareholders taken as a whole. Accordingly, the Board unanimously recommends that Shareholders vote or procure votes in favour of the Resolution to be proposed at the General Meeting.

The Directors each intend to vote in favour of the Resolution at the General Meeting in respect of their own Tullow Shares to which they are beneficially entitled.

Yours faithfully  
for and on behalf of Tullow

**Dorothy Thompson CBE**  
Non-Executive Chair

## **PART II—RISK FACTORS**

This Part II (*Risk Factors*) addresses the risks known to Tullow and the Directors as at the date of this document which are material risk factors to the proposed Transaction, will be material risk factors to the Group or, following Completion, the Retained Group as a result of the proposed Transaction, or are existing material risk factors to the Tullow Group which will be impacted by the proposed Transaction. The risk factors included are risks which could materially and adversely affect the business, financial condition, results of operations and/or prospects of the Group or, following Completion, the Retained Group, as appropriate. In such cases, the market price of the Tullow Shares could decline and investors may lose all or part of their investment.

Prior to making any decision to vote in favour of the Resolution, Shareholders should carefully consider, together with all other information contained in this document, the specific risks and uncertainties described below.

A number of factors affect the business, financial condition, results of operations and/or prospects of the Group or, following Completion, the Retained Group. The following is not an exhaustive list or an explanation of all risks that investors may face as holders of Tullow Shares and should be used as guidance only. Additional risks and uncertainties that are not presently known to the Group or, following Completion, the Retained Group, or that are currently deemed immaterial, may individually or cumulatively also have a material adverse effect on the Group's or, following Completion, the Retained Group's business, financial condition, results of operations and/or prospects. If any risk of which Tullow or the Directors are unaware, or that is currently deemed immaterial, should materialise, the market price of the Tullow Shares could decline and investors may lose all or part of their investment.

The information given is as at the date of this document and, except as required by the FCA, the London Stock Exchange, Euronext Dublin, the Ghana Stock Exchange, the Listing Rules, the Irish Listing Rules or any other applicable law, will not be updated. Any forward-looking statements are made subject to the reservations specified under "Forward-looking statements" on page 2 of this document.

### **1. RISKS RELATED TO THE TRANSACTION**

The following risks and uncertainties relate to the Transaction:

#### **Conditions and termination rights in the Sale and Purchase Agreement**

Completion of the Sale and Purchase Agreement is conditional upon the fulfilment or waiver of various conditions, including:

- (a) the Company having obtained the approval of its Shareholders as required under the Listing Rules;
- (b) approval by Panoro Shareholders of the Panoro Equity Financing Arrangements at the Panoro General Meeting;
- (c) the Ministry Condition;
- (d) release from certain existing security held by BNP Paribas as security trustee under the RBL Facility Agreement in respect of the shares and certain assets of Tullow EG; and
- (e) Tullow Convertible Bonds and Senior Notes Guarantee Condition.

The Ministry Condition was fulfilled on 3 February 2021 following written consent from the Minister of Mines and Hydrocarbons. When providing consent in satisfaction of the Ministry Condition, the Minister of Mines and Hydrocarbons notified Tullow Netherlands and Panoro that a fee is payable under Article 102 of Law No. 8/2006, dated November 3 of the Hydrocarbons Law of the Republic of Equatorial Guinea to the Treasury account of the Government of Equatorial Guinea. The total fee payable under Article 102 is US\$9 million and it has been agreed between Tullow, Panoro and the Government of Equatorial Guinea that this will be borne equally by Tullow and Panoro, being satisfied through the following payments (i) Tullow will pay US\$5 million at Completion; (ii) Panoro will reimburse Tullow US\$500,000 at Completion; and (iii) Panoro will pay the outstanding US\$4 million through two equal instalments in June 2021 and August 2021.

Under the Panoro Equity Financing Arrangements, Panoro has conditionally procured subscribers for the Panoro Placing Shares for an aggregate amount of US\$70 million. As at the date of this document, the Panoro Placing Shares have, except for a limited number of Panoro Placing Shares issued under existing shareholder authorities, been conditionally placed with institutional investors, subject to the approval of Panoro Shareholders of the Panoro Equity Financing Arrangements at the Panoro General Meeting. Whilst Panoro has undertaken in the Sale and Purchase Agreement to use all reasonable endeavours to procure that such

Panoro Shareholder approval is obtained, there can be no assurance that Panoro Shareholders will approve the Panoro Equity Financing Arrangements at the Panoro General Meeting and therefore that the Panoro Equity Financing Arrangements will complete. In the event that the Panoro Equity Financing Arrangements fail to complete, the Equatorial Guinea Tranche and the Dussafu Tranche will not be made available to Panoro and Panoro will be unable to fund the consideration payable in respect of the Transaction and the Dussafu Transaction.

The RBL Facility Agreement contemplates that any security relating to or over any borrowing base assets, which includes the Interests and the Dussafu Assets, will need to be released on a disposal of those assets. Where a disposal of a borrowing base asset is to be made, the RBL Facility Agreement includes a disposal mechanism which must be complied with for effective release of the security. As part of this disposal mechanism, Tullow is required to prepare a disposal projection in accordance with the terms of the RBL Facility Agreement showing the removal of Interests and the Dussafu Assets from the borrowing base. There is no requirement under the RBL Facility Agreement for lender consent to be obtained for Tullow's disposal projection, so long as it is prepared in accordance with the terms of the RBL Facility Agreement and verified as such by Lloyds Bank plc as the global modelling bank. Once the Interests cease to be designated as borrowing base assets, Tullow will be permitted pursuant to the terms of the RBL Facility Agreement to request the release of Tullow EG as an obligor and guarantor under the RBL Facility Agreement by submitting a request to Natixis as agent. So long as the Interests have ceased to be designated as borrowing base assets, no lender consent will be required for the release of Tullow EG as an obligor for the purposes of the finance documents entered into in connection with the RBL Facility Agreement and the finance parties shall be obliged to take the steps reasonably required by Tullow to ensure that Tullow EG ceases to be an obligor for the purposes of the finance documents entered into in connection with the RBL Facility Agreement, any security granted by Tullow EG is released and any security granted over the shares in Tullow EG is released. With respect to the release of security, the form of the deeds of release will need to be agreed between Tullow and the finance parties to the RBL Facility. Whilst there can be no assurance that the release of certain existing security held by BNP Paribas as security agent on behalf of the finance parties will be completed on a timely basis, due to the involvement of the global modelling bank and finance parties to the RBL Facility, it is currently envisaged that the necessary verification and execution of documentation will be forthcoming in a timely manner.

The Tullow Convertible Bonds and Senior Notes Guarantee Condition requires the giving by Tullow and Tullow Netherlands of a confirmation to Panoro Netherlands and Panoro stating, amongst other things, that (i) no fact, event or circumstance has occurred or been notified to Tullow or Tullow EG that would, or may cause, Tullow EG to incur any liability as guarantor under the Tullow Convertible Bonds or Senior Notes and (ii) any guarantees or other obligations provided or incurred by Tullow EG to any member of the Group or any third party in relation to any liability of the Group in respect of the Tullow Convertible Bonds and Senior Notes shall be released at Completion. Under the terms of the guarantees provided by Tullow EG in relation to the Tullow Convertible Bonds and Senior Notes (the "Tullow EG Convertible Bonds and Senior Notes Guarantees"), such guarantee obligations automatically and unconditionally release and discharge upon Completion. However, there can be no assurance that the Tullow EG Convertible Bonds and Senior Notes Guarantees will not be called by the holders (or the relevant trustees) of such Tullow Convertible Bonds and Senior Notes in the period between the date of the Sale and Purchase Agreement and Completion. In the event that a right to call arises in respect of any of the Tullow EG Convertible Bonds and Senior Notes Guarantees within this time period and liability is incurred thereunder by Tullow EG in its capacity as a guarantor of the relevant Tullow Convertible Bonds and Senior Notes or such guarantee cannot be effectively released in respect of Tullow EG on Completion, the Tullow Convertible Bonds and Senior Notes Guarantee Condition will not be satisfied and the Transaction may fail to complete.

The Sale and Purchase Agreement will terminate automatically if the conditions to Completion have not been fulfilled in accordance with the Sale and Purchase Agreement by the Long Stop Date, unless the parties mutually agree to extend such date.

If the Sale and Purchase Agreement is terminated as a result of Tullow's failure to obtain the approval of its Shareholders as required under the Listing Rules or breach by Tullow Netherlands of its undertaking to use its reasonable endeavours to procure fulfilment of the conditions to Completion (with the exception of the condition relating to Panoro shareholder approval) or where Panoro Netherlands terminates the Sale and Purchase Agreement due to failure by Tullow Netherlands or Tullow to comply with their Completion obligations (in circumstances where Tullow is at fault), then Tullow Netherlands shall pay to Panoro Netherlands by way of compensation an amount equal to the Tullow Break Fee, provided that in no event shall

Tullow be required to make a payment in respect of the Tullow Break Fee which exceeds the maximum amount permitted to be paid without the prior approval of the Shareholders pursuant to the Listing Rules.

If the Sale and Purchase Agreement is terminated as a result of Panoro's failure to obtain the approval of its shareholders of the Panoro Equity Financing Arrangements as required under section 10-1 et. Seq. of the Norwegian Public Limited Liability Companies Act 1997, as amended, or a breach by Panoro Netherlands of its undertaking to use its reasonable endeavours to procure fulfilment of the conditions to Completion (with the exception of the condition relating to the approval of Tullow Shareholders) or where Tullow Netherlands terminates the Sale and Purchase Agreement due to failure by Panoro Netherlands or Panoro to comply with their Completion obligations (in circumstances where Panoro is at fault), then Panoro Netherlands shall pay to Tullow Netherlands by way of compensation an amount equal to the Panoro Break Fee.

Tullow Netherlands and Panoro Netherlands also each have a right to terminate the Sale and Purchase Agreement between signing and Completion if: (i) the other party fails to comply with their Completion obligations at the date of Completion, or (ii) the other party breaches or becomes subject to any applicable international sanctions. In relation to (i) where Tullow Netherlands is the defaulting party, it must have materially failed to comply with its obligations and it shall be given 5 Business Days from receipt of notice from Panoro Netherlands to remedy the failure.

There can be no assurance that these termination rights will not be exercised if applicable. If they are so exercised, the Transaction will fail to complete.

If the Transaction does not complete on a timely basis, any of the risks and uncertainties set out in Section 2 of this Part II (*Risk Factors*) may adversely affect the Group's business, financial condition, results of operations and/or prospects.

### **Third party interference arising out of alternative transactions which may compete with the Transaction**

The Company could receive approaches from third parties seeking to instigate a public takeover of the Company or an alternative transaction involving the Interests. Although the Sale and Purchase Agreement is binding on Tullow and Tullow Netherlands (such that they would be obliged to proceed to Completion as applicable in the event that all conditions (including the obtaining of Shareholder approval) had been satisfied), the Directors would be obliged to consider any attractive alternative offer in accordance with their fiduciary duties and may as a result of any such offer withdraw their recommendation of the Resolution and the Transaction. Any such withdrawal of the Board's recommendation of the Resolution might delay or prevent Completion without necessarily resulting in completion of a more favourable transaction, which may adversely affect the Group's business, financial condition, results of operations and/or prospects.

### **Deferred contingent and additional contingent consideration**

The consideration payable pursuant to the Transaction contains the following elements of deferred contingent and additional contingent consideration:

- (a) deferred contingent consideration of US\$5 million payable on the later of (i) Completion, or (ii) within two Business Days of Dussafu Completion; and
- (b) potential additional contingent consideration, of up to US\$16 million in aggregate, payable only in years where the average net production of the Interests is in excess of 5,500 bopd and the average daily Brent oil prices in respect of the relevant year exceeds US\$60/bbl. Once the foregoing conditions have been reached in each annual period, annual contingent consideration of US\$5.5 million will be due in that year, subject to the aforementioned cap of US\$16 million.

As the deferred contingent consideration is linked to Dussafu Completion, there is a risk that the Retained Group will not receive such deferred contingent consideration as there can be no assurance that the conditions to Dussafu Completion will be fulfilled. Similarly, as the potential additional contingent consideration is linked to average net production and future oil prices, there is a risk that the Retained Group will not receive some or all of this contingent consideration if oil prices remain at or below the thresholds for contingent consideration to be paid (US\$60/bbl) or production is below the required threshold.

There can therefore be no assurance that any element of the deferred contingent and/or additional contingent consideration will become payable.

Furthermore, the Sale and Purchase Agreements provides that, if (i) Panoro Netherlands has commenced legal or arbitration proceedings after Completion against Tullow Netherlands in respect of a third party claim which may give rise to a breach of any warranties given by Tullow Netherlands under the Sale and Purchase

Agreement; (ii) Tullow is insolvent or otherwise in financial distress and (iii) any contingent consideration is due and payable by Panoro Netherlands to Tullow Netherlands, Panoro Netherlands may elect to retain any part of the contingent consideration equal to the amount of the relevant claim and pay such amount into an escrow account with an escrow agent appointed jointly by Tullow Netherlands and Panoro Netherlands. Where the amount of any such claim by Panoro Netherlands exceeds the contingent consideration amount deposited into the escrow account, Tullow Netherlands will, on final determination or settlement, remain liable for the excess amount.

### **Panoro fundraising**

Panoro intends to fund the Transaction and the Dussafu Transaction through a combination of debt and equity financing. Under the Panoro Equity Financing Arrangements, Panoro has conditionally procured subscribers for the Panoro Placing Shares for an aggregate amount of US\$70 million. Panoro also entered into a Commitment Letter with Trafigura Ventures on 9 February 2021 in respect of an up to US\$90 million fully underwritten reserves based lending facility for the financing of the Transaction and/or the Dussafu Transaction. Trafigura Group Pte Ltd has guaranteed to Panoro the underwriting obligations of Trafigura Ventures. A copy of the signed Commitment Letter and Trafigura Guarantee were provided to Tullow prior to signing the Sale and Purchase Agreement. The terms of the Commitment Letter provide that the debt facility will be split into two tranches, with up to US\$55 million being made available under the Equatorial Guinea Tranche and up to US\$35 million being made available under the Dussafu Tranche, in each case subject to certain conditions being satisfied. In relation to the Dussafu Tranche, the Commitment Letter provides that it will be fully underwritten by Trafigura Ventures with the amount of the loan made available thereunder being increased from US\$27 million to up to US\$35 million if the loan under the Equatorial Guinea Tranche is made prior to, or on the same day as, the loan under the Dussafu Tranche.

The conditions apply in respect of each tranche independently of the other, such that the financing of the Equatorial Guinea Tranche and the Dussafu Tranche are not inter-conditional and each tranche can be utilised independently of each other, subject to the condition set out above relating to the amount of the debt funding for the Dussafu Tranche. The conditions to each tranche include, amongst others:

- (a) the preparation, execution and delivery of mutually acceptable long form finance documents reflecting the terms and conditions set out in the Term Sheet in form and substance satisfactory to Panoro and Trafigura Ventures (each acting reasonably) by no later than the earlier of (i) 31 March 2021 or any later date agreed between Panoro and Trafigura Ventures, and (ii) the date of completion of the Transaction or the Dussafu Transaction as applicable; and
- (b) the preparation, execution and delivery of mutually acceptable commercial agreements relating to the sale, purchase and delivery of crude oil from the Interests and the Dussafu Assets, in form and substance satisfactory to Panoro and Trafigura Ventures.

Whilst the Term Sheet sets out the key terms and conditions to which the debt financing will be subject, there is a risk that Trafigura Ventures may not confirm, or may not confirm in a timely manner, that the above conditions are satisfied. The Term Sheet further provides that the long form facility agreement will include further conditions precedent to utilisation of the debt facilities. Such conditions precedent are expected to include, amongst other conditions, the requirement to provide evidence to Trafigura Ventures that a minimum equity contribution of US\$50 million in the case of the Transaction and US\$22 million in the case of the Dussafu Transaction will be provided to Panoro Netherlands, with the minimum equity contribution in the case of the Dussafu Transaction being automatically reduced to US\$8 million upon closing of the Equatorial Guinea Tranche (and provided that the aggregate of the minimum equity contributions for the Transaction and the Dussafu Transaction shall not exceed US\$58 million), together with copies of the documents related to such minimum equity contributions.

As such, the fully underwritten debt financing to be made available by Trafigura Ventures (as detailed in the Commitment Letter) is also conditional on completion of the Panoro Equity Financing Arrangements and on Trafigura Ventures being provided with copies of the documentation related to such Panoro Equity Financing Arrangements. As at the date of this document, the Panoro Placing Shares have, except for a limited number of Panoro Placing Shares issued under existing shareholder authorities, been conditionally placed with a combination of existing and new investors, subject to the approval of Panoro Shareholders of the Panoro Equity Financing Arrangements at the Panoro General Meeting. As such, whilst Panoro has undertaken in the Sale and Purchase Agreement to use all reasonable endeavours to procure that such Panoro Shareholder approval is obtained, there can be no assurance that Panoro Shareholders will approve the Panoro Equity Financing Arrangements at the Panoro General Meeting and therefore that the Panoro Equity Financing Arrangements

will complete. In the event that the Panoro Equity Financing Arrangements fail to complete, the Panoro shareholder approval condition to Completion will not be achieved and the Sale and Purchase Agreement will terminate.

### **Warranties and indemnities in the Sale and Purchase Agreement**

The Sale and Purchase Agreement contains customary warranties and a tax indemnity given by Tullow Netherlands in favour of Panoro Netherlands. The Company has undertaken due diligence to minimise the risk of liability under these provisions. However, any liability to make a payment arising from a successful claim by Panoro Netherlands under the warranties or indemnities may adversely affect the Retained Group's business, financial condition, results of operations and/or prospects.

## **2. RISKS RELATED TO THE TRANSACTION NOT PROCEEDING**

If the Transaction does not proceed, the following risks and uncertainties may affect the Group's business, financial condition, results of operations and/or prospects:

### **The Company may face risks associated with its funding position if Completion is delayed or the Transaction does not complete**

If the Transaction does not complete as a result of the Sale and Purchase Agreement being terminated due to Tullow's failure to obtain the approval of its Shareholders or due to a breach by Tullow Netherlands of its undertaking to use its reasonable endeavours to procure fulfilment of the conditions to Completion (with the exception of the condition relating to Panoro shareholder approval) or where Panoro Netherlands terminates the Sale and Purchase Agreement due to failure by Tullow Netherlands or Tullow to comply with their Completion obligations (in circumstances where Tullow is at fault), then Tullow Netherlands shall pay to Panoro Netherlands the Tullow Break Fee.

Furthermore, if Completion is delayed or the Transaction does not complete, the Group will not receive the proceeds from the Transaction on a timely basis in the case of a delay or at all in the case of failure to complete and consequently may not be able to further reduce its Net Debt by using the proceeds. Ongoing financing costs may exceed the free cash flow generated by the Group from its operations, resulting in the need to draw more debt under the RBL Facility.

However, based on (i) current trading expectations and the average realisable oil price the Directors believe to be applicable for the assessment of the reasonable worst case scenario (as described below) and the base case scenario (as described in Retained Group's working capital statement) and (ii) all of the Group's debt obligations being repaid in full on the contractual maturity dates (rather than refinanced in accordance with past practice) which includes the Convertible Bonds due in July 2021 and maturity of the US\$650 million 2022 Senior Notes in April 2022, the Group's working capital projections forecast a potential liquidity shortfall (as set out further below) during the 18-month period relevant to the Liquidity Forecast Test assessment which is currently in progress.

Failure to pass the Liquidity Forecast Test which is currently in progress, as described in more detail below, could result in an event of default under the RBL Facility, allowing the lenders under the RBL Facility, at their discretion, to cancel the RBL Facility and demand that all outstanding borrowings under the RBL Facility be repaid and/or enforce their security rights, which could in turn trigger cross-defaults under the other financing arrangements of the Retained Group (namely the Convertible Bonds, the 2022 Senior Notes and the 2025 Senior Notes) by the end of April 2021. Should the lenders under the RBL Facility decide to exercise their right to demand that all outstanding borrowings under the RBL Facility be repaid and the Group's remaining creditors exercise their right to trigger a cross-default under the Group's other financing arrangements, resulting in the borrowings under such arrangements being accelerated such that the entirety of the Group's borrowings become immediately repayable, the amount repayable was US\$3.18 billion as at 31 December 2020.

The financial information set out in this section has been extracted without material adjustment from the Company's unaudited management accounts for the month ended 31 December 2020.

### *Timing and action plan in respect of the Liquidity Forecast Test which is currently in progress*

In the event that:

- i. Completion does not occur, the consequence for the Group would be that, in the reasonable worst case scenario, a potential liquidity shortfall in relation to the Group's financial commitments of approximately US\$486 million is first forecasted to arise in April 2022 (which is within the 18-month testing period from

March 2021 to August 2022 inclusive that is relevant to determining whether the Company will pass the Liquidity Forecast Test which is currently in progress); and

- ii. Completion does occur, the consequence for the Group would be that, in the reasonable worst case scenario, a reduced potential liquidity shortfall in relation to the Group's financial commitments of approximately US\$365 million is first forecasted to arise in April 2022 (which is within the 18-month testing period from March 2021 to August 2022 inclusive that is relevant to determining whether the Company will pass the Liquidity Forecast Test which is currently in progress).

The above scenarios have been modelled on (i) what the Directors believe to be the reasonable worst case scenario based on the average realisable oil price being US\$45/bbl for the 2021 financial year and US\$47.5/bbl for the 2022 financial year and (ii) Dussafu Completion having been reached. If the Company is unable to demonstrate to the satisfaction of the majority of its lenders under the RBL Facility that there are, or will be, sufficient funds available to the Group to meet the Group's financial commitments for the 18-month testing period from March 2021 to August 2022 inclusive, and the Company is unable to cure the forecast liquidity shortfall by the end of April 2021, there would be an event of default under the RBL Facility by the end of April 2021. The position for the base case scenarios is set out in the working capital statement in Section 3 of this Part II (*Risk Factors*).

Such event of default would allow the lenders under the RBL Facility, at their discretion, to cancel the RBL Facility and demand that all outstanding borrowings under the RBL Facility be repaid and/or enforce their security rights. This would in turn trigger other creditors' rights to call cross-defaults under the other financing arrangements of the Group (namely the Convertible Bonds, the 2022 Senior Notes and the 2025 Senior Notes) which could result in the entirety of the Group's borrowings potentially becoming immediately repayable by the end of April 2021.

The Directors note that passing the Liquidity Forecast Test which is currently ongoing would require satisfying a majority of lenders in relation to the Group's liquidity. This is therefore outside the control of the Group.

At the Capital Markets Day, Tullow's senior management laid out the New Business Plan and Operating Strategy. The New Business Plan and Operating Strategy is focused on short-cycle, high-return opportunities and the substantial potential associated with Tullow's producing assets within its large resource base. The New Business Plan and Operating Strategy, alongside a rigorous focus on costs, is expected to generate material cash flow over the next decade, which the Group anticipates will enable reduction of its current debt levels and deliver significant value for its host nations and investors. The New Business Plan and Operating Strategy will deliver production growth in the medium term and the ability to sustain production over the longer term.

In connection with its stated divestment strategy, the Group has already completed the Ugandan Transaction and announced the terms of the Transaction and the Dussafu Transaction on 9 February 2021. The Transaction represents a further positive step in the Group's portfolio management strategy of raising material proceeds to further streamline the business, reduce its overall level of Net Debt and address the forecasted liquidity shortfall in April 2022.

However, the Directors do not believe that the New Business Plan and Operating Strategy, the proceeds from the Uganda Transaction, the Dussafu Transaction and the Transaction are capable of fully addressing the forecasted liquidity shortfall, which could result in a failure to pass the Liquidity Forecast Test which is currently in progress. As announced in the Trading Statement and Operational Update on 27 January 2021, the Group's management has therefore commenced discussions with its creditors, the objective of which is to agree certain amendments to the terms, including the maturity dates, of some or all of the RBL Facility, the Convertible Bonds, the 2022 Senior Notes and the 2025 Senior Notes, that would enable the Group to pass the Liquidity Forecast Test which is currently in progress, with, if necessary, such amendments being approved by Shareholders. The Transaction is expected to provide positive impetus to the Group's ongoing constructive discussions with its creditors, however there can be no certainty that the creditors will agree to such amendments which are therefore outside the control of the Group. Accordingly, the Directors cannot be confident that the necessary amendments will be agreed in sufficient time for the Liquidity Forecast Test which is currently in progress, or at all.

#### *Event of default*

The amount outstanding under the Group's RBL Facility which could be required to be repaid, should the lenders under the RBL Facility exercise their right to accelerate repayment of amounts owing under the RBL Facility following an event of default under the RBL Facility as described above, was US\$1.43 billion as at 31 December 2020. The amount repayable should the Group's creditors then exercise their right to trigger a



cross-default under the Group's other financing arrangements, resulting in the borrowings under such arrangements being accelerated such that the entirety of the Group's borrowings, including the amount outstanding under the Group's RBL Facility, become immediately repayable, was US\$3.18 billion as at 31 December 2020. The financial information set out in this paragraph has been extracted without material adjustment from the Company's unaudited management accounts for the month ended 31 December 2020.

In the circumstances described above, the Group might have to enter into insolvency proceedings and counterparties to material contracts might seek to exercise termination rights under those contracts. The ability of the Group to continue trading would depend upon the Group being able to negotiate a refinancing proposal with its creditors and, if necessary, that proposal being approved by Shareholders. Whilst the Board would seek to negotiate such a refinancing proposal with its creditors, there is no certainty that the creditors would engage with the Board in those circumstances. There would therefore be a significant risk of the Group entering into insolvency proceedings, which the Directors consider would likely result in limited or no value being returned to Shareholders.

In addition, if Completion is delayed or the Transaction does not complete (and subject to the Group being able to avoid insolvency proceedings as set out above), whilst the Group would continue to benefit from the operating cash flow generated by the Interests, the Group would be required to meet its funding requirements in relation to the Interests when it would not otherwise have expected to have to do so had Completion occurred. This would impact the Group's free cash flow for the current year.

In addition, in such circumstances, the Board may decide (in order to reallocate free cash flow in the near term) to reduce or delay some of the Group's current capital expenditure plans, which may adversely impact the Group's future production and the Group's reserves, as well as the Group's future prospects with respect to its development project in Kenya and elsewhere and its new ventures activities.

#### **Loss of shareholder value**

The Board believes that the Transaction is in the best interests of Shareholders and that the Transaction provides the best opportunity to realise an attractive and certain value for the Interests. If the Transaction does not complete, the value realised by the Group for the Interests may be lower than can be realised by way of the Transaction. If the Transaction does not complete and the Group retains the Interests (because the Group is unable or decides not to pursue another transaction in relation to the Interests) (and subject to the Group being able to avoid insolvency proceedings as set out above), the Group may not be able to realise any value from the Interests. For further information on risks specific to the Group's funding position, please see the risk factor entitled "*The Company may face risks associated with its funding position if Completion is delayed or the Transaction does not complete*" in this Section 2 of Part II (*Risk Factors*) of this document.

#### **No assurance of future sale**

If the Transaction does not complete, there can be no assurance that the Group would be able to dispose of the Interests at a later date, in favourable or equivalent market circumstances, or to dispose of the Interests at all. If the Group is unable to identify another suitable purchaser for the Interests, this could lead to a loss of confidence amongst relevant stakeholders and a reduction in value of the Interests.

In addition, even if the Group were able to identify another suitable purchaser for the Interests: (i) the relevant governmental consents would need to be obtained; and (ii) the pre-emption rights of the Group's commercial partner, the National Oil Company, would need to be addressed. There is no assurance that such approvals, consents or agreements would be forthcoming under any such alternative transaction.

#### **There may be an adverse impact on the Group's reputation and business relationships if the Transaction does not complete**

If the Transaction does not complete, there may be an adverse impact on the reputation of the Group due to amplified media and market scrutiny arising in connection with a failed Transaction. In particular, failure to complete the Transaction may result in a loss of trust and confidence on the part of Shareholders, debt holders and other stakeholders in the ability of the Board and the Company's management to deliver on its publicly stated strategy of raising material proceeds from portfolio management and achieving its announced cost savings measures. Any such reputational risk could adversely affect the Group's business, financial condition, results of operations and/or prospects.

In addition, failure to complete the Transaction may have an adverse impact on the Company's relationships with its stakeholders in the Interests because its attractiveness as a counterparty may be reduced. This may

negatively impact the Group's ability to monetise the Interests in the future as well as the Group's dealings with the same commercial partners and stakeholders going forward.

#### **Potentially disruptive effect**

If the Transaction does not complete, the Group's management and employees dedicated to the Interests may be affected, some of whom may choose to leave. This may have a negative effect on the performance of the Interests under the Group's ownership. To maintain shareholder value, the management of the Interests and of the Group may be required to allocate additional time and cost to the ongoing supervision and development of the Interests, which could in turn adversely impact the Group's ability to manage its other assets and the overall Group cost base and adversely affect the Group's business, financial condition, results of operations and/or prospects.

#### **The Group will continue to hold the Interests as a non-operator and may not have sufficient voting rights to direct or exert influence over operations, timing, costs and performance of the operations of the Interests and will continue to be dependent on commercial partner acting as operator**

If the Transaction does not complete, the Group will retain a non-operating interest of 14.25 per cent. in the Interests. As a non-operator of the Interests with a small working interest, the Group may not have sufficient voting rights to direct or exert influence over operations, timing, costs and performance of the operations of the Interests and will continue to be dependent on commercial partner acting as operator. For example, the Group may believe a particular drilling campaign or location of a particular well would be beneficial for its own reserve position or that a particular asset is commercially viable. Without the agreement of its commercial partners, however, the Group would be unable to undertake the appropriate exploration or development activities to advance or protect its own commercial position, which may materially adversely affect its business, prospects, financial condition and results of operations. In addition, the terms of any relevant operating agreement will generally impose standards and requirements in relation to an operator's activities. While the Group believes that the Interests are operated by a reputable operator, there can be no assurance that the operator will observe such standards or requirements. Failure by the operator to comply with its obligations under relevant licenses including, for example, health and safety and environmental requirements, or the relevant operating agreement may result in delays or increased costs, lead to fines, penalties and restrictions and/or the withdrawal of licenses or termination of the agreements to which the Group is a party. The Group may also be subject to claims by the operator regarding potential non-compliance with its obligations under the licenses or operating agreement.

### **3. RISKS RELATED TO THE GROUP AND, FOLLOWING COMPLETION, THE RETAINED GROUP**

#### **The Retained Group does not have sufficient working capital for its present requirements**

The scenarios referred to in this risk factor have been prepared on the basis of (i) what the Directors believe to be the reasonable worst case scenario based on the average realisable oil price being US\$45/bbl for the 2021 financial year and US\$47.5/bbl for the 2022 financial year; (ii) what the Directors believe to be the base case scenario based on the average realisable oil price being US\$50/bbl for the 2021 financial year and US\$55/bbl for the 2022 financial year; (iii) the Convertible Bonds due in July 2021 and the 2022 Senior Notes due in April 2022 being repaid in full on the contractual maturity dates (rather than refinanced in accordance with past practice); and (iv) Dussafu Completion having taken place.

Even if Completion occurs, in both the reasonable worst case scenario and the base case scenario, the Retained Group may fail to pass the Liquidity Forecast Test which is currently in progress under the Retained Group's RBL Facility. This could result in an event of default under the RBL Facility allowing the lenders under the RBL Facility, at their discretion, to cancel the RBL Facility and demand that all outstanding borrowings under the RBL Facility be repaid and/or enforce their security rights, which could in turn trigger cross-defaults under the other financing arrangements of the Retained Group (namely the Convertible Bonds, the 2022 Senior Notes and the 2025 Senior Notes) by the end of April 2021. The amount repayable should the lenders under the RBL Facility decide to exercise their right to accelerate the RBL Facility and the Retained Group's remaining creditors exercise their right to trigger a cross-default under the Retained Group's other financing arrangements, resulting in the borrowings under such arrangements being accelerated such that the entirety of the Retained Group's borrowings become immediately repayable, was US\$3.18 billion as at 31 December 2020. The financial information set out in this paragraph has been extracted without material adjustment from the Company's unaudited management accounts for the month ended 31 December 2020.

It is not possible for the Board, particularly in light of current trading conditions and, especially, the COVID-19 pandemic and the high levels of market volatility and uncertainty arising therefrom, to determine with absolute certainty the quantum of any forecasted liquidity shortfall which could result in a failure to pass the Liquidity Forecast Test. However, based on the Group's current trading expectations, the Retained Group's working capital projections in respect of a potential failure to pass the Liquidity Forecast Test which is currently in progress are set out below, each in the reasonable worst case scenario and the base case scenario assuming that Completion occurs.

*Timing and action plan in respect of the Liquidity Forecast Test which is currently in progress*

The Retained Group's working capital projections forecast a potential liquidity shortfall during the 18-month period relevant to the Liquidity Forecast Test which is currently in progress. This potential liquidity shortfall in relation to the Group's financial commitments of approximately US\$365 million in the reasonable worst case scenario is first forecasted to arise in April 2022 (the month in which the US\$650 million 2022 Senior Notes fall due) which is within the 18-month testing period from March 2021 to August 2022 (inclusive) that is relevant to determining whether the Company will pass the Liquidity Forecast Test which is currently in progress. The Retained Group's working capital projections also forecast a potential liquidity shortfall during the 18-month period relevant to the Liquidity Forecast Test which is currently in progress under the base case scenario.

In the scenario set out above, if the Company is unable to demonstrate to the reasonable satisfaction of a majority of its lenders under the RBL Facility that it has, or will have, sufficient funds available to meet the Group's financial commitments for the 18-month testing period from March 2021 to August 2022 (inclusive), and the Company is unable to cure the forecast liquidity shortfall by the end of April 2021, there would be an event of default under the RBL Facility by the end of April 2021.

The Directors note that passing the Liquidity Forecast Test which is currently in progress would require satisfying a majority of lenders in relation to the Retained Group's liquidity. This is therefore outside the control of the Retained Group.

In connection with its stated divestment strategy, the Group has already completed the Ugandan Transaction and announced the terms of the Transaction and the Dussafu Transaction on 9 February 2021. The Transaction represents a further positive step in the Group's portfolio management strategy of raising material proceeds to further streamline the business, reduce its overall level of Net Debt and address the forecasted liquidity shortfall in April 2022.

However, the Directors do not believe that the New Business Plan and Operating Strategy, the proceeds from the Uganda Transaction, the Dussafu Transaction and the Transaction are capable of fully addressing the forecasted liquidity shortfall, which could result in a failure to pass the Liquidity Forecast Test which is currently in progress. The Group's management has therefore commenced discussions with its creditors with the objective of agreeing certain amendments to the terms, including the maturity date, of some or all of the RBL Facility, the Convertible Bonds, the 2022 Senior Notes and the 2025 Senior Notes, that would enable the Group to pass the Liquidity Forecast Test which is currently in progress, with, if necessary, such amendments being approved by Shareholders. The Transaction is expected to provide positive impetus to the Group's ongoing constructive discussions with its creditors, however there can be no certainty that the creditors would agree to such amendments which would therefore be outside the control of the Group. Accordingly, the Directors cannot be confident that the necessary amendments will be agreed in sufficient time for the Liquidity Forecast Test which is currently in progress, or at all.

*Event of default*

The potential event of default in respect of the RBL Facility as a result of the Retained Group failing the Liquidity Forecast Test which is currently in progress would arise by the end of April 2021.

Any event of default under the RBL Facility as described above would allow the lenders under the RBL Facility, at their discretion, to cancel the RBL Facility and demand that all outstanding borrowings under the RBL Facility be repaid and/or enforce their security rights. This would in turn trigger other creditors' rights to call cross-defaults under the other financing arrangements of the Retained Group (namely the Convertible Bonds, the 2022 Senior Notes and the 2025 Senior Notes) which would result in the entirety of the Retained Group's borrowings potentially becoming immediately repayable by the end of April 2021.

The amount outstanding under the Retained Group's RBL Facility which could be required to be repaid following an event of default under the RBL Facility as described above was US\$1.43 billion as at

31 December 2020. The amount repayable should the Retained Group's creditors exercise their right to trigger a cross-default under the Retained Group's other financing arrangements, resulting in the borrowings under such arrangements being accelerated such that the entirety of the Retained Group's borrowings, including the amount outstanding under the Retained Group's RBL Facility, become immediately repayable, was US\$3.18 billion as at 31 December 2020. The financial information set out in this paragraph has been extracted without material adjustment from the Company's unaudited management accounts for the month ended 31 December 2020.

### *Implications*

If the Retained Group were not to pass the Liquidity Forecast Test which is currently in progress, the Retained Group might have to enter into insolvency proceedings and counterparties to material contracts might seek to exercise termination rights under those contracts. In such circumstances, the ability of the Retained Group to continue trading would depend upon the Retained Group being able to negotiate a refinancing proposal with its creditors and, if necessary, that proposal being approved by Shareholders. Whilst the Board would seek to negotiate such a refinancing proposal with its creditors, there is no certainty that the creditors would engage with the Board in those circumstances. There would therefore be a significant risk of the Retained Group entering into insolvency proceedings, which the Directors consider would likely result in limited or no value being returned to Shareholders.

### **The Retained Group following Completion will continue to operate with a significant level of Net Debt which may materially and adversely affect the Retained Group's business, liquidity, financial condition and prospects**

The oil and gas industry is capital intensive and the Group expects to fund ongoing capital and operational expenditure from a combination of cash from operations, monetisation of assets, debt facilities and debt and equity capital market transactions. Following Completion, the Retained Group will continue to operate with a significant level of Net Debt which may constrain the scale of its future investments on development, exploration and appraisal activities which could limit the Company's longer-term growth prospects (that is, more than 12 months from the date of this document). The Retained Group's Net Debt as at 30 June 2020 (adjusted for the disposal of the Ugandan Interests), if Completion had occurred on that date, would have been US\$2.43 billion on a pro forma basis.

The level of the Retained Group's Net Debt, whether pending or following Completion, could have important consequences for its business, financial condition, results of operations and/or prospects. For example, the Retained Group may be unable to undertake certain operations which it considers would be beneficial to the Retained Group if such operations require increased or unbudgeted capital or operational expenditure. In addition, the Retained Group may not be able to react to changes in the competitive environment or its industry. The Retained Group must ensure compliance with the financial covenants set by its lenders when managing its Net Debt and financial resources and when planning for, or reacting to, changes in capital or operational expenditure in its business, the competitive environment and its industry. If, following an evaluation of the Retained Group's financial position against such covenants, the Retained Group determines it is unable to undertake certain operations which it considers would be beneficial to the Retained Group without breaching such covenants, the Group's business, financial condition, longer-term liquidity, results of operations and/or prospects may be materially and adversely affected. Whilst the Group has been able to negotiate amendments to the terms of such financial covenants in the past, there can be no assurance that the Retained Group will be able to do so in the future on commercially acceptable terms, or at all. In addition, any failure to comply with any covenant may materially and adversely affect the Retained Group's business, financial condition, longer-term liquidity, results of operations and/or prospects.

In light of the increased regulatory oversight and requirements under which banks and investors operate and the volatility of oil prices, there has been a reduction in certain banks' and investors' willingness and ability to lend to or invest in entities in the oil and gas industry. Accordingly, over the longer-term (that is, more than 12 months from the date of this document), there is a risk that the Retained Group may not be able to refinance its existing or future financial indebtedness or obtain additional debt finance on commercially acceptable terms, or at all. If refinancing or additional debt is not available to the Retained Group on commercially acceptable terms, or at all, this may materially and adversely affect the Retained Group's business, financial condition, longer-term liquidity, results of operations and/or prospects.

The Retained Group may be required to dedicate a significant portion of its cash flow to servicing the Retained Group's debt obligations, thereby reducing the funds available for operations and future business opportunities. The Retained Group's level of indebtedness makes it vulnerable to general adverse economic conditions

(including in relation to COVID-19 and current market uncertainty) and so place the Retained Group at a commercial disadvantage to competitors who are less indebted.

It is the Company's intention to refinance the RBL Facility prior to its final maturity in 2024. If the RBL Facility cannot be successfully refinanced, this may materially and adversely affect the Retained Group's business, financial condition, longer-term liquidity, results of operations and/or prospects.

#### **The Retained Group's operations will be less diversified**

Following Completion, the Retained Group will no longer be able to benefit from the production from the Interests. As a result, the Retained Group's production will continue to be concentrated on the Group's Ghanaian assets and such concentration will increase.

The long-term concentration of the Group's production on its Ghanaian assets may in turn make the Group more vulnerable in the future to any political, economic, legal, regulatory and social uncertainties in Ghana, to which it would otherwise have been proportionally less exposed had its production included production arising from the Interests.

The Retained Group's business reputation and brand may be adversely affected as a result of its operations being less diversified and the sale of the entirety of its Equatorial Guinea assets. The Group's (and following Completion, the Retained Group's) reputation is important to its business for reasons including, but not limited to, finding commercial partners for business ventures, securing licences or permits with governments, procuring offtake contracts, attracting contractors and employees and negotiating favourable terms with suppliers. As a less diversified business, governments and business partners, particularly in Africa, may consider that the Retained Group has a reduced network and fewer commercial connections and as such is less attractive, both as an investor and partner.

#### **The reduction in size of the Retained Group may make it more difficult to attract and retain key employees**

The success of the Retained Group depends on the efforts, abilities, experience and expertise of its senior management teams, and on recruiting, retaining, motivating and developing highly skilled and competent people at all levels of the organisation. The reduction in size, geographical footprint and diversification of the Retained Group, as well as the relinquishment following Completion, may make it more difficult to attract and retain talented employees which may have an adverse effect on the Retained Group's business, financial condition, results of operations and/or prospects.

#### **The reduction in size of the Retained Group may make it more difficult or more expensive to secure funding**

The reduction in size and diversification of the Retained Group may make raising funding more difficult or more expensive as the Retained Group will not be able to use the Interests as collateral for future financing initiatives. The Interests are currently borrowing base assets for the purpose of determining debt capacity under the RBL Facility and Completion will result in a reduction in the RBL Facility debt capacity. This may in turn result in the liquidity of the Group becoming insufficient and lead the Board to decide to seek additional sources of liquidity which may not be made available on the same basis and may in turn result in a significant increase in the Group's financing costs.

#### **The market price of the Tullow Shares may go down as well as up**

Shareholders should be aware that the value of an investment in the Company may go down as well as up and can be highly volatile. The price at which the Tullow Shares may be quoted and the price which investors may realise for their Tullow Shares will be influenced by a large number of factors, some specific to the Retained Group and its operations and some which may affect the industry as a whole.

The sentiments of the stock market regarding the Transaction, in particular whether the stock market considers whether the Group has secured a fair value for the Interests, will be one such factor and this, together with other factors, including the likelihood of Completion occurring, actual or anticipated fluctuations in the financial performance of the Retained Group and its competitors, market fluctuations and legislative or regulatory changes in the industry or generally those affecting consumers, could lead to the market price of the Tullow Shares going up or down. Such sentiments may vary between the date of this document and Completion depending on how certain pre-completion events progress, such as obtaining relevant governmental consents and approvals from Tullow and Panoro shareholders.

**If the Group (and following Completion, the Retained Group) is unable to replace the commercial reserves that it produces, its reserves and revenues will decline**

While well supervision and effective maintenance operations can contribute to sustaining production rates over time, the future success of the Group and, following Completion, the Retained Group depends on its ability to allocate more than 90 per cent. of its investments to the Group's producing assets in order to develop the discovered resource, particularly in Ghana. The Group will also undertake additional exploration and appraisal and development activities in order to replace reserves which are depleted by production and/or consider the acquisition of additional commercial reserves that are economically recoverable.

Completion will result in the reduction of the Group's reserves and contingent resources. The estimated 2P reserves of the Interests net to the Company are 14.2 mmboe, and the estimated 2C resources of the Interests net to the Company are 25.6 mmboe, as described in the mineral expert's report prepared by TRACS. Completion of the Transaction will reduce the Group's 2P reserves and 2C resources accordingly. Completion of the Transaction will also reduce the Group's 3P reserves by 22.5 mmboe.

Whilst the Group (and following Completion, the Retained Group) may seek to develop or acquire additional assets containing commercial reserves, it may not be able to find, develop or acquire suitable additional reserves on commercially acceptable terms or at all, which could result in depletion of the Group's reserves which in turn could materially and adversely affect the business, financial condition, results of operations and/or prospects of the Group (and following Completion, the Retained Group). This may negatively impact the Group's future production, which in turn may negatively affect the Group's free cash flow.

In addition, with a lower reserve base, the Group may not be able to attract funding to the level required to support its capital investment programme, which may reduce or delay some of the Group's capital expenditure plans and may further adversely impact the Group's future production and the Group's reserves, as well as the Group's future prospects with respect to its development projects and its new ventures activities.

**The Group (and following Completion, the Retained Group) may be adversely affected by changes to tax legislation or its interpretation or increases in effective tax rates**

The Group's (and following Completion, the Retained Group's) tax rate and other tax costs, including its effective tax rate, value added tax ("VAT") and capital gains tax ("CGT"), may be affected by changes in tax laws or interpretations of tax laws in any jurisdiction and in any financial year will reflect a variety of factors that may not be present in succeeding financial years. As a result, the Group's (and following Completion, the Retained Group's) tax rate and other tax costs may increase in future periods, which could have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Group (and following Completion, the Retained Group) and, specifically, their net income, cash flow and earnings may decrease.

Tax regimes in certain jurisdictions can be subject to differing interpretations (particularly in light of the contractual provisions which the Group and its commercial partners may have agreed with host governments, including in connection with the Transaction) and tax rules and agreements in any jurisdiction are subject to legislative change and changes in administrative and regulatory interpretation. The interpretation by the Group's (and following Completion, the Retained Group's) relevant subsidiaries of applicable tax law and agreements as applied to their transactions and activities (including the Transaction) may not coincide with that of the relevant tax authorities. As a result, transactions may be challenged by tax authorities (whether on disclosure of such transactions or at a later date) and any of the Group's profits from activities in those jurisdictions may be subject to additional tax or additional unexpected transactional taxes (e.g., stamp duty, VAT, CGT or withholding tax) or other consequences may arise, which, in each case, could result in significant legal proceedings and additional taxes, penalties and interest. There can be no guarantee that any tax disputes will be resolved in the Group's (or following Completion, the Retained Group's) favour, and any of these could have a material adverse impact on the business, financial condition, results of operations and/or prospects of the Group (and following Completion, the Retained Group). In the past, the Group has received claims for tax payable that, following a negotiated settlement, have been reduced to a material extent. However, there can be no assurance that the Group (and following Completion, the Retained Group) will be able to negotiate an appropriate settlement in the future or that a tax authority will not enforce the original claim for tax payable which could materially adversely affect the business, financial condition, results of operations and/or prospects of the Group (and following Completion, the Retained Group).

**The Group (and following Completion, the Retained Group) may be adversely affected by the CEMAC Regulation**

The Group (and following Completion, the Retained Group) may be affected by the new Currency Exchange Regulation n°02/18/CEMAC/UMAC/CM of the Central African Economic and Monetary Community (“CEMAC Regulation”). Equatorial Guinea is a member state under the CEMAC Regulation. The time period for full compliance by oil and gas companies with the CEMAC Regulation has been extended from 31 December 2020 to 31 December 2021, subject to the oil and gas companies providing certain information requested by the Governor of the Bank of Central African States (“BEAC”) by 30 April 2021. If the requested information is not provided by this date, BEAC (which has direct sanction powers under the CEMAC Regulation) may choose to enforce the CEMAC Regulation against those oil and gas companies not in full compliance. Tullow is preparing the necessary documentation for sharing with BEAC by this deadline.

There is uncertainty over how the CEMAC Regulation will be applied to the oil and gas industry following 31 December 2021 and discussions are ongoing between the Governor of BEAC and companies operating in member states. As a member of the Joint Working Group of Oil & Gas and Mining companies engaging with the Central African Economic Monetary Committee (“CEMAC”) on the CEMAC Regulation, Tullow anticipates that a mutually agreed set of regulations will be agreed between the industry and CEMAC towards the end of 2021. The outcome of these discussions and future enforcement of the CEMAC Regulation may affect the payment of the contingent consideration due under the Transaction where such payment is made after 31 December 2021.

### PART III—FINANCIAL INFORMATION ON THE INTERESTS

The following historical financial information relating to the Interests has been extracted without material adjustment from the consolidation schedules that underlie the audited consolidated financial statements of Tullow for the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019 and the unaudited condensed consolidated interim financial information of Tullow for the six month period ended 30 June 2020.

The financial information in this Part III (*Financial Information on the Interests*) does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The consolidated statutory accounts for the Company in respect of the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019 have been delivered to the Registrar of Companies. The auditor's reports in respect of the statutory accounts for each of these three financial years were unqualified and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

Deloitte were the auditors of the Tullow Group in respect of the three financial years to 31 December 2019. Deloitte resigned as the auditors of the Tullow Group on 4 August 2020. EY were subsequently appointed as Tullow's statutory auditors.

The financial information in this Part III (*Financial Information on the Interests*) has been prepared on a basis consistent with the accounting policies adopted in the Group's latest annual accounts, being those for the year ended 31 December 2019, except that:

- (a) The Group adopted IFRS 16 Leases, effective 1 January 2019 and, as permitted under this standard, applied the standard by recognising the cumulative effect of the initial application as an adjustment to the opening balance of equity as of 1 January 2019. The adoption of this standard did not necessitate the restatement of comparative periods.
- (b) The Group adopted IFRS 15 Revenue from Contracts with Customers, effective 1 January 2018 and, as permitted under this standard, applied this standard retrospectively. As the impact of the new standard did not have a material effect on the Group's reported revenues, net assets or any specific financial statement line, there was no restatement of prior year figures.
- (c) The Group adopted IFRS 9 Financial Instruments, effective 1 January 2018 and, as permitted under this standard, applied this standard retrospectively. The application of the new standard increased the carrying value of the Reserves Based Lending credit facility by US\$110.8 million and resulted in the need to record a modification loss due to the refinancing of the facility in November 2017. The implementation reduced retained earnings on 1 January 2018. The Group also identified a change in the treatment of the 'cost of hedging' of options on adoption of IFRS 9, specifically with respect to the fair value movement of time value. The fair value movement of time value, to the extent which it relates to the hedged item, was presented as a separate component in the statement of comprehensive income and expenses. The application of the new standard did not have impact on the financial statements relating to Tullow EG and therefore no restatement has been presented.

Shareholders should read the whole of this document and not rely solely on the summarised financial information in this Part III (*Financial Information on the Interests*).



## Financial information (unaudited)

### Income statement for Tullow EG

|  | Six month<br>period<br>ended<br>30 June<br>2020 | Year ended<br>31 December<br>2019 | Year ended<br>31 December<br>2018 | Year ended<br>31 December<br>2017 |
|--|---|-----------------------------------|-----------------------------------|-----------------------------------|
|  | \$m   | \$m                               | \$m                               | \$m                               |
| <b>Revenue</b> . . . . .   | 62.1  | 59.1                              | 153.6                             | 85.9                              |
| Cost of sales . . . . .  | (45.1)  | (0.4)                             | (65.8)                            | (58.9)                            |
| <b>Gross profit</b> . . . . .  | <u>17.0</u>                                     | <u>58.7</u>                       | <u>87.8</u>                       | <u>27.0</u>                       |
| Administrative costs . . . . .                                       | (0.4)   | (0.3)                             | (0.1)                             | (0.5)                             |
| Impairment reversal . . . . .  | —   | —                                 | 0.2                               | 5.7                               |
| Movement in allowance for related party loan<br>receivable . . . . . | (103.5)   | 36.9                              | (55.1)                            | (39.8)                            |
| <b>Operating (loss)/profit for the year</b> . . . . .                | <u>(86.9)</u>                                   | <u>95.3</u>                       | <u>32.8</u>                       | <u>(7.6)</u>                      |
| Finance costs . . . . .  | (1.2)   | (3.0)                             | (4.0)                             | (3.9)                             |
| Foreign exchange gain / (loss) . . . . .                             | 0.2   | (0.1)                             | 0.5                               | (2.9)                             |
| Finance revenue . . . . .  | 0.6   | 3.0                               | 6.0                               | 0.0                               |
| <b>(Loss)/profit for the year before tax</b> . . . . .               | <u>(87.3)</u>                                   | <u>95.2</u>                       | <u>35.3</u>                       | <u>(14.4)</u>                     |
| <b>Income tax expense</b> . . . . .                                  | <u>(1.2)</u>                                    | <u>(19.7)</u>                     | <u>(29.5)</u>                     | <u>(28.2)</u>                     |
| <b>Total Comprehensive (loss)/income for the year</b> . . . . .      | <u>(88.5)</u>                                   | <u>75.5</u>                       | <u>5.8</u>                        | <u>(42.6)</u>                     |

- (2) Interest income, allowance for related party loans and costs incurred from transactions between Tullow EG and other entities within the Tullow Group have not been eliminated in the income statements, as they reflect trading between Tullow EG and these other entities within the Tullow Group.
- (3) The income statements do not reflect the allocation of certain central Tullow Group costs to the Tullow EG, other than such costs that have been historically recharged to Tullow EG to reflect services provided by Tullow Group. The results of Tullow EG may have been different had Tullow EG operated as a separate business during the periods presented.

*Net Asset Statement for Tullow EG*

|                                    | As at<br>30 June<br>2020<br>\$m | As at<br>31 December<br>2019<br>\$m |
|------------------------------------|---------------------------------|-------------------------------------|
| <b>Non-current assets</b>          |                                 |                                     |
| Property, plant and equipment      | 74.7                            | 76.2                                |
|                                    | <u>74.7</u>                     | <u>76.2</u>                         |
| <b>Current assets</b>              |                                 |                                     |
| Inventories                        | 5.5                             | 6.4                                 |
| Other current assets               | 21.0                            | 43.0                                |
| Related party loan receivable      | —                               | 72.4                                |
|                                    | <u>26.5</u>                     | <u>121.8</u>                        |
| <b>Total assets</b>                | <b><u>101.2</u></b>             | <b><u>198.0</u></b>                 |
| <b>Current liabilities</b>         |                                 |                                     |
| Trade and other payables           | (2.6)                           | (4.3)                               |
| Current tax liabilities            | (28.6)                          | (23.9)                              |
| Related party loans payable        | (0.5)                           | (9.5)                               |
|                                    | <u>(31.7)</u>                   | <u>(37.7)</u>                       |
| Net current (liabilities) / assets | (5.2)                           | 84.1                                |
| <b>Non-current liabilities</b>     |                                 |                                     |
| Provisions                         | (117.3)                         | (116.1)                             |
| Deferred tax liabilities           | (19.6)                          | (23.7)                              |
|                                    | <u>(136.9)</u>                  | <u>(139.8)</u>                      |
| <b>Total liabilities</b>           | <b><u>(168.6)</u></b>           | <b><u>(177.5)</u></b>               |
| Net (liabilities) / assets         | <b><u>(67.4)</u></b>            | <b><u>20.5</u></b>                  |

Intercompany receivables and payables between Tullow EG and other entities within the Tullow Group are included above as at 31 December 2019 and 30 June 2020. Intercompany receivables totalled US\$72.4 million and US\$nil and intercompany payables totalled US\$9.5 million and US\$0.5 million, respectively as at 31 December 2019 and 30 June 2020.

## **PART IV—UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE RETAINED GROUP**

### **1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE RETAINED GROUP**

The unaudited pro forma statement of net assets set out below (“Pro Forma Financial Information”) has been prepared to illustrate the effect of (i) the historical disposal of the Ugandan Interests and (ii) the Transaction on the unaudited consolidated net asset position of the Group as at 30 June 2020 as if Completion had taken place on 30 June 2020.

The unaudited Pro Forma Financial Information has been prepared on the basis set out in the notes below and has been prepared in a manner consistent with the accounting policies applied by the Group for the year ended 31 December 2019 and in accordance with the requirements of sections 1 and 2 of Annex 20 of Commission Delegated Regulation (EU) 2018/980.

The unaudited Pro Forma Financial Information has been prepared for illustrative purposes only. The hypothetical financial position included in the pro forma financial information may differ from the Retained Group’s actual financial position following completion of the Transaction.

Shareholders should read the whole of this document, including the risk factors in Part II (*Risk Factors*) of this document, and not rely solely on the summarised financial information in this Part IV (*Unaudited Pro Forma Financial Information of the Retained Group*). In particular, there can be no assurance that any element of contingent consideration will become payable following completion of the Transaction—see the Sections entitled “Deferred contingent and additional contingent consideration” in Part II (*Risk Factors*) of this document.

Furthermore, the unaudited Pro Forma Financial Information set out in this Part IV (*Unaudited Pro Forma Financial Information of the Retained Group*) does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

EY’s report on the unaudited pro forma financial information is set out in Section 2 of this Part IV (*Unaudited Pro Forma Financial Information of the Retained Group*).

| Notes   | Group<br>net assets<br>as at<br>30 June<br>2020 | Adjustments                               |   |  |                                | Unaudited<br>pro forma<br>net assets<br>of the<br>Retained<br>Group<br>as at<br>30 June<br>2020 |
|---|---|---|---|--|--------------------------------|---|
|   |   | Disposal<br>of the<br>Uganda<br>Interests | Disposal<br>of net<br>assets of<br>Tulow EG | Tulow EG—<br>Intercompany<br>balances<br>elimination | Transaction<br>Net<br>Proceeds |   |
|   | \$m<br>(1)                                      | \$m<br>(2)                                | \$m<br>(3)                                  | \$m<br>(4)   | \$m<br>(5)                     | \$m<br>(6)  |
| <b>Non-current assets</b>                                 |   |   |   |  |                                |   |
| Intangible exploration and evaluation<br>assets . . . . . | 356.6   | —   | —   | —  | —                              | 356.6   |
| Property, plant and equipment . . . . .                   | 3,326.0   | —   | (74.7)                                      | —  | —                              | 3,251.3   |
| Other non-current assets . . . . .                        | 577.5   | —   | —   | —  | —                              | 577.5   |
| Derivative financial instruments . . . . .                | 43.9  | —   | —   | —  | —                              | 43.9  |
| Deferred tax assets . . . . .                             | 495.5   | —   | —   | —  | —                              | 495.5   |
|   | <u>4,799.5</u>                                  | <u>—</u>                                  | <u>(74.7)</u>                               | <u>—</u>   | <u>—</u>                       | <u>4,724.8</u>  |
| <b>Current assets</b>                                     |   |   |   |  |                                |   |
| Inventories . . . . .                                     | 121.8   | —   | (5.5)                                       | —  | —                              | 116.3   |
| Trade receivables . . . . .                               | 64.5  | —   | —   | —  | —                              | 64.5  |
| Other current assets . . . . .                            | 745.7   | 75.0                                      | (21.0)                                      | —  | —                              | 799.7   |
| Related party loan receivable . . . . .                   | —   | —   | —   | —  | —                              | —   |
| Current tax assets . . . . .                              | 58.5  | —   | —   | —  | —                              | 58.5  |
| Derivative financial instruments . . . . .                | 153.0   | —   | —   | —  | —                              | 153.0   |
| Cash and cash equivalents . . . . .                       | 236.3   | 500.6                                     | —   | —  | 66.3                           | 803.2   |
| Assets classified as held for sale . . . . .              | 610.8   | (610.8)                                   | —   | —  | —                              | —   |
|   | <u>1,990.6</u>                                  | <u>(35.2)</u>                             | <u>(26.5)</u>                               | <u>—</u>   | <u>66.3</u>                    | <u>1,995.2</u>  |
| <b>Total assets</b> . . . . .                             | <b><u>6,790.1</u></b>                           | <b><u>(35.2)</u></b>                      | <b><u>(101.2)</u></b>                       | <b><u>—</u></b>                                      | <b><u>66.3</u></b>             | <b><u>6,720.0</u></b>   |
| <b>Current liabilities</b>                                |   |   |   |  |                                |   |
| Trade and other payables . . . . .                        | (831.6)   | —   | 2.6   | —  | —                              | (829.0)   |
| Provisions . . . . .                                      | (161.8)   | —   | —   | —  | —                              | (161.8)   |
| Current tax liabilities . . . . .                         | (98.5)  | —   | 28.6  | —  | —                              | (69.9)  |
| Related party loan payable . . . . .                      | —   | —   | 0.5   | (0.5)  | —                              | —   |
| Liabilities classified as held for sale . . . . .         | (28.8)  | 28.8                                      | —   | —  | —                              | —   |
|   | <u>(1,120.7)</u>                                | <u>28.8</u>                               | <u>31.7</u>                                 | <u>(0.5)</u>   | <u>—</u>                       | <u>(1,060.7)</u>  |
| Net current assets/(liabilities) . . . . .                | 869.9   | (6.4)                                     | 5.2   | (0.5)  | 66.3                           | 934.5   |
| <b>Non-current liabilities</b>                            |   |   |   |  |                                |   |
| Trade and other payables . . . . .                        | (1,147.7)                                       | —   | —   | —  | —                              | (1,147.7)   |
| Borrowings . . . . .                                      | (3,239.2)                                       | —   | —   | —  | —                              | (3,239.2)   |
| Provisions . . . . .                                      | (774.2)   | —   | 117.3                                       | —  | —                              | (656.9)   |
| Deferred tax liabilities . . . . .                        | (646.5)   | —   | 19.6  | —  | —                              | (626.9)   |
|   | <u>(5,807.6)</u>                                | <u>—</u>                                  | <u>136.9</u>                                | <u>—</u>   | <u>—</u>                       | <u>(5,670.7)</u>  |
| <b>Total liabilities</b> . . . . .                        | <b><u>(6,928.3)</u></b>                         | <b><u>28.8</u></b>                        | <b><u>168.6</u></b>                         | <b><u>(0.5)</u></b>                                  | <b><u>—</u></b>                | <b><u>(6,731.4)</u></b>   |
| <b>Net (liabilities)/assets</b> . . . . .                 | <b><u>(138.2)</u></b>                           | <b><u>(6.4)</u></b>                       | <b><u>67.4</u></b>                          | <b><u>(0.5)</u></b>                                  | <b><u>66.3</u></b>             | <b><u>(11.4)</u></b>  |

(1) The net assets of Tulow Oil plc as at 30 June 2020 have been extracted without material adjustment from the unaudited consolidated interim financial statements of Tulow as at 30 June 2020.

(2) This adjustment reflects the disposal of Ugandan Interests which closed on 10 November 2020.

Assets classified as held for sale and Liabilities classified as held for sale on the Tulow Group balance sheet as at 30 June 2020 relate to the Ugandan Interests and these adjustment amounts have been extracted without material adjustment from the unaudited condensed consolidated financial statements of Tulow for the six month period ended 30 June 2020.

The adjustment to cash is comprised of the amount received at the date of completion of sale of the Ugandan Interests (US\$514.3 million) net of transaction costs related to the Ugandan Interests of US\$7.5 million and consideration due on completion to a third party as a result of past transactions of US\$6.2 million.

The US\$75.0 million adjustment to Other current assets relates to deferred consideration payable in connection with the Ugandan Interests.

- (3) This adjustment removes assets and liabilities of the Interests as at 30 June 2020. The figures have been extracted without material adjustment from the unaudited financial information table as at 30 June 2020 as set out in Part III (*Financial Information on the Interests*).
- (4) Adjustments are shown to Related party loan payable of US\$0.5 million to reflect the derecognition of intercompany payables and receivables, present within Tullow Group's net assets, due to or from Tullow EG that are to be waived as part of the Sale and Purchase Agreement.
- (5) The Transaction adjustments reflects the estimated net cash proceeds for the Interests, which includes US\$89.0 million payable at Completion (based on a locked box mechanism as at 1 July 2020 and subject to a customary locked box indemnity in place for a period of 6 months after Completion) and US\$5.0 million deferred consideration payable on the later of (a) Completion, or (b) within two Business Days of Dussafu Completion. The consideration is subject to certain customary financial adjustments under the Sale and Purchase Agreement (which are customary under sale and purchase agreements). No adjustment has been made in the pro forma financial information to reflect these customary financial adjustments as any such adjustment will not be determined until Completion, except for tax paid by Tullow Group in the period since 30 June 2020 (as set out below). See the Section 1.3 of Part VI (*Summary of the Principal Terms of the Transaction*) of this document.

|  | <b>\$m</b>  |
|--|-------------|
| Headline consideration   | 89.0        |
| Less transaction costs (i)   | (3.2)       |
| Less Article 102 fee (ii)  | (4.5)       |
| <b>Estimated cash on completion of disposal of the Interests</b>                                   | <b>81.3</b> |
| Deferred consideration receivable upon completion of the Transaction and Dussafu Transaction (iii) | 5.0         |
| Less 2019 tax paid by Tullow on 5 August 2020 (iv)   | (20.0)      |
| <b>Pro forma adjustment</b>  | <b>66.3</b> |

- (i) Transaction costs expected to be incurred in relation to the Transaction are estimated to total US\$3.2 million (excluding expenses and value added taxes, where applicable).
- (ii) Tullow share of the fee payable under Article 102 of the Hydrocarbons Law of the Republic of Equatorial Guinea to the Treasury account of the Government of Equatorial Guinea of US\$5.0 million shown net of the fee reimbursement of US\$0.5 million at Completion.
- (iii) This amount reflects the deferred contingent consideration of US\$5.0 million that is payable on the later of (a) Completion, or (b) within two Business Days of Dussafu Completion, payable on the basis that both the Transaction and Dussafu Transaction complete.
- As part of the Transaction, the Group may receive contingent consideration payments in future periods up to a maximum of US\$16.0 million. The valuation of this contingent consideration will be dependent on oil price assumptions at the time of Completion (and subsequently) and subsequent production milestones. A value of US\$nil has been assumed for the contingent consideration for the purposes of this unaudited Pro Forma Financial Information given this uncertainty. See the Section entitled "Deferred contingent and additional contingent consideration" in Part II (*Risk Factors*) of this document.
- (iv) Deduction for settlement of Tullow EG's 2019 Corporate Tax liability of US\$20.0 million on 5 August 2020 after the lockbox date.
- (6) No adjustment has been made to reflect any changes in the financial position or results of the Tullow Group, or Tullow EG since 30 June 2020.
- (7) Net Debt of the Retained Group as at 30 June 2020 on a pro forma basis, adjusted only for the estimated cash proceeds for the Interests at Completion as described in Note 5 above, are calculated as follows:

*Calculation of unaudited pro forma Net Debt of the Retained Group as at 30 June 2020*

|  | <b>\$m</b>     |
|--|----------------|
| Net Debt for the Group as at 30 June 2020 (US\$m)                                    | 3,019.5        |
| Cash proceeds for the Ugandan Interests at Completion                                | (514.3)        |
| Ugandan Transaction costs  | 7.5            |
| Other payments   | 6.2            |
|  | <b>2,518.9</b> |
| Estimated net cash proceeds for the Interests at Completion                          | (81.3)         |
|  | <b>2,437.6</b> |
| Deferred consideration payable following Completion                                  | (5.0)          |
| <b>Unaudited pro forma Net Debt of the Retained Group as at 30 June 2020 (US\$m)</b> | <b>2,432.6</b> |

A table of reconciliation of Net Debt in respect of the Group as at 30 June 2020 is set out on page 5

## **2. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE RETAINED GROUP**

The Directors  
Tullow Oil plc  
Building 9, Chiswick Park  
566 Chiswick High Road  
Chiswick  
London  
W4 5XT

2 March 2021

Dear Sirs

We report on the pro forma financial information (the "Pro Forma Financial Information") set out in Section 1 of Part IV of the circular dated 2 March 2021 (the "Circular").

This report is required by Listing Rule 13.3.3R and is given for the purpose of complying with that rule and for no other purpose.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to ordinary shareholders as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R (6), consenting to its inclusion in the Circular.

### **Opinion**

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of Tullow Oil plc.

### **Responsibilities**

It is the responsibility of the directors of the Tullow Oil plc to prepare the Pro Forma Financial Information in accordance with Listing Rule 13.3.3R.

It is our responsibility to form an opinion, as required by Listing Rule 13.3.3R as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

### **Basis of Preparation**

The Pro Forma Financial Information has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the historical disposal of Tullow's interests in each of the assets comprising the Lake Albert Development Project, and the disposal of the entire share capital of Tullow Equatorial Guinea Limited, might have affected the financial information presented on the basis of the accounting policies adopted by the Tullow Oil plc in preparing the financial statements for the period ended 31 December 2019.

### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent in accordance with the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial

information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of Tullow Oil plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Tullow Oil plc.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Yours faithfully

Ernst & Young LLP

## **PART V—PROFIT ESTIMATE**

### **1.1 Tullow Profit Estimate**

On 27 January 2021, the Company released a Trading Statement and Operational Update ahead of its results for the financial year ended 31 December 2020, which are currently expected to be published on 10 March 2021. The following statement was included in the Trading Statement and Operational Update:

“Gross profit is expected to be c.US\$0.4 billion”

The above statement (the “Tullow Profit Estimate”) constitutes a profit estimate for the purposes of the Listing Rules.

### **1.2 Basis of Preparation**

The Tullow Profit Estimate has been prepared by the Directors based on the unaudited consolidation schedules for the financial year ended 31 December 2020. It has been assumed for the purposes of the Tullow Profit Estimate that no events will arise between the date of this document and the date on which Tullow publishes its audited financial statements for the year ended 31 December 2020 which would require incorporation in the audited financial statements for the year ended 31 December 2020, at the gross profit level, in accordance with the Company’s accounting policies under IFRS.

The Tullow Profit Estimate has been properly compiled on the basis set out above and the basis of accounting is consistent with the accounting policies adopted by the Company for the unaudited interim financial results for the six months ended 30 June 2020 and those that will be applicable for the year ended 31 December 2020 and in accordance with IFRS.

The Tullow Profit Estimate has been compiled and prepared on a basis which is comparable with the Group’s annual financial statements for the year ended 31 December 2019.



## **PART VI—SUMMARY OF THE PRINCIPAL TERMS OF THE TRANSACTION**

### **1. SUMMARY OF THE PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT**

#### **1.1 Overview**

Tullow Netherlands entered into the Sale and Purchase Agreement on 9 February 2021, under which it has conditionally agreed to transfer the Interests, being Tullow Netherlands' entire interest in the issued share capital of Tullow EG and the undivided 14.25 per cent. participating interest of Tullow EG in and under the Interest Documents to Panoro Netherlands for cash consideration and additional contingent consideration with effect from the Effective Date. The transfer of the Interests will include the consequent transfer of the undivided 14.25 per cent. participating interests of Tullow EG in and under the Interest Documents relating to the development and production interests in two offshore licenses, encompassing the Ceiba field and Okume Complex.

#### **1.2 Conditions**

Completion of the Sale and Purchase Agreement is conditional upon the satisfaction of certain conditions, including:

- a) Tullow having obtained the approval of its Shareholders as required under the Listing Rules;
- b) approval by Panoro Shareholders of the Panoro Equity Financing Arrangements at the Panoro General Meeting;
- c) the Ministry Condition;
- d) release from certain existing security held by BNP Paribas as security trustee under the RBL Facility in respect of the shares and certain assets of Tullow EG; and
- e) Tullow Convertible Bonds and Senior Notes Guarantee Condition.

The Ministry Condition was satisfied on 3 February 2021 following receipt by Tullow of written consent from the Minister of Mines and Hydrocarbons.

The parties to the Sale and Purchase Agreement have undertaken to use all reasonable endeavours to procure the fulfilment of their respective shareholder approval conditions to Completion. Tullow Netherlands has additionally undertaken to use all reasonable endeavours to fulfil the satisfaction of the condition relating to the release of existing security held by BNP Paribas and the Tullow Convertible Bonds and Senior Notes Guarantee Condition. Under such undertakings the relevant party(ies) have undertaken to use all reasonable endeavours to procure the fulfilment of the relevant condition(s) as soon as possible after the signing date of the Sale and Purchase Agreement and in any event by no later than 5.00 pm London on the Long Stop Date (unless the parties mutually agree to extend such date).

#### **1.3 Consideration and break fee**

Under the Transaction, Panoro Netherlands will pay (i) US\$89 million at Completion (based on a locked box mechanism as at 1 July 2020 and subject to a customary locked box indemnity in place for a period of 6 months after Completion), (ii) deferred contingent consideration of US\$5 million payable on the later of (a) Completion, or (b) within two Business Days of Dussafu Completion and (iii) potential additional contingent consideration, of up to US\$16 million in aggregate, payable only in years where the average net production of the Interests is in excess of 5,500 bopd. Once the foregoing conditions have been reached in each annual period, annual contingent consideration of US\$5.5 million will apply to that year and to each of the four subsequent years where that production threshold is met and the average daily Brent oil prices in respect of the relevant year exceeds US\$60/bbl, subject to the aforementioned cap of US\$16 million.

If the Sale and Purchase Agreement is terminated as a result of Tullow's failure to obtain the approval of its Shareholders as required under the Listing Rules or breach by Tullow Netherlands of its undertaking to use its reasonable endeavours to procure fulfilment of the conditions to Completion (with the exception of the condition relating to Panoro shareholder approval) or where Panoro Netherlands terminates the Sale and Purchase Agreement due to failure by Tullow Netherlands or Tullow to comply with their Completion obligations (in circumstances where Tullow is at fault), then Tullow Netherlands shall pay to Panoro Netherlands by way of compensation the Tullow Break Fee in the amount equal to US\$2 million, provided that in no event shall Tullow be required to make a payment in respect of the Tullow Break Fee which exceeds the maximum amount permitted to be paid without the prior approval of the Shareholders pursuant to the Listing

Rules. If the Sale and Purchase Agreement is terminated as a result of Panoro's failure to obtain the approval of its shareholders of the Panoro Equity Financing Arrangements as required under section 10-1 et. Seq. of the Norwegian Public Limited Liability Companies Act 1997, as amended, or a breach by Panoro Netherlands of its undertaking to use its reasonable endeavours to procure fulfilment of the conditions to Completion (with the exception of the condition relating to the approval of Tullow Shareholders) or where Tullow Netherlands terminates the Sale and Purchase Agreement due to failure by Panoro Netherlands or Panoro to comply with their Completion obligations (in circumstances where Panoro is at fault), then Panoro Netherlands shall pay to Tullow Netherlands by way of compensation the Panoro Break Fee in the amount equal to US\$2 million.

#### **1.4 Undertakings, warranties and indemnities**

The Sale and Purchase Agreement includes customary covenants on Tullow Netherlands in the period between signing and Completion including to continue to operate the Interests in the ordinary course and to not encumber its share ownership in Tullow EG.

Tullow Netherlands has provided Panoro Netherlands with customary warranties in relation to the Transaction.

The Sale and Purchase Agreements provides that, if (i) Panoro Netherlands has commenced legal or arbitration proceedings after Completion against Tullow Netherlands in respect of a third party claim which may give rise to a breach of any warranties given by Tullow Netherlands under the Sale and Purchase Agreement; (ii) Tullow is insolvent or otherwise in financial distress and (iii) any contingent consideration is due and payable by Panoro Netherlands to Tullow Netherlands, Panoro Netherlands may elect to retain any part of the contingent consideration equal to the amount of the relevant claim and pay such amount into an escrow account with an escrow agent appointed jointly by Tullow Netherlands and Panoro Netherlands. Where the amount of any such claim by Panoro Netherlands exceeds the contingent consideration amount deposited into the escrow account, Tullow Netherlands will, on final determination or settlement, remain liable for the excess amount.

Each of the Tullow and Panoro have provided parent guarantees in support of Tullow Netherlands' and Panoro Netherlands' obligations respectively in the Sale and Purchase Agreement. Under the parent guarantee provisions:

- a) Tullow has agreed to indemnify Panoro Netherlands (for the benefit of itself and each other member of the Panoro group) against all liabilities, losses, costs and expenses in relation to any of Tullow Netherlands' (or any member of the Tullow Group's) obligations under the Sale and Purchase Agreement becoming void or unenforceable against Netherlands (or any member of the Tullow Group) for any reasons whatsoever. The amount of Tullow's liability shall be equal to the amount which Panoro Netherlands (or any member of the Panoro group) would otherwise have been entitled to recover from Tullow Netherlands (or any member of the Tullow Group); and
- b) Panoro has agreed to indemnify Tullow Netherlands (for the benefit of itself and each other member of the Group) against all liabilities, losses, costs and expense in relation to any of Panoro Netherlands' (or any member of the Panoro group's) obligations under the Sale and Purchase Agreement becoming void or unenforceable against Panoro Netherlands (or any member of the Panoro group) for any reason whatsoever. The amount of such liability is equal to the amount which Tullow Netherlands (or any member of the Tullow Group) would otherwise have been entitled to recover from the Panoro Netherlands (or any member of the Panoro group).

In addition to the indemnities under the guarantee provisions, the Sale and Purchase Agreement includes customary indemnities to reflect that economic ownership of the Interests transfers to Panoro Netherlands from the Effective Date. In summary:

- a) Tullow Netherlands has agreed to indemnify Panoro Netherlands from and against any audit, potential claim, action or demand or other similar matter which directly result in a cash payment owed by Tullow EG to a tax authority and which relates to the fiscal years ended 2018, 2019 and 2020, provided that Tullow Netherlands' liability shall not exceed (i) in respect of Tullow EG's fiscal year ended 2018, US\$2 million, (ii) in respect of Tullow EG's fiscal year ended 2019, US\$2 million, and (iii) in respect of the first half of Tullow EG's fiscal year ended 2020 US\$2 million.
- b) Panoro Netherlands has agreed to indemnify Tullow Netherlands from Completion with respect to all environmental and decommissioning liabilities, losses, costs and expenses that arise in relation to the Joint Property arising before, on or after 1 July 2020.

### **1.5 Limitations of liabilities**

Tulow Netherlands' liability under the Sale and Purchase Agreement for warranty claims is capped at:

- a) 100 per cent. of the total consideration (being the consideration at completion, the further consideration and any contingent consideration) received by Tulow Netherlands from Panoro Netherlands in respect of fundamental warranty claims relating to title to the Interests and capacity of Tulow Netherlands to enter into the Transaction; and
- b) US\$25,500,000 in respect of all other warranty claims.

The Sale and Purchase Agreement includes customary financial threshold and *de minimis* limitations on Panoro Netherlands' ability to bring claims under the warranties given by Tulow Netherlands (other than the fundamental warranties). Each individual warranty claim brought by Panoro Netherlands B.V. must exceed US\$500,000 (the *de minimis* limitation) but Tulow Netherlands will only be liable once a threshold of US\$1.5 million is exceeded for all warranty claims that satisfy the *de minimis* limitation. The Sale and Purchase Agreement also imposes time limits on Panoro Netherlands' ability to bring warranty claims against Tulow Netherlands which vary depending on the type of warranty.

### **1.6 Termination**

The Sale and Purchase Agreement shall terminate automatically if any of the conditions to Completion have not been fulfilled in accordance with the Sale and Purchase Agreement by the Long Stop Date, unless the parties mutually agreed to extend such date. As indicated at Section 1.3 above, where the Sale and Purchase Agreement is terminated as a result of certain failures or breaches on the part of Tulow Netherlands and/or Tulow, then Tulow Netherlands shall pay to Panoro Netherlands the Tulow Break Fee and if the Sale and Purchase Agreement is terminated as a result of certain failures or breaches on the part of Panoro Netherlands and/or Panoro, then Panoro Netherlands shall pay to Tulow Netherlands the Panoro Break Fee.

Tulow Netherlands and Panoro Netherlands also each have a right to terminate the Sale and Purchase Agreement between signing and Completion if: (i) the other party fails to comply with their Completion obligations at the Completion date, or (ii) the other party breaches or becomes subject to any applicable international sanctions. In relation to (i) where Tulow Netherlands is the defaulting party, it must have materially failed to comply with its obligations and it shall be given 5 Business Days from receipt of notice from of Panoro Netherlands to remedy the failure.

### **1.7 Governing Law and jurisdiction**

The Sale and Purchase Agreement is governed by English law. The parties have agreed that any disputes shall be finally settled under the arbitration rules of the London Court of International Arbitration in force at the date of applying for arbitration by three arbitrators appointed in accordance with such rules, in London, England and in the English language.

## PART VII—ADDITIONAL INFORMATION

### 1. RESPONSIBILITY

The Company and the Directors, whose names appear on page 50 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2. COMPANY INFORMATION

The Company was incorporated and registered in England and Wales on 4 February 2000 with the name DMWSL 291 plc and is a public company limited by shares, with registered number 03919249. DMWSL 291 plc changed its name to Tullow Oil plc on 28 April 2000. The Company is domiciled in the United Kingdom.

The Company's registered office and principal place of business is at 9 Chiswick Park, 566 Chiswick High Road, London, W4 5XT, and its telephone number is +44 (0)20 3249 9000.

The principal laws and legislation under which the Company operates are the Companies Act 2006 and the regulations made thereunder.

### 3. DIRECTORS

The Directors of the Company (in such capacities, each having their business address at 9 Chiswick Park, 566 Chiswick High Road, London, W4 5XT, United Kingdom), are as follows:

| Name                           | Role                                      |
|--------------------------------|---|
| Rahul Dhir . . . . .           | Chief Executive Officer                   |
| George Leslie Wood . . . . .   | Chief Finance Officer                     |
| Dorothy Thompson CBE . . . . . | Non-Executive Chair                       |
| Jeremy Wilson . . . . .        | Senior Independent Non-Executive Director |
| Michael Daly . . . . .         | Independent Non-Executive Director        |
| Sheila Khama . . . . .         | Independent Non-Executive Director        |
| Genevieve Sangudi . . . . .    | Independent Non-Executive Director        |
| Martin Greenslade . . . . .    | Independent Non-Executive Director        |
| Mitchell Ingram . . . . .      | Independent Non-Executive Director        |

### 4. DIRECTORS' INTERESTS IN THE COMPANY

The interests in Tullow Shares of the Directors (and their connected persons within the meaning of Section 252 of the Companies Act 2006) as at the Latest Practicable Date were as follows:

#### *Directors' interests in Tullow Shares*

|                                | Number of Tullow Shares | Percentage of existing issued Tullow Shares as at the Latest Practicable Date (for interests under share schemes see below) |
|--------------------------------|-------------------------|---|
| <i>Executive Directors</i>     |                         |   |
| Rahul Dhir . . . . .           | 1,346,000               | 0.09494%  |
| George Leslie Wood . . . . .   | 214,826                 | 0.01515%  |
| <i>Non-Executive Directors</i> |                         |   |
| Dorothy Thompson CBE . . . . . | 68,148                  | 0.00481%  |
| Jeremy Wilson . . . . .        | 87,959                  | 0.00620%  |
| Michael Daly . . . . .         | 4,795                   | 0.00034%  |
| Genevieve Sangudi . . . . .    | —                       | —   |
| Sheila Khama . . . . .         | —                       | —   |
| Martin Greenslade . . . . .    | —                       | —   |
| Mitchell Ingram . . . . .      | —                       | —   |
| <b>Total</b> . . . . .         | 1,721,728               | 0.12144%  |

## ***Directors' interests in Tullow Shares pursuant to employee share schemes***

### ***Rahul Dhir's individual buyout awards***

Following the commencement of his employment as CEO of the Company on 1 July 2020, Rahul Dhir was granted awards over Tullow Shares under an individual buyout awards arrangement as detailed below. The grant of the awards was conditional on Rahul Dhir purchasing Tullow Shares with a value of £350,000. As indicated above, Mr Dhir purchased 1,346,000 Tullow Shares on 11 May 2020 and he is required to retain these Tullow Shares in connection with the grant of the awards.

| <u>Date of grant</u> | <u>Number of awards over Tullow Shares</u> | <u>Exercise price</u> | <u>Vesting date</u> | <u>Exercise period</u>   | <u>Vesting conditions</u>   |
|----------------------|--|-----------------------|---------------------|--------------------------|---|
| 05/08/2020           | 3,000,000                                  | £nil                  | 01/07/2025          | 01/07/2025 to 30/06/2030 | Awards will vest subject to continued service and retention of the purchased Company Shares |

### ***Tullow Incentive Plan***

In addition to his interest detailed above, as at the Latest Practicable Date, George Leslie Wood held the following outstanding options and awards over Tullow Shares under the Tullow Incentive Plan:

| <u>Share plan</u>                 | <u>Grant date</u> | <u>Number of options</u> |
|-----------------------------------|-------------------|--------------------------|
| DIR 5 Yr . . . . .                | 08/02/2018        | 148,802                  |
| DIR 5 Yr . . . . .                | 14/02/2019        | 288,617                  |
| DIR 5 Yr—Div Equivalent . . . . . | 10/05/2019        | 2,605                    |
| DIR 5 Yr—Div Equivalent . . . . . | 10/05/2019        | 5,052                    |
| DIR 5 Yr—Div Equivalent . . . . . | 17/10/2019        | 1,372                    |
| DIR 5 Yr—Div Equivalent . . . . . | 17/10/2019        | 2,661                    |
|                                   |                   | <b>Total: 449,109</b>    |

No other Directors hold outstanding options and awards over Tullow Shares under the Tullow Incentive Plan.

As at the Latest Practicable Date, no options or awards over Tullow Shares had been issued to the Directors under the Tullow Incentive Plan in respect of the Transaction. The Transaction will not result in the acceleration of any options or awards over Tullow Shares held by the Directors, or held by any other participant in the Tullow Incentive Plan.

### ***Tullow UK Share Incentive Plan***

As at the Latest Practicable Date, George Leslie Wood had been allocated 14,338 matching shares under the Tullow UK Share Incentive Plan.

As at the Latest Practicable Date, no other matching shares had been issued to the Directors, pursuant to the Tullow UK Share Incentive Plan in respect of the Transaction. The Transaction will not result in the acceleration of the vesting of any matching shares or awards over Tullow Shares held by the Directors, or held by any other participant in the Tullow UK Share Incentive Plan.

## **5. DIRECTORS' SERVICE AGREEMENTS AND ARRANGEMENTS**

Save as set out in this Section 5, there are no existing or proposed service agreements or letters of appointment between the Directors and any member of the Tullow Group.

### ***Executive Directors: Service contracts***

Details of the appointment of the Executive Directors are shown in the table below.

|                              | <u>Date of appointment</u>                      | <u>Date of contract</u> | <u>Notice period from Company (months)</u> | <u>Notice period from Director (months)</u> | <u>Base salary</u> |
|------------------------------|---|-------------------------|--|---|--------------------|
| <i>Executive Directors</i>   |   |                         |  |   |                    |
| Rahul Dhir . . . . .         | 01.07.20  | 20.04.20                | 12 during first 12 months;<br>6 thereafter | 6   | £580,000           |
| George Leslie Wood . . . . . | 5.01.17<br>(as Interim Chief Financial Officer) | 20.06.17                | 12   | 6   | £461,500           |

Mr Dhir is employed under a rolling service agreement with Tullow Group Services Limited, which may be terminated by Mr Dhir on six months' notice and by Tullow Group Services Limited on 12 months' notice (during the first 12 months of his employment) and six months' notice thereafter. In the event of Tullow Group Services Limited terminating Mr Dhir's service agreement, the Company has the option to make a payment in lieu of notice, limited to base salary and contractual benefits. Mr Dhir's annual basic salary will be £580,000.

In the event Mr Dhir is guilty of serious or persistent misconduct or in certain other specified circumstances, Tullow Group Services Limited may terminate his employment with immediate effect and without notice or payment in lieu.

In addition to his annual salary, Mr Dhir is entitled to the following main benefits: (i) a pension contribution or salary supplement of 15 per cent. of salary; (ii) benefit provision, including health insurance and life assurance in line with the Group's policy; and (iii) a TIP award.

For 2020, Mr Dhir will be eligible to receive a TIP award of up to 200 per cent. of base salary, assuming a 1 July 2020 start date, with an award of up to 100 per cent. being divided evenly between cash and deferred shares and any remainder being awarded entirely in shares deferred for five years. From 2021 onwards, he will be eligible to receive a TIP award on the same basis as Mr Wood.

On 5 August 2020, Mr Dhir was granted additional share incentive awards to compensate him for awards that he forfeited on leaving his former employer (the "Awards"). The Awards, which were granted pursuant to an individual plan put in place by the Company in accordance with Listing Rule 9.4.2, comprise:

- (a) A restricted share award in the form of a nil-cost option over 3,000,000 shares;
- (b) A share option over 3,000,000 shares with a per share exercise price of £0.2566; and
- (c) A share option over 3,000,000 shares with a per share exercise price of £0.5132.

The Awards will ordinarily vest on 1 July 2025.

Les Wood is engaged under a rolling service agreement with Tullow Group Services Limited which may be terminated by Mr Wood on six months' notice and by Tullow Group Services Limited on 12 months' notice. In the event of Tullow Group Services Limited terminating Mr Wood's service agreement, the Company has the option to make a payment in lieu of notice, limited to base salary and contractual benefits.

In the event Mr Wood is guilty of serious or persistent misconduct or in certain other specified circumstances, Tullow Group Services Limited may terminate his employment with immediate effect and without notice or payment in lieu.

In addition to his annual salary, Mr Wood is entitled to the following main benefits: (i) a pension contribution or salary supplement of 25 per cent. of salary for the year ended 31 December 2019; (ii) benefit provision, including health insurance and life assurance in line with the Group's policy; and (iii) a TIP award with a maximum potential of 400 per cent. of salary, based on the achievement of applicable performance conditions, with an award of up to 200 per cent. being divided evenly between cash and deferred shares and any remainder being awarded entirely in deferred shares.

Executive Directors are reimbursed for all reasonable and properly documented expenses incurred in performing their duties.

Dorothy Thompson performed the interim role of executive chair from 9 December 2019 to 9 September 2020. During this period she received an annual fee of £600,000, pro-rated as appropriate. She did not receive any

further benefit or pension provision or receive incentive awards. Following Mr Dhir's appointment as the new CEO on 1 July 2020 and a transition of duties, Ms Thompson reverted to her previous role of Non-Executive Chair on 9 September 2020.

***Non-Executive Chair: Letter of appointment***

Details of the appointment of the Non-Executive Chair are shown in the table below.

|                                   | <u>Date of appointment</u>                                     | <u>Date current engagement commenced</u> | <u>Expiry of current term</u> | <u>Notice period from Company (months)</u> | <u>Base fee</u> |
|-----------------------------------|--|--|-------------------------------|--|-----------------|
| <i>Non-Executive Chair</i>        |  |  |                               |  |                 |
| <b>Dorothy Thompson</b> . . . . . | 25.04.18   | 09.09.20                                 | 24.04.21                      | 6  | £300,000        |
|                                   | (as a Non-Executive Director)                                  |  |                               |  |                 |
|                                   | 20.07.18   |  |                               |  |                 |
|                                   | (as Non-Executive Chair)                                       |  |                               |  |                 |
|                                   | 09.09.20   |  |                               |  |                 |
|                                   | (as Non-Executive Chair after period of being executive chair) |  |                               |  |                 |

Dorothy Thompson performed the interim role of executive chair from 1 December 2019 to 9 September 2020. Following Mr Dhir's appointment as new CEO on 1 July 2020 and a transition of duties, she reverted to her previous role of Non-Executive Chair on 9 September 2020. Her annual fee reverted to £300,000 from that date.

***Non-Executive Directors: Letters of appointment***

Details of the appointment of the Non-Executive Directors are shown in the table below.

|                                    | <u>Date of appointment</u> | <u>Date current engagement commenced</u> | <u>Expiry of current term</u> | <u>Notice period from Company (months)</u> | <u>Fees paid in 2019</u> |
|------------------------------------|----------------------------|--|-------------------------------|--|--------------------------|
| <i>Non-Executive Directors</i>     |                            |  |                               |  |                          |
| <b>Jeremy Wilson</b> . . . . .     | 21.10.13                   | 21.10.19                                 | 20.10.22                      | 3  | £90,274                  |
| <b>Michael Daly</b> . . . . .      | 01.06.14                   | 30.05.20                                 | 31.05.23                      | 3  | £80,000                  |
| <b>Sheila Khama</b> . . . . .      | 26.04.19                   | 26.04.19                                 | 25.04.22                      | 6  | £44,520                  |
| <b>Genevieve Sangudi</b> . . . . . | 26.04.19                   | 26.04.19                                 | 25.04.22                      | 6  | £44,520                  |
| <b>Martin Greenslade</b> . . . . . | 01.11.19                   | 01.11.19                                 | 31.10.22                      | 6  | £10,863                  |
| <b>Mitchell Ingram</b> . . . . .   | 09.09.20                   | 09.09.20                                 | 08.08.23                      | 6  | nil                      |

The Non-Executive Directors are appointed by letters of appointment, which may be terminated by either party giving to the other not less than three- or six-months' notice in writing (as set out above).

In the event a Non-Executive Director is guilty of serious or persistent misconduct or in certain other specified circumstances, the Company may terminate their appointment with immediate effect and without notice or any obligation to pay compensation or damages.

The fees paid to each of the Non-Executive Directors consist of a basic fee of £65,000 per year and, as relevant, additional fees for acting as chair of a Board committee (£15,000 per year in respect of the Remuneration Committee and the Safety and Sustainability Committee and £20,000 per year in respect of the Audit Committee) and an additional fee of £15,000 per year for the Director nominated as Senior Independent Director (being Jeremy Wilson as at the Latest Practicable Date).

Each Non-Executive Director is entitled to reimbursement of reasonable expenses incurred in the course of his duties.

No Non-Executive Director is entitled to any benefit upon the termination of their appointment.

Save as disclosed above, (i) there are no service contracts between any Director and the Company or any member of the Group; and (ii) no such contract has been entered into or amended within the six months preceding the date of this document. There are also no service contracts between the Company or any member of the Group and any person who has resigned as a Director in the period between the Announcement and the

publication of this document. No such contract has been entered into or amended within the six months preceding the date of this document.

## 6. SIGNIFICANT SHAREHOLDERS

As at the close of business on the Latest Practicable Date, so far as the Directors are aware, no person other than those listed below was interested, directly or indirectly, in three per cent. or more of the issued share capital of Tullow:<sup>(1)</sup>

| <u>Name</u>  | <u>Number of<br/>Tullow Shares</u> | <u>Percentage of existing<br/>issued share capital as<br/>at the Latest<br/>Practicable Date</u> |
|--|------------------------------------|--|
| Petrolin Group . . . . .                                 | 184,391,890                        | 13.01%   |
| RWC Partners . . . . .                                   | 103,978,383                        | 7.33%  |
| Hargreaves Lansdown, stockbrokers (EO) . . . . .         | 101,677,235                        | 7.17%  |
| Azvalor Asset Management <sup>(2)</sup> . . . . .        | 85,055,406                         | 6.00%  |
| M&G Investments . . . . .                                | 68,077,121                         | 4.80%  |
| Summerhill Trust Company (Isle of Man) Limited . . . . . | 58,838,104                         | 4.15%  |
| Interactive Investor (EO) . . . . .                      | 57,142,968                         | 4.03%  |
| Goldman Sachs Group <sup>(3)</sup> . . . . .             | 53,319,464                         | 3.76%  |
| HSDL, stockbrokers (EO) . . . . .                        | 48,730,818                         | 3.44%  |
| Schroder Investment Management . . . . .                 | 48,503,845                         | 3.42%  |
| BlackRock . . . . .                                      | 47,942,982                         | 3.38%  |
| Dimensional Fund Investors . . . . .                     | 45,531,803                         | 3.21%  |
| <b>Total significant shareholdings . . . . .</b>         | <b>903,190,019</b>                 | <b>63.70%</b>  |

(1) Unless otherwise stated, information is taken from a shareholder analysis report prepared on behalf of the Company reflecting the position as at 31 January 2021.

(2) Information taken from TR-1 notification issued to Company on 18 February 2021.

(3) Information taken from TR-1 notification issued to Company on 25 February 2021. Goldman Sachs is the holder of (i) 2,417,723 Tullow Shares and (ii) a derivative position in 50,901,741 Tullow Shares via securities lending and swaps.

## 7. MATERIAL CONTRACTS

### 7.1 The Retained Group

The following is a summary of each material contract (other than contracts entered into in the ordinary course of business) to which Tullow or any member of the Tullow Group is a party, for the two years immediately preceding the publication of this document, and each other contract (not being a contract entered into in the ordinary course of business) entered into by Tullow or any member of the Tullow Group which contains any provisions under which Tullow or any member of the Tullow Group has an obligation or entitlement which is material to Tullow as at the date of this document, in relation to the Retained Group:

#### (a) Sale and Purchase Agreement

Details of the Sale and Purchase Agreement are set out in Part VI (*Summary of the Principal Terms of the Transaction*) of this document.

#### (b) Dussafu Sale and Purchase Agreement

Tullow Gabon entered into the Dussafu Sale and Purchase Agreement on 9 February 2021, under which it has conditionally agreed to transfer the Dussafu Assets, being: (i) the entire 10 per cent. undivided legal and beneficial interest in the Dussafu PSC; (ii) Tullow's interest in and under the Dussafu JOA the other Dussafu Documents; (iii) the right to take and receive a consequent share of all petroleum attributable to Tullow's interest in subparagraph (i) and (ii) and (subject to tax) the gross proceeds from the sale or other disposition thereon and after the Effective Date; and (iv) a consequent share of Tullow's right, title and interest in and to jointly owned funds, Dussafu Joint Property and all other assets which are attributable to Tullow's interest in subparagraph (i) and (ii), to Pan Gabon for cash consideration and additional contingent consideration with effect from the Effective Date.



Completion of the Dussafu Sale and Purchase Agreement is conditional upon the satisfaction of certain conditions, including:

- a) approval by Panoro Shareholders of the Panoro Equity Financing Arrangements at the Panoro General Meeting;
- b) Tullow Gabon having notified the relevant Gabon governmental authority of the Dussafu Transaction and either (i) having obtained a copy of the letter by which the relevant Gabon governmental authority confirms its approval of the Dussafu Transaction on behalf of Gabon, or (ii) the 30 day period referred to under Article 42.5 of the Dussafu PSC having expired without having expressed its opposition to the Dussafu Transaction within this period;
- c) Tullow Gabon having received written consent of each party to the Dussafu JOA to the Dussafu Transaction in accordance with Article 12.1(E) of the Dussafu JOA; and
- d) if applicable, release from and termination of the BW Energy pledge in respect of the Dussafu Assets and Tullow Gabon.

The parties to the Dussafu Sale and Purchase Agreement have undertaken to use all reasonable endeavours to procure the fulfilment of the Gabon governmental authority consent condition and the release from the BW Energy pledge condition. Panoro and Pan Gabon have additionally undertaken to use all reasonable endeavours to procure the fulfilment of the Panoro shareholder approval condition and Tullow Gabon has additionally undertaken to use all reasonable endeavours to obtain the consent of each other party to the Dussafu JOA to the Dussafu Transaction. Under such undertakings the relevant party(ies) have undertaken to use all reasonable endeavours to procure the fulfilment of the relevant condition(s) as soon as possible after the signing date of the Dussafu Sale and Purchase Agreement and in any event by no later than 5.00 pm London on the Long Stop Date, being the first anniversary of the date of the Dussafu Sale and Purchase Agreement (unless the parties mutually agree to extend such date).

Under the Dussafu Transaction, Pan Gabon will pay US\$46 million in cash at Dussafu Completion (based on an effective date of 1 July 2020 and subject to customary working capital and other adjustments to be made at Dussafu Completion). Additional contingent consideration of up to US\$24 million in aggregate may be payable once production commences from the Hibiscus and Ruche discoveries (which is expected in 2023) and the average daily production associated with the developments related to the Hibiscus and Ruche discoveries is equal to or greater than 33,000 bopd over any 60 day continuous period. Once this milestone has been reached, annual contingent consideration, calculated as noted below, will apply to that year and to each of the four subsequent consecutive years where the average daily Brent oil price in respect of the relevant year is in excess of US\$55/bbl, subject to the aforementioned cap of US\$24 million and an annual cap of US\$5 million. No payment will be due in respect of the contingent consideration if the average daily Brent oil price in respect of the relevant year is less than or equal to US\$55/bbl. Where the oil price exceeds this threshold, Tullow shall be entitled to 15 per cent. of the net cash flow in respect of the relevant year after taking into account operating costs, capital and abandonment costs, insurance costs and a contribution of US\$500,000 per annum towards general and administrative expenses, subject to the annual and aggregate caps noted above.

The Dussafu Sale and Purchase Agreement includes customary covenants on the Dussafu Assets in the period between signing and Dussafu Completion including to continue to operate the Dussafu Assets in the ordinary course.

Tullow Gabon has provided Pan Gabon with customary warranties in relation to the Dussafu Transaction. The Dussafu Sale and Purchase Agreements provides that if (i) Pan Gabon has commenced legal or arbitration proceedings after Dussafu Completion against Tullow Gabon in respect of a third party claim which may give rise to a breach of any warranties given by Tullow Gabon under the Dussafu Sale and Purchase Agreement; (ii) Tullow is insolvent or otherwise in financial distress and (iii) any contingent consideration is due and payable by Pan Gabon to Tullow Gabon, Pan Gabon may elect to retain any part of the contingent consideration equal to the amount of the relevant claim and pay such amount into an escrow account with an escrow agent appointed jointly by Tullow Netherlands and Panoro Netherlands. Where the amount of any such claim by Pan Gabon exceeds the contingent consideration amount deposited into the escrow account, Tullow Gabon will, on final determination or settlement, remain liable for the excess amount.

Each of the Company and Panoro have provided parent guarantees in support of Tullow Gabon's and Pan Gabon's obligations respectively in the Dussafu Sale and Purchase Agreement. Under the parent guarantee provisions:

- a) Tullow has agreed to indemnify Pan Gabon (for the benefit of itself and each other member of the Panoro group) against all liabilities, losses, costs and expenses in relation to any of Tullow Gabon's (or any member of the Tullow Group's) obligations under the Dussafu Sale and Purchase Agreement becoming void or unenforceable against Tullow Gabon (or any member of the Tullow Group) for any reasons whatsoever. The amount of Tullow's liability shall be equal to the amount which Pan Gabon (or any member of the Panoro group) would otherwise have been entitled to recover from Tullow Gabon (or any member of the Tullow Group); and
- b) Panoro has agreed to indemnify Tullow Gabon (for the benefit of itself and each other member of the Group) against all liabilities, losses, costs and expense in relation to any of Pan Gabon's (or any member of the Panoro group's) obligations under the Dussafu Sale and Purchase Agreement becoming void or unenforceable against Pan Gabon (or any member of the Panoro group) for any reason whatsoever. The amount of such liability is equal to the amount which Tullow Gabon (or any member of the Tullow Group) would otherwise have been entitled to recover from the Pan Gabon (or any member of the Panoro group).

In addition to the indemnities under the guarantee provisions, the Dussafu Sale and Purchase Agreement includes customary indemnities to reflect that economic ownership of the Dussafu Assets transfers to Pan Gabon from the Effective Date. In summary:

- a) Tullow Gabon has agreed to indemnify Pan Gabon with respect to all claims, costs, charges, expenses, obligations, losses and liabilities that arise in relation to the Dussafu Assets before, but excluding, 1 July 2020, other than (i) in respect of tax, (ii) environmental liabilities, losses, costs and expenses and (iii) decommissioning liabilities, costs and expenses;
- b) Pan Gabon has agreed to indemnify Tullow Gabon with respect to all claims, costs, charges, expenses, obligations, losses and liabilities that arise in relation to the Dussafu Assets on or after 1 July 2020, other than (i) Tullow Gabon's US\$5 million liability in respect of settlement of the dispute under the Dussafu PSC concerning inter alia Tullow Gabon's payment to BW Energy of US\$9.35 million to the extent such amounts have not been paid prior to Dussafu Completion, and (ii) in respect of tax;
- c) Pan Gabon has agreed to indemnify Tullow Gabon with respect to all environmental and decommissioning liabilities, losses, costs and expenses that arise in relation to the Dussafu Joint Property arising before, on or after 1 July 2020;
- d) Pan Gabon has agreed to indemnify Tullow Gabon on demand from all liabilities, losses, costs and expenses (on an after tax basis) which Tullow Gabon may suffer or incur in connection with any failure by Pan Gabon to either (i) arrange for the registration of its own pledge, in replacement of the BW Energy pledge, with the commercial trade register (register de commerce et de credit mobilier) of Gabon, or (ii) grant and perfect such other security or arrangement as required by the other parties to the BW Energy pledge to release the BW Energy pledge, in each case promptly following Dussafu Completion; and
- e) Tullow Gabon has agreed to indemnify Pan Gabon on demand from all liabilities, losses, costs and expenses (on an after tax basis) which Pan Gabon may suffer or incur in connection with any failure by Tullow Gabon to, if the BW Energy pledge has been registered with the commercial trade register (register de commerce et de credit mobilier) in Gabon prior to Dussafu Completion, de-register the BW Energy pledge from the commercial trade register as soon as reasonably practicable following Dussafu Completion and in any event within three (3) months after Dussafu Completion.

Tullow Gabon's liability under the Dussafu Sale and Purchase Agreement for warranty claims is capped at:

- a) 100 per cent. of the total consideration (being the consideration at completion) received by Tullow Gabon from Pan Gabon in respect of fundamental warranty claims relating to title to the Dussafu Assets and capacity of Tullow Gabon to enter into the Dussafu Transaction; and
- b) US\$14 million in respect of all other warranty claims.

The Dussafu Sale and Purchase Agreement includes customary financial threshold and *de minimis* limitations on Pan Gabon's ability to bring claims under the warranties given by Tullow Gabon (other than the fundamental warranties). Each individual warranty claim brought by Pan Gabon must exceed US\$250,000 (the *de minimis* limitation) but Tullow Gabon will only be liable once a threshold of US\$1 million is exceeded for all warranty claims that satisfy the *de minimis* limitation. The Dussafu Sale and Purchase Agreement also imposes time limits on Pan Gabon's ability to bring warranty claims against Tullow Gabon which vary depending on the type of warranty.

The Dussafu Sale and Purchase Agreement will terminate automatically if the conditions to Dussafu Completion have not been fulfilled in accordance with the Dussafu Sale and Purchase Agreement at 11.59 pm on the first anniversary of the date of the Dussafu Sale and Purchase Agreement, unless the parties mutually agree to extend such date. If the Dussafu Sale and Purchase Agreement is terminated as a result of breach by Tullow Gabon of its undertaking to use its reasonable endeavours to procure fulfilment of the conditions to Dussafu Completion (with the exception of the condition relating to Panoro shareholder approval) or where Pan Gabon terminates the Dussafu Sale and Purchase Agreement due to failure by Tullow Gabon or Tullow to comply with their Dussafu Completion obligations (in circumstances where Tullow is at fault), then Tullow Gabon shall pay to Pan Gabon by way of compensation the Tullow Break Fee in the amount equal to US\$2 million, provided that in no event shall Tullow be required to make a payment in respect of the Tullow Break Fee which exceeds the maximum amount permitted to be paid without the prior approval of the Shareholders pursuant to the Listing Rules. If the Dussafu Sale and Purchase Agreement is terminated as a result of Panoro's failure to obtain the approval of its shareholders of the Panoro Equity Financing Arrangements as required under section 10-1 et. Seq. of the Norwegian Public Limited Liability Companies Act 1997, as amended, or a breach by Pan Gabon of its undertaking to use its reasonable endeavours to procure fulfilment of the conditions to Dussafu Completion or where Tullow Gabon terminates the Dussafu Sale and Purchase Agreement due to failure by Pan Gabon or Panoro to comply with their Dussafu Completion obligations (in circumstances where Panoro is at fault), then Pan Gabon shall pay to Tullow Gabon by way of compensation an amount equal to US\$2 million (the "Panoro Break Fee").

Tullow Gabon and Pan Gabon also each have a right to terminate the Dussafu Sale and Purchase Agreement between signing and Completion if: (i) the other party fails to comply with their Completion obligations at the Completion date, or (ii) the other party breaches or becomes subject to any applicable international sanctions. In relation to (i) where Tullow Gabon is the defaulting party, it must have materially failed to comply with its obligations and it shall be given 5 Business Days from receipt of notice from Pan Gabon to remedy the failure.

The Dussafu Sale and Purchase Agreement is governed by English law. The parties have agreed that any disputes shall be finally settled under the arbitration rules of the London Court of International Arbitration in force at the date of applying for arbitration by three arbitrators appointed in accordance with such rules, in London, England and in the English language.

#### **(c) Sponsor's Engagement Letter**

On 12 November 2020, the Company and the Sponsor entered into an engagement letter pursuant to which the Sponsor has agreed, subject to certain conditions, to act as the Company's sponsor in relation to the Transaction for the purposes of the Listing Rules (the "Sponsor's Engagement Letter").

Under the Sponsor's Engagement Letter, the Company has given the Sponsor certain undertakings in relation to, among other things, the provision of all relevant information in relation to the Transaction and has agreed to pay certain fees to the Sponsor on completion of the Transaction. In addition, the Company has provided the Sponsor with certain indemnities which are customary for an agreement of this nature. The liability of the Company under the Sponsor's Engagement Letter is unlimited by both time and amount. Pursuant to the terms of the Sponsor's Engagement Letter, either the Sponsor or the Company may terminate the Sponsor's Engagement Letter at any time.

The Company has agreed to bear all of the Sponsor's costs and expenses of, or in connection with, the Transaction.

#### **(d) Sale and purchase agreement for the Ugandan Transaction**

On 23 April 2020 Tullow Uganda, the Company and Total E&P Uganda B.V. ("Total Uganda") entered into a sale and purchase agreement (the "Ugandan Sale and Purchase Agreement") under which Tullow Uganda agreed to transfer the entirety of Tullow's interests in each of the assets comprising the Lake Albert Development Project (the "Ugandan Interests"), being (i) a 33.3334 per cent. interest in the production sharing agreements for each of Block 1, 1A, 2 and 3A in Uganda and the licences and certain other contracts related thereto (the "Upstream Segment"); and (ii) its interests in the proposed EACOP System (the "Midstream Segment").

The Ugandan Transaction was classified as a Class 1 transaction as defined by Chapter 10 of the Listing Rules. As such, Shareholder approval was obtained at a general meeting of the Company on 15 July 2020 with over 99 per cent. of votes cast on a poll approving the Ugandan Transaction.

In addition to Shareholder approval, completion of the Ugandan Sale and Purchase Agreement was also subject to a number of other conditions, including entry into the Ugandan Tax Agreement (details of which are set out below) and approval of the Minister of Energy and Mineral Development of the Republic of Uganda. Completion was also subject to CNOOC Uganda Limited having declined to exercise its pre-emption rights under the relevant joint operating agreements, notice of which was received on 26 May 2020.

Closing of the Ugandan Transaction took place on 10 November 2020 with US\$500 million cash consideration being paid by Total Uganda. In addition, the Ugandan Sale and Purchase Agreement provides for the following additional deferred and contingent consideration be paid by Total Uganda: (i) US\$75 million cash payable following the final investment decision (expected in 2021) of the Upstream Segment and the Midstream Segment; and (ii) potential contingent annual payments to be paid on upstream revenues from the Ugandan Interests (reducing to 28.3334 per cent. following the exercise by Uganda National Oil Company of its back-in rights) at a rate of 0 per cent. if the average annual Brent price is less than or equal to US\$62/bbl, 1.25 per cent. (net of tax) if the average annual Brent price is greater than US\$62/bbl or 2.5 per cent. (net of tax) if the average annual Brent price is greater than US\$70/bbl.

The Group provided Total Uganda with customary warranties in relation to the Ugandan Transaction and the Company delivered a guarantee in support of Tullow Uganda Limited's and Tullow Uganda Operations Pty Limited's obligations under the Ugandan Sale and Purchase Agreement.

Each of Tullow Uganda Limited's and Tullow Uganda Operations Pty Ltd.'s liability under the Ugandan Sale and Purchase Agreement for warranty claims is capped at:

- a) 100 per cent. of the total consideration received from Total Uganda in respect of fundamental warranty claims relating to title to the Ugandan Interests and capacity of Tullow Uganda to enter into the Ugandan Transaction; and
- b) 40 per cent. of the total consideration received from Total Uganda in respect of all other warranty claims, as such consideration is apportioned to each of Tullow Uganda Limited and Tullow Uganda Operations Pty Ltd.

There are customary financial threshold and *de minimis* limitations on Total Uganda's ability to bring claims under the warranties given by Tullow Uganda. Each individual warranty claim brought by Total Uganda must exceed US\$750,000 (the *de minimis* limitation) but Tullow Uganda will only be liable once a threshold of US\$7.5 million is exceeded for all warranty claims that satisfy the *de minimis* limitation. The Ugandan Sale and Purchase Agreement also imposes time limits on Total Uganda's ability to bring warranty claims against Tullow Uganda which vary depending on the type of warranty.

The Ugandan Sale and Purchase Agreement provides for customary pre- and post-Ugandan Effective Date indemnities to reflect that economic ownership of the Ugandan Interests transfers to Total Uganda from the Ugandan Effective Date. In summary:

- a) Tullow Uganda indemnifies Total Uganda and any other member of the Total group that has provided a guarantee in favour of the Government of Uganda with respect to the Ugandan Interests for: (i) all liabilities, losses, costs and expenses incurred by Total Uganda in relation to the Interests in respect of the period prior to the Ugandan Effective Date; and (ii) any benefits that may accrue to Tullow Uganda in relation to the Interests in respect of the period on and from the Ugandan Effective Date; and
- b) Total Uganda indemnifies Tullow Uganda and any other Group companies that have provided guarantees or indemnities with respect to the Interests for: (i) all liabilities, losses, costs and expenses incurred in relation to the Interests in respect of the period on or after the Ugandan Effective Date; and (ii) any benefits that may accrue to Total Uganda in relation to the Interests in respect of the period prior to the Ugandan Effective Date,

in each case as determined on an accruals basis.

Total Uganda also agreed to indemnify Tullow Uganda with respect to all environmental and decommissioning liabilities, losses, costs and expenses that arise in relation to Blocks 1 and 1A (which are operated by Total Uganda) regardless of whether such liabilities and losses arise before or after the Ugandan Effective Date.

Tullow Uganda provided Total Uganda with an indemnity in respect of all claims, liabilities, losses, damages, costs and expenses (including penalties, charges, fines and interest and legal fees and expenses) in relation to taxes imposed by Uganda in respect of any period ending prior to the Ugandan Effective Date which relate to the Ugandan Interests, save to the extent taken into account in the completion adjustments or covered by the warranties given by Tullow. Total Uganda has provided Tullow Uganda with an equivalent indemnity in respect

of any period commencing on or after the Ugandan Effective Date, save that Ugandan tax (if any) payable on or in respect of the Transaction other than as provided for by the duly executed Ugandan Tax Agreement (as defined below) shall be shared equally by the parties.

**(e) Ugandan Tax Agreement**

In relation to the Ugandan Transaction, a binding tax agreement was entered into between Tullow Uganda, Total Uganda, the Ugandan Revenue Authority and the Government of Uganda (acting through the Ministry of Energy and Mineral Development and the Ministry of Finance, Planning and Economic Development) on 21 October 2020 (the “Ugandan Tax Agreement”). The Ugandan Tax Agreement reflects the agreed principles of the tax treatment of the Transaction as follows: (i) fixed consideration (being US\$575 million) will be subject to Ugandan tax on capital gains of US\$14.61 million, to be remitted by Total Uganda on behalf of Tullow Uganda; and (ii) any contingent consideration will also be subject to Ugandan tax on capital gains at 30 per cent., also to be remitted by Total Uganda on behalf of Tullow Uganda.

**(f) RBL Facility**

On 28 November 2017, the Company completed a refinancing of its reserves-based lending credit facilities, which currently comprises a senior secured revolving credit facility described below (the “RBL Facility”). Commitments under the RBL Facility currently stand at US\$1.98 billion, having been voluntarily reduced by the Company from US\$2.4 billion to US\$1.98 billion. As of the September 2020 RBL Facility redetermination, the borrowing base for this facility includes assets in Ghana (the Group’s interests in the Jubilee field and the TEN fields), Gabon (including the Group’s interests in the Tchatamba fields, Simba field, Niungo field, Echira field, Ezanga field and the Group’s interest in the fields which form the subject of the Ruche Exclusive Exploitation Authorisation, namely Tortue, Ruche and Ruche North East fields), Equatorial Guinea (the Group’s interests in the Ceiba field and Okume Complex fields) and Côte d’Ivoire (the Group’s interests in the Espoir field).

Loan facilities similar to the RBL Facility are known as net present value facilities, with the borrowing base amounts thereunder based on the expected present value of future cash flows from producing assets, taking into account, amongst other things, the Group’s reserves, production and capital and operating expenditure. The borrowing base amount under the RBL Facility is re-determined every six months at the end of March and September.

*The RBL Facility Agreement*

On 22 August 2005, the Company and certain of its subsidiaries entered into the RBL Facility, as amended and/or amended and restated from time to time, most recently pursuant to an amendment and restatement agreement dated 21 November 2017 (the “ARA”), with, among others, ING Belgium SA/NV, DNB (UK) Limited, Lloyds Bank plc, Natixis, Natixis (London Branch), Credit Agricole Corporate and Investment Bank, The Standard Bank of South Africa Limited, The Standard Bank of South Africa Limited (Isle of Man Branch), BNP Paribas, JP Morgan Chase Bank N.A (London Branch), Barclays Bank PLC, Deutsche Bank AG (Amsterdam Branch), Standard Chartered Bank, Société Générale and Sumitomo Mitsui Banking Corporation Europe Limited as mandated lead arrangers, ABSA Bank Limited, Barclays Bank of Ghana Limited, ABN AMRO Bank NV, Barclays Bank Mauritius Limited and Bank of China Limited (London Branch) as lead arrangers, Nedbank Limited (London Branch) and The Bank of Tokyo-Mitsubishi UFG, Ltd as arrangers, Lloyds Bank plc as global modelling bank, global technical bank and co-ordinating technical bank, Natixis as agent and global senior agent, BNP Paribas as security trustee, BNP Paribas, Credit Agricole Corporate and Investment Bank, ING Bank NV, DNB Bank ASA and The Standard Bank of South Africa Limited as global technical banks, ING Belgium SA/NV and DNB (UK) Limited as documentation banks and DNB Bank ASA (London Branch), ING Belgium SA/NV, Natixis and Credit Agricole Corporate and Investment Bank as fronting banks (the “RBL Facility Agreement”). On 11 August 2020, JP Morgan Chase Bank N.A. (London Branch) transferred US\$25,000,000 of its commitments under the RBL Facility to Bank of America, N.A. (London Branch). In addition, on 16 December 2020, ABN AMRO Bank N.V. transferred US\$41,250,000 of its commitments under the RBL Facility to Deutsche Bank AG, London Branch.

Tullow EG is a borrower and a guarantor under the RBL Facility Agreement. Each of the Interests and the Dussafu Assets are borrowing base assets.

The RBL Facility Agreement currently provides for a senior multicurrency revolving facility of US\$1.98 billion for the purposes of: (i) meeting liabilities under the RBL Facility Agreement in relation to any letter of credit in respect of which demands have been made; (ii) funding the Group’s capital expenditure programme approved

by the global technical banks and for general corporate purposes (including acquisitions); and (iii) in the case of any letter of credit issued under the RBL Facility Agreement, towards providing security, credit enhancement or financial assurance for the performance of (among other things): (a) any of the Group's exploration, development or production obligations; or (b) any of the Group's obligations under any production sharing, joint operating or similar agreement.

The RBL Facility is secured by English law share charges, English law debentures, English law account charges, an English law assignment of intragroup loan receivables, Gabonese law share pledges, Isle of Man law share charges, Jersey law security interest agreements and French law account pledges.

On account of the Interests and the Dussafu Assets being borrowing base assets for the purposes of the RBL Facility Agreement, certain steps will need to be taken during the Transaction and the Dussafu Transaction in accordance with the terms of the RBL Facility Agreement, including the release of certain security granted in favour of the lenders under the RBL Facility and the preparation of disposal projections specifying that the Interests and the Dussafu Assets will cease to be designated as borrowing base assets for the purposes of the RBL Facility Agreement.

#### *Repayment and maturity*

The final maturity date of the RBL Facility Agreement is the earlier of: (i) 21 November 2024; and (ii) 31 March or 30 September (whichever is later) immediately preceding the first date on which the aggregate commercial reserves for all the relevant borrowing base assets to which the RBL Facility is referable are projected to be 20 per cent. (or less) of the aggregate of initial reserves for all such borrowing base assets.

Following a voluntary cancellation request issued by the Company on 24 March 2020, US\$210 million of commitments were cancelled as at 31 March 2020, which reduced available commitments to US\$2.19 billion. A further voluntary cancellation request was issued by the Company on 29 May 2020, such that a further US\$210 million of commitments were cancelled as at 8 June 2020, reducing available commitments to US\$1.98 billion. Commitments under the RBL Facility amortise according to a pre-agreed schedule of amortisation, scheduled for each 1 April and 1 October occurring before the final maturity date. Due to the voluntary cancellation of commitments taking commitments below the amortisation amount scheduled for 1 October 2020, the next amortisation of approximately US\$200 million is scheduled for 1 October 2021. The Company can also voluntarily cancel the whole or any part (being a minimum amount of US\$10 million and an integral multiple of US\$10 million) of the commitments upon at least five business days' notice to the facility agent.

#### *Interest and fees*

The rate of interest payable on loans under the RBL Facility is the rate per annum equal to the aggregate of the applicable margin plus LIBOR (in the case of loans in US dollars or pounds sterling) or EURIBOR (in the case of loans in euros). The applicable margin varies based on the ratio of consolidated total net borrowings to consolidated EBITDA and is approximately 4 per cent. Default interest is also payable, at a rate of 2 per cent. per annum higher than the standard rate of interest payable on loans under the RBL Facility, on overdue amounts. The borrowers are required to pay a commitment fee, quarterly in arrears, based on:

- (a) the daily amount (if any) by which the aggregate commitments under the RBL Facility (the "Global Commitments") exceed the amount which is the lower of: (i) the sum of the applicable borrowing base amount applicable on that day and US\$350 million; and (ii) the Global Commitments applicable on that day (such lower amount being the "Maximum Available Amount"), at a percentage rate per annum calculated by multiplying the then applicable margin by a set rate; and
- (b) the daily amount (if any) by which the applicable Maximum Available Amount exceeds the sum of the outstanding loans under the RBL Facility, at a percentage rate per annum calculated by multiplying the then applicable margin by a set rate.

Each borrower that has requested a letter of credit under the RBL Facility is also required to pay a commission quarterly in arrears based on:

- (a) the daily amount (if any) by which the exposure under each letter of credit (being the daily difference between the face value of each letter of credit and the aggregate amount of all claims thereunder that have been paid, the "LC Exposure") exceeds the amount of approved cash cover provided for that letter of credit, at a percentage rate per annum calculated by multiplying the then applicable margin by a set number; and

- (b) the daily amount of the LC Exposure under each letter of credit in respect of which approved cash cover has been provided, at a set rate per annum.

*Representations, warranties, covenants and events of default*

The RBL Facility Agreement contains customary representations, information undertakings, general undertakings and events of default, in each case subject to certain exceptions and materiality qualifications. Among other things, the general undertakings contain restrictions on Tullow and certain members of the Group in relation to disposals, acquisitions, change of business, incurrence of financial indebtedness and the provision of security. As well as the customary events of default, the occurrence of the following shall constitute an event of default: (i) any subsidiary that holds an interest in borrowing base assets or obligor ceasing to be wholly owned by the Company; (ii) the nationalisation or expropriation (or an announcement of intent in respect thereof) of all or part of any borrowing base asset or any oil and gas or revenues derived therefrom in a manner which would result in a material adverse change; (iii) an abandonment of any borrowing base asset that contributes in excess of US\$100 million to the then applicable net present value (as described therein); and (iv) the making of any judgement or award in litigation, arbitration or administrative proceedings against an obligor or other key subsidiary which, after deducting amounts receivable under insurances, is equal to or exceeds US\$300 million (or the equivalent in one or more other currencies).

The RBL Facility requires Tullow to comply with certain ratios of Covenanted Net Debt to Consolidated EBITDA as set out below. These financial terms are calculated in accordance with the RBL Facility Agreement and should be distinguished from the concepts of Net Debt and adjusted EBITDAX as set out in the Group's latest annual report and accounts (being those for the year ended 31 December 2019) and used elsewhere in this document. The applicable ratio is tested bi-annually with respect to the most recent financial statements delivered pursuant to the RBL Facility Agreement. In the event of non-compliance with the applicable ratio, the RBL Facility Agreement (subject to certain limitations) allows Tullow to procure a cure of such non-compliance by a cash subscription for Tullow Shares and/or receipt of an injection of cash by way of certain subordinated debt such that the relevant ratio is satisfied by reducing Covenanted Net Debt accordingly. No more than one such equity cure can be made within a 12-month period and no more than two equity cures may be made during the period from 21 November 2017 to the final maturity date of the RBL Facility.

*Prepayment*

The RBL Facility is to be prepaid in full immediately upon the occurrence of certain events, including a change of control of Tullow.

*Recent amendments to the RBL Facility*

The RBL Facility contains a covenant which is tested for each 12 month period ending on 30 June and 31 December each year which requires the Covenanted Net Debt of the Group (as calculated in accordance with the RBL Facility Agreement) to be lower than 3.5 times Consolidated EBITDA (as calculated in accordance with the RBL Facility agreement) for each 12 month period (the "RBL Gearing Covenant").

In May 2020, the Group agreed an amendment to the RBL Gearing Covenant such that for the 12 month period ending on 30 June 2020, the Covenanted Net Debt was required to be lower than 4.5 times Consolidated EBITDA (rather than the requirement under the RBL Facility Agreement for the Covenanted Net Debt to be lower than 3.5 times Consolidated EBITDA at the end of such period). Furthermore, on 6 October 2020, the Group agreed an amendment of the RBL Gearing Covenant such that for the 12 month period ending on 31 December 2020, the Covenanted Net Debt is required to be lower than 4.5 times Consolidated EBITDA (rather than the requirement under the RBL Facility Agreement for the Covenanted Net Debt to be lower than 3.5 times Consolidated EBITDA at the end of such period). For each 12-month period ending on or after 30 June 2021, the Covenanted Net Debt is required to be lower than 3.5 times Consolidated EBITDA.

**(g) IFC Senior Secured Revolving Credit Facility Agreement (cancelled 31 October 2019)**

On 29 May 2009, the Company and certain of its subsidiaries entered into a finance contract in respect of a senior secured revolving credit facility, as amended and/or amended and restated from time to time, including pursuant to an amendment and restatement agreement dated 21 November 2017, with the International Finance Corporation as original lender and agent (the "IFC Senior Secured Revolving Credit Facility Agreement"). Commitments under the IFC Senior Secured Revolving Credit Facility were US\$165 million, reducing to US\$100 million in November 2017.

In accordance with its terms, the IFC Senior Secured Revolving Credit Facility was fully repaid and terminated on 31 October 2019.

**(h) Corporate Facility (cancelled 29 November 2018)**

On 14 December 2009, the Company and certain of its subsidiaries entered into a secured revolving credit facility, as amended and/or amended and restated from time to time, with, among others, Bank of America Merrill Lynch International Limited, BNP Paribas, Credit Agricole Corporate and Investment Bank, HSBC Bank plc, ING Bank N.V., Natixis, Société Générale, Standard Chartered Bank, The Royal Bank of Scotland plc and The Standard Bank of South Africa Limited, as mandated lead arrangers, BNP Paribas as agent and security trustee and Credit Agricole Corporate and Investment Bank as technical bank (the “Corporate Facility Agreement”).

The Corporate Facility Agreement provided for a multicurrency revolving facility (the “Corporate Facility”) for the purposes of funding oil and gas related expenditure of the Company and its subsidiaries from time to time and for general corporate purposes (including acquisitions). The Corporate Facility provided for commitments of up to US\$1 billion which reduced to US\$800 million from April 2017, US\$600 million from January 2018, US\$500 million from April 2018, US\$400 million from October 2018 and US\$nil from 4 April 2019. The Corporate Facility was cancelled in full on 29 November 2018.

**(i) RBL Lender Intercreditor Agreement**

On 22 August 2005, the Company and certain of its subsidiaries entered into an intercreditor agreement in connection with the RBL Facility with, among others, the borrowers and guarantors of the RBL Facility, the lenders under the RBL Facility and BNP Paribas as security trustee (the “RBL Lender Intercreditor Agreement”). The RBL Lender Intercreditor Agreement has been amended and restated pursuant to the ARA.

The RBL Lender Intercreditor Agreement provides (among other things) that liabilities owed by the obligors to: (i) the lenders under the RBL Facility; (ii) certain banks and institutions that act as counterparties to certain secured hedging agreements; and (iii) certain providers of secured letters of credit not provided under the RBL Facility shall rank *pari passu* and without preference as between these liabilities.

**(j) 2022 Senior Notes**

On 8 April 2014, the Company issued US\$650 million in aggregate principal amount of 6.25 per cent. Senior Notes (the “2022 Senior Notes”) pursuant to an indenture (the “2022 Senior Notes Indenture”). The 2022 Senior Notes mature on 15 April 2022. The 2022 Senior Notes are guaranteed on a senior subordinated basis by certain subsidiaries of the Company, including by Tullow EG. The 2022 Senior Notes Indenture provides that the guarantee of Tullow EG shall be automatically and unconditionally released and discharged upon the completion of the Transaction.

The Company may redeem all or part of the 2022 Senior Notes at any time on or after 15 April 2017 at a price equal to par plus 75 per cent. of the applicable coupon, declining to par plus 50 per cent. of the applicable coupon on 15 April 2018, declining to par plus 25 per cent. of the applicable coupon on 15 April 2019 and at par from and after 15 April 2020. At any time prior to 15 April 2017, the Company may redeem all or part of the 2022 Senior Notes at a redemption price equal to 100 per cent. of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of redemption plus a “make whole” premium. At any time prior to 15 April 2017, the Company may on one or more occasions redeem up to 35 per cent. of the aggregate principal amount of the 2022 Senior Notes, using the net proceeds from certain equity offerings at a redemption price equal to 106.25 per cent. of the principal amount of the 2022 Senior Notes, plus accrued and unpaid interest, if any, to the date of redemption; provided that at least 65 per cent. of the aggregate principal amount of the 2022 Senior Notes remain outstanding after the redemption. Upon the occurrence of certain specified change of control events, the holders of the 2022 Senior Notes will have the right to require the Company to offer to repurchase the 2022 Senior Notes at a purchase price equal to 101 per cent. of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase.

The 2022 Senior Notes Indenture limits, among other things, the ability of the Company and its restricted subsidiaries to make certain payments, including dividends and other distributions, with respect to outstanding share capital, sell, lease or transfer certain assets, including shares of any of the Company’s restricted subsidiaries, to make certain investments or loans and to incur additional financial indebtedness. These limitations are, however, subject to a number of important qualifications and exceptions. The 2022 Senior Notes Indenture also contains customary events of default.



The 2022 Senior Notes and the 2022 Senior Notes Indenture are governed by New York law.

**(k) Convertible Bonds**

The Group is party to seven convertible bond contracts in respect of its US\$300 million 6.625 per cent. guaranteed convertible bonds due 12 July 2021 (the “Convertible Bonds”), namely the Convertible Bond Trust Deed, the Convertible Bond Terms and Conditions, the Convertible Bond Agency Agreement, the Convertible Bond Calculation Agency Agreement, the Convertible Bond Subscription Agreement, the Convertible Bond Subordination Agreement and the Convertible Bond Deed Poll, each of which is summarised below and each of which is governed by English law.

*The Convertible Bond Trust Deed*

On 12 July 2016, Tullow Oil (Jersey) Limited (the “Bond Issuer”), Tullow Oil plc (the “Parent Bond Guarantor”), various Subsidiary Bond Guarantors listed therein (the “Subsidiary Bond Guarantors”) and together with the Parent Bond Guarantor, the “Bond Guarantors”) and Deutsche Trustee Company Limited as trustee entered into a trust deed constituting the Convertible Bonds (the “Convertible Bond Trust Deed”), listed on the Official List of the Channel Islands Securities Exchange Authority Limited and admitted to trading on the market of the Channel Islands Securities Exchange.

The Convertible Bond Trust Deed provides that Deutsche Trustee Company Limited will act as trustee of the Convertible Bond Trust Deed and that the Bond Guarantors will provide certain guarantees. The Parent Bond Guarantor guarantees all payments due from, and the delivery of Preference Shares by, the Bond Issuer under the Convertible Bond Trust Deed and the terms and conditions of the Convertible Bonds (the “Convertible Bond Terms and Conditions”). Each Subsidiary Bond Guarantor jointly and severally guarantees on a senior subordinated basis all payments due from the Bond Issuer under the Convertible Bond Trust Deed and the Convertible Bond Terms and Conditions and all payments due from the Parent Bond Guarantor in respect of the same (the “Subordinated Guarantees”). The Subsidiary Bond Guarantors do not guarantee the Parent Bond Guarantor’s guarantee of the Bond Issuer’s obligations in respect of delivering Preference Shares. Any claims of bondholders under the Subordinated Guarantees will rank subordinate in right and priority of payment to such Subsidiary Bond Guarantor’s obligations under certain senior financing agreements in accordance with the terms of the Convertible Bond Subordination Agreement (as defined below).

The Bond Guarantors’ obligations are continuing and remain in full force and effect until no sum remains payable under the Convertible Bond Trust Deed or the Convertible Bond Terms and Conditions. The Bond Guarantors also each provide an indemnity for the benefit of bondholders.

The Convertible Bond Trust Deed contains covenants from the Bond Issuer, the Parent Bond Guarantor and the Subsidiary Bond Guarantors (including the Bond Issuer’s covenant to pay) for the benefit of the trustee and bondholders and governs the trustee’s role and conditions of engagement. The trustee is granted the ability to waive default, consent to amendments and consent to substitution of the Bond Issuer in certain limited circumstances. The trustee can retire on giving notice or be removed by an extraordinary resolution of bondholders, but such retirement or removal will not be effective unless a successor trustee has been appointed, subject to certain conditions.

The Convertible Bond Trust Deed incorporates the Convertible Bond Terms and Conditions.

*The Convertible Bond Terms and Conditions*

The Convertible Bond Terms and Conditions provide that each US\$200,000 principal amount of a Bond is convertible into preference shares of the Bond Issuer (the “Preference Shares”) and each Preference Share will be allotted at a price equal to the paid-up value of US\$200,000 (a “Conversion Right”). This Conversion Right may be exercised at the option of a bondholder from 22 August 2016 to the close of business on the date falling seven days prior to 12 July 2021 or any other relevant maturity date, subject to certain conditions and exceptions. All Preference Shares issued will be automatically and mandatorily transferred to the Parent Bond Guarantor who will issue or transfer and deliver Tullow Shares to the bondholder in consideration for the receipt of Preference Shares. The calculation agent will determine the number of Tullow Shares allotted by reference to an exchange price which may be adjusted in accordance with the Convertible Bond Terms and Conditions. The initial exchange price was US\$3.52 per Tullow Share.

The Bond Issuer and the Parent Bond Guarantor give various undertakings in favour of the bondholders. With regard to redemption, the Bond Issuer has the option to redeem all outstanding bonds at their principal amount plus accrued and unpaid interest at any time on or after 29 July 2019 (if a volume weighted average price

threshold is met) or at any time if 85 per cent. or more of the Convertible Bonds have been converted, purchased or redeemed. Bondholders can redeem on a change of control of the Parent Bond Guarantor or release and no replacement of all of the Subsidiary Bond Guarantors. The events of default in the Convertible Bond Terms and Conditions include non-payment, breach of obligations, cross-default, non-compliance with a judgment, unenforceable guarantees, various insolvency events and the Bond Issuer ceasing to be a wholly owned subsidiary.

#### *The Convertible Bond Agency Agreement*

On 12 July 2016, the Bond Issuer, the Parent Bond Guarantor, the Subsidiary Bond Guarantors, Deutsche Bank AG, London Branch as principal paying and conversion agent, Deutsche Bank Luxembourg S.A. as registrar and transfer agent (together with the principal paying and conversion agent, the “Agents”), and the trustee entered into a paying, transfer and conversion agency agreement (the “Convertible Bond Agency Agreement”) pursuant to which the Bond Issuer and each Bond Guarantor appoint the Agents as their agents in respect of the Convertible Bonds and each Agent accepts their appointment to severally perform their roles.

The Convertible Bond Agency Agreement provides for, amongst other things, payment of principal and interest in respect of the Convertible Bonds and the exercise of bondholder’s Conversion Rights. The Bond Issuer and the Bond Guarantors, subject to obtaining required approvals, the prior written approval of the trustee and giving valid notice, can appoint additional agents and vary or terminate the appointment of an Agent. Agents can also resign at any time giving valid notice and are subject to certain automatic termination triggers such as being the subject of insolvency proceedings. In most cases, the resignation or removal of an Agent will not be effective until a successor agent is appointed.

#### *The Convertible Bond Calculation Agency Agreement*

The Bond Issuer, the Parent Bond Guarantor and Conv-Ex Advisors Limited as calculation agent (the “Calculation Agent”) entered into a calculation agency agreement dated 12 July 2016 (the “Convertible Bond Calculation Agency Agreement”) pursuant to which the Calculation Agent is appointed by the Bond Issuer and the Parent Bond Guarantor to act as calculation agent in relation to the Convertible Bonds and the Calculation Agent accepts such appointment.

Following notification by the Bond Issuer (failing whom the Parent Bond Guarantor), the Calculation Agent agrees, subject to certain conditions, to make promptly such determinations, calculations or adjustments required and notify the Bond Issuer, Parent Bond Guarantor and the Calculation Agent of the results which will be final and binding (in the absence of bad faith and manifest error) on all parties concerned. Subject to certain conditions, the Calculation Agent can resign or be removed at any time, in each case upon giving or receiving valid notice. Such resignation or removal will only become effective upon the appointment of a successor calculation agent by the Bond Issuer and Parent Bond Guarantor. The Calculation Agent is also subject to limited automatic termination provisions.

#### *The Convertible Bond Subscription Agreement*

On 6 July 2016, the Bond Issuer, the Parent Bond Guarantor, the Subsidiary Bond Guarantors, the Global Co-ordinators, the joint bookrunners and the managers (each as named therein) entered into a subscription agreement (the “Convertible Bond Subscription Agreement”) pursuant to which the Bond Issuer agreed to issue the Convertible Bonds on 12 July 2016 to the Managers and the Managers severally agreed to procure subscribers for the Convertible Bonds or subscribe and pay for an agreed portion of the aggregate principal amount of the Convertible Bonds, subject to certain conditions and the satisfaction of agreed conditions precedent.

The Managers are the beneficiaries of certain representations, warranties, undertakings and indemnities from the Bond Issuer, the Parent Bond Guarantor and the Subsidiary Bond Guarantors. The Bond Issuer and the Parent Bond Guarantor also provide separate undertakings. The Global Co-ordinators (on behalf of the Managers) were entitled to terminate on certain conditions including breach of representations or warranties, non-satisfaction of any conditions precedent and macro-economic events.

#### *The Convertible Bond Subordination Agreement*

The Guarantee Subordination Agreement between the Parent Bond Guarantor and the trustee, among others, dated 6 November 2013, as amended and restated on 12 July 2016 (the “Convertible Bond Subordination Agreement”) provides for the postponement and subordination of the Subordinated Guarantees (and other subordinated guarantees given by certain group companies in respect of other outstanding bonds issued by the

Parent Bond Guarantor) to the Subsidiary Bond Guarantors' obligations owed to certain senior creditors under certain senior financing agreements until such senior liabilities are fully and finally discharged (the "Senior Discharge Date").

The Convertible Bond Subordination Agreement does not purport to rank the senior liabilities or Subordinated Guarantees between themselves but does subordinate the Subordinated Guarantee Subsidiary Bond Guarantors' obligations to future and re-financed senior liabilities. The Subsidiary Bond Guarantors are permitted to make payments under the Subordinated Guarantees before the Senior Discharge Date in limited circumstances including if consent is given by the relevant senior creditors or if the payment is in respect of the principal amount of the Convertible Bond liabilities on or after the final maturity date, among other things.

#### *The Convertible Bond Deed Poll*

The conversion and exchange rights of convertible bondholders are guaranteed by the Parent Bond Guarantor on a senior basis pursuant to a deed poll dated 12 July 2016 entered into by the Parent Bond Guarantor in favour of the holders of Preference Shares (the "Convertible Bond Deed Poll"). The Convertible Bond Deed Poll provides for an undertaking to be given by the Parent Bond Guarantor to each holder of Preference Shares (a "Preference Shareholder") to make due and punctual payment of the aggregate paid-up value of the Preference Shares, dividends and other amounts expressed to be payable, subject to certain conditions. The Parent Bond Guarantor further undertakes that after the exercise of a Conversion Right, it will issue or transfer and deliver Tullow Shares in accordance with the Convertible Bond Terms and Conditions. The obligations of the Parent Bond Guarantor under the Convertible Bond Deed Poll are not subordinated.

The Convertible Bond Deed Poll is a continuing guarantee and will remain in full force and effect until all amounts payable in respect of the Preference Shares have been paid in full at which point it will cease to have effect. The release of the Parent Bond Guarantor is accordingly limited. The terms of the Convertible Bond Deed Poll provide that the Parent Bond Guarantor shall be liable to Preference Shareholders as if it were the principal debtor and subrogated to all or any rights of the Preference Shareholders against the Bond Issuer. The Convertible Bond Deed Poll can only be amended by deed poll.

#### **(l) 2025 Senior Notes**

On 23 March 2018, the Company issued US\$800 million in aggregate principal amount of seven per cent. Senior Notes (the "2025 Senior Notes") pursuant to an indenture (the "2025 Senior Notes Indenture"). The 2025 Senior Notes mature on 1 March 2025. The 2025 Senior Notes are guaranteed on a senior subordinated basis by certain subsidiaries of the Company, including by Tullow EG. The 2025 Senior Notes Indenture provides that the guarantee of Tullow EG shall be automatically and unconditionally released and discharged upon Completion.

The Company may redeem all or part of the 2025 Senior Notes at any time on or after 1 March 2021 at a price equal to par plus 50 per cent. of the applicable coupon, declining to par plus 25 per cent. of the applicable coupon on 1 March 2022, declining to par from and after 1 March 2023. At any time prior to 1 March 2021, the Company may redeem all or part of the 2025 Senior Notes at a redemption price equal to 100 per cent. of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of redemption plus a "make whole" premium. At any time prior to 1 March 2021, the Company may on one or more occasions redeem up to 35 per cent. of the aggregate principal amount of the 2025 Senior Notes, using the net proceeds from certain equity offerings at a redemption price equal to 107 per cent. of the principal amount of the 2025 Senior Notes, plus accrued and unpaid interest, if any, to the date of redemption; provided that at least 65 per cent. of the aggregate principal amount of the 2025 Senior Notes remain outstanding after the redemption. Upon the occurrence of certain specified change of control events, the holders of the 2025 Senior Notes will have the right to require the Company to offer to repurchase the 2025 Senior Notes at a purchase price equal to 101 per cent. of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase.

The 2025 Senior Notes Indenture limits, among other things, the ability of the Company and its restricted subsidiaries to make certain payments, including dividends and other distributions, with respect to outstanding share capital, sell, lease or transfer certain assets, including shares of any of the Company's restricted subsidiaries, to make certain investments or loans and to incur additional financial indebtedness. These limitations are, however, subject to a number of important qualifications and exceptions. The 2025 Senior Notes Indenture also contains customary events of default.

The 2025 Senior Notes and the 2025 Senior Notes Indenture are governed by New York law.

#### **(m) Guarantee Subordination Agreement**

In connection with the issuance of the 2022 Senior Notes, the trustee for the 2022 Senior Notes acceded to the Company's existing subordination agreement (the "Guarantee Subordination Agreement") on 8 April 2014. In connection with the issuance of the Convertible Bonds, on 12 July 2016, the Guarantee Subordination Agreement was amended and restated and the trustee for the Convertible Bonds acceded to the Guarantee Subordination Agreement. In connection with the issuance of the 2025 Senior Notes, the trustee for the 2025 Senior Notes acceded to the Guarantee Subordination Agreement on 23 March 2018. The Guarantee Subordination Agreement governs the relationships and relative priorities among: (i) the creditors of the RBL Facility (the "RBL Creditors"); (ii) certain banks and institutions that act as counterparties to hedging agreements (the "Hedging Banks"); (iii) certain providers of secured letters of credit under the RBL Facility (together with the RBL Creditors and the Hedging Banks, the "Senior Creditors"); and (iv) the trustee for the 2022 Senior Notes, the Convertible Bonds and the 2025 Senior Notes on its own behalf and on behalf of the noteholders (the "Notes Creditors").

The Guarantee Subordination Agreement provides that the liabilities owed by the debtors to the Senior Creditors under the Senior Finance Documents (the "Senior Liabilities") and the liabilities owed by the Bond Guarantors to the Notes Creditors under the Notes Documents (the "Notes Guarantee Liabilities") will rank in right and priority of payment: (i) first, the Senior Liabilities *pari passu* and without any preference between them; and (ii) second, the Notes Guarantee Liabilities *pari passu* and without any preference between them. The parties to the Guarantee Subordination Agreement agree that the liabilities owed by the Company (or certain of the Company's direct and indirect subsidiaries which may in the future issue notes and on-lend the proceeds of such issuance to the Company) to the Notes Creditors under the Notes Documents, certain amounts owed to the trustee under the Notes Documents and certain Notes security enforcement and preservation costs (if any) are senior obligations (and are therefore not Notes Guarantee Liabilities) and the Guarantee Subordination Agreement does not purport to rank, postpone and/or subordinate any of them in relation to the other liabilities. The Guarantee Subordination Agreement does not purport to rank any of the Senior Liabilities as between themselves or any of the Notes Guarantee Liabilities as between themselves. In addition, the Guarantee Subordination Agreement does not purport to rank any of the liabilities of the Company (or certain of the Company's direct and indirect subsidiaries which may in the future issue notes and on-lend the proceeds of such issuance to the Company).

#### **(n) Hedging arrangements**

The Company maintains certain commodity hedges to manage its exposure to movements in oil prices. Such commodity derivatives tend to be priced using benchmarks, such as Platts Dated Brent crude oil, which correlate as closely as possible to the Group's underlying oil revenues.

The Group hedges a portion of its estimated oil revenues on a portfolio basis (rather than on a single asset basis), aggregating its oil revenues from substantially all of its African oil interests. The Company primarily transacts its hedging activities with the lenders under the RBL Facility which it considers to have strong credit ratings. The Company has a policy of hedging its expected sales volumes on a graduated two-year rolling basis with the aim to ensure that 60 per cent. of its expected production for the current calendar year and 30 per cent. of its expected production for the following calendar year is hedged. However, as a result of the prevailing low forward prices for Brent oil in early 2020, the Company ceased to enter into new hedging contracts on 25 February 2020. Hedging activity was resumed on 3 July 2020, when oil prices reached a level which the Company considered appropriate to resume hedging, with a focus on increasing its 2021 hedging position. As of 31 December 2020, Tullow had 60 per cent. of its 2021 sales revenue hedged. 2021 is hedged with a floor of approximately US\$48/bbl, whilst retaining good access to upside in oil prices with caps averaging US\$67/bbl. 2022 sales revenue is currently hedged at 16 per cent. with a floor of approximately US\$41/bbl. The Company's hedge position was spread across 14 counterparties. The financial information set out in this paragraph in respect of 2021 has been extracted without material adjustment from the Company's unaudited management accounts for the month ended 31 December 2020 and in respect of 2022 has been extracted without material adjustment from the Company's unaudited management accounts for the month ended 28 February 2021.

In connection with these activities, the Company has entered into International Swaps and Derivatives Association master agreements with several hedging partners. All of the Group's commodity derivatives have been designated as cash flow hedges as at and for the years ended 31 December 2017, 2018 and 2019. All of the Group's commodity hedges have been assessed by the Group to be "highly effective" within the range prescribed under IAS 39/IFRS 9 using regression analysis. However, there is the potential for a degree of ineffectiveness in the Group's commodity hedges arising from, among other factors, the discount on the

Group's crude oil located in Africa relative to Platts Dated Brent crude oil and the timing of oil liftings relative to the hedges.

A portfolio of interest rate derivatives, designated as cash flow hedges, was held and matured in 2018.

**(o) TEN FPSO**

On 14 August 2013, Tullow Ghana entered into an engineering, procurement, installation, commissioning and bareboat charter agreement (the "TEN FPSO Contract") with T.E.N. Ghana MV25 B.V. (the "FPSO Contractor"), a subsidiary of MODEC Inc., in respect of an FPSO for use at the Group's TEN fields (the "TEN FPSO"). Tullow Ghana, as operator of the TEN fields, entered into the agreement on behalf of itself and its commercial partners.

The FPSO Contractor agreed to design, procure, construct, install and commission the TEN FPSO. Tullow Ghana will charter and lease the TEN FPSO from the FPSO Contractor for an initial term of 10 years commencing on the date on which the TEN FPSO's offshore completion certificate is issued. Upon the expiration of the initial term, Tullow Ghana has the option to extend the charter period for 10 additional and consecutive one-year extension periods, provided it gives six months' written notice to the FPSO Contractor prior to the expiration of the initial term or any extension thereto (as the case may be). Tullow Ghana is responsible for paying the hire cost during the charter period (which costs include a mobilisation fee, compensation for demobilisation and a specified daily rate).

Tullow Ghana may terminate the TEN FPSO Contract on not less than 30 days' written notice to the FPSO Contractor, provided Tullow Ghana pays the FPSO Contractor hire costs up to the date of termination and, if applicable, interest rate hedging unwinding costs. If the termination occurs during the initial 10-year charter period, Tullow Ghana will also be required to pay demobilisation costs and an early termination fee which will be equal to the value of the remaining initial hire period (less 5 per cent. Ghanaian withholding tax) discounted using a discount rate of 6.5 per cent. per annum on a 360 days per year basis grossed up by 25 per cent. in relation to Ghanaian corporate income tax. An early termination payment is also due by Tullow Ghana in the event that there is an unauthorised requisitioning or taking of the TEN FPSO or Tullow Ghana terminates the agreement for continuing force majeure. No early termination fee is incurred in the event that termination occurs as a result of other conditions, including the actual or constructive total loss of the TEN FPSO or breach of the FPSO Contractor's material obligations under the TEN FPSO Contract. The FPSO Contractor is also entitled to terminate the contract during the charter period under certain circumstances, including a breach of Tullow Ghana's obligations to pay undisputed amounts when they fall due under the TEN FPSO Contract.

Tullow Ghana has the option to purchase the TEN FPSO at any time during the charter period, provided that 180 days' written notice is given to the FPSO Contractor. In addition, if the FPSO Contractor wishes to sell the TEN FPSO to a non-affiliated third party during the charter period, Tullow Ghana has a right of first refusal to purchase the TEN FPSO at the same price and on substantially the same terms as those offered by such third party and has 60 days within which to exercise such right. Upon any purchase of the TEN FPSO, the TEN FPSO Contract will terminate automatically. The FPSO Contractor may grant a mortgage over the TEN FPSO.

The present value of the future minimum lease payments payable under the TEN FPSO Contract, in aggregate, is US\$1.3 billion, calculated on a gross basis (as Tullow Ghana has contracted on behalf of its commercial partners). The payments due under the TEN FPSO Contract include a mobilisation fee, compensation for demobilisation and a specified daily rate.

In addition, on 14 August 2013, Tullow Ghana entered into an operation and maintenance services contract (the "TEN O&M Contract") with the FPSO Contractor pursuant to which the FPSO Contractor will provide certain operation and maintenance services in connection with the TEN FPSO during the initial 10-year charter period (the "O&M Period"). Upon the expiration of the O&M Period, Tullow Ghana has the option to extend the TEN O&M Contract for 10 additional and consecutive one-year extension periods.

Provided that Tullow Ghana has terminated the charter of the TEN FPSO, Tullow Ghana may terminate the TEN O&M Contract for convenience on giving at least 30 days' notice. In such event, Tullow Ghana must pay the FPSO Contractor for the services provided to the date of termination and any other amounts owing under the TEN O&M Contract, together with any other cancellation costs incurred by the FPSO Contractor as a result of such termination (including in relation to the demobilisation of personnel and equipment). In addition, the parties to the TEN O&M Contract have termination rights typical for a contract of this nature, including as a result of the occurrence of insolvency events or a material breach by the other party of the terms of the TEN O&M Contract. If the TEN FPSO Contract is terminated, the TEN O&M Contract terminates automatically.

## 7.2 Interests

The following is a summary of each material contract (other than contracts entered into in the ordinary course of business) to which Tullow or any member of the Tullow Group is a party, for the two years immediately preceding the publication of this document, and each other contract (not being a contract entered into in the ordinary course of business) entered into by Tullow or any member of the Tullow Group which contains any provisions under which Tullow or any member of the Tullow Group has an obligation or entitlement which is material to Tullow as at the date of this document, in relation to the Interests:

### (a) Sale and Purchase Agreement

Details of the Sale and Purchase Agreement are set out in Part VI (*Summary of the Principal Terms of the Transaction*) of this document.

## 8. LITIGATION

### 8.1 The Retained Group

Save as disclosed in this Section 8, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Tullow is aware) which may have, or have had, during the 12 months prior to the date of this document, a significant effect on Tullow and/or the Retained Group's financial position or profitability.

#### (a) Potential High Court dispute and ICC arbitration with Vallourec

On behalf of itself and the Jubilee field joint venture partners, Tullow Ghana is claiming from Vallourec Oil and Gas France ("Vallourec") losses of approximately US\$299 million, arising from the supply by Vallourec of damaged oil country tubular goods in 2009, together with an indemnity in relation to future remedial costs. The contracts under which the tubular goods were supplied were governed by English and French law. Tullow Ghana issued a pre-action protocol letter in respect of each contract. In October 2015, Tullow Ghana and Vallourec entered into standstill agreements which provide that neither party will proceed with a claim unless a party gives the other 28 days' notice to terminate the applicable standstill agreement. The standstill agreements remain in place.

#### (b) Ghana Revenue Authority tax assessments

In 2018, Tullow Ghana received an assessment from the Ghana Revenue Authority (the "GRA") for additional oil entitlement totalling US\$64 million plus penalties. Tullow Ghana considers that the assessment represents a misapplication of the net cash flow formula in the petroleum agreements, and that on a proper application of the formula it should not be subject to any assessment for additional oil entitlement. Tullow Ghana issued an objection notice to the GRA in August 2018. In October 2018, the GRA wrote to Tullow Ghana withdrawing the penalties but maintaining the assessment for US\$64 million. In November 2018, the Ministry of Finance of Ghana requested all parties to cease proceedings until they determined the Government's position, which is still awaited.

In December 2019, Tullow Ghana received final decisions from the GRA arising from its audit of Tullow Ghana for the financial years 2014 to 2016. Under the final decisions, the GRA sought approximately US\$406 million and required approximately US\$398 million to be paid by 13 January 2020 (the "GRA Assessments").

The GRA originally issued assessments in December 2018. Tullow Ghana issued its objection to the original assessments on 21 December 2018, on the basis that they breach Tullow Ghana's rights under its petroleum agreements, applicable Ghanaian laws and double taxation treaties. The GRA considered the objection and ultimately issued the GRA Assessments. The GRA is seeking to apply branch profits remittance tax from a law which Tullow Ghana considers is not applicable to Tullow Ghana, since it falls outside the tax regime set out in Tullow Ghana's petroleum agreements and double taxation treaties. In addition, under the GRA Assessments, the GRA has also assessed Tullow Ghana for: (i) unpaid withholding tax liabilities; and (ii) corporate income tax, the majority of which relates to interest expense disallowances. Tullow Ghana considers that these assessments by the GRA also breach Tullow Ghana's rights under its petroleum agreements, applicable Ghanaian law and double taxation treaties and, in some cases, have arisen as the result of errors in the GRA's calculations.

On 10 January 2020, Tullow Ghana issued a notice of dispute under the petroleum agreements which Tullow Ghana considers has suspended Tullow Ghana's obligation to pay any tax under the GRA Assessments until the

issues are resolved (amicably or by arbitration) (the “Notice of Dispute”). The Notice of Dispute triggers a minimum 30-day period of negotiations, after which either party has a right but not an obligation to commence arbitration. On 30 January 2020, the GRA and Tullow Ghana agreed to extend this period by a further 30 days.

Following discussions throughout February 2020, on 10 March 2020, Tullow Ghana attended a meeting with the GRA and the Ministry of Energy at which the 30-day negotiation period was recommenced by mutual consent.

On 22 and 23 April 2020, the GRA issued two further letters stating the amounts claimed and asserting that interest is accruing on such amounts:

- (a) US\$27,383,256.04 corporate income tax for the Deepwater Tano contract area for the 2014 to 2016 years of assessment (reduced from US\$60,069,618.27, which the GRA had demanded in previous correspondence); and
- (b) US\$337,608,453.28 withholding tax and branch profits remittance tax liability.

The Company issued a letter on 12 May 2020 in response to the GRA disputing the amounts above and stating that any obligation to pay tax demanded by the GRA is suspended following the Notice of Dispute. The Ministry of Energy has previously indicated a wish to settle these matters in dispute amicably and to see if arbitral proceedings brought against the State can be avoided. On 15 June 2020, the Company issued a further letter to the GRA, particularising its case as to why the disputed amounts are not payable. The GRA wrote to the Company on 23 February 2021 to request a virtual meeting which is now set for 10 March 2021 to discuss the matters under dispute.

**(c) Arbitral proceedings in relation to the Wisting licence**

In January 2013, Tullow Overseas Holdings B.V. (“TOH”) acquired Spring Energy Norway AS (“Spring”) from HitecVision V (“Hitec”), a Norwegian private equity company, and Spring employee minority shareholders. In addition to the initial consideration payable under the sale and purchase agreement for Spring (the “Spring SPA”), TOH undertook to make contingent bonus payments to Hitec and the Spring employee minority shareholders in the event of the discovery on or before 31 December 2016 of commercially viable reserves from four identified drilling prospects (including the Wisting prospect in licence PL537 (“PL537”).

In September 2013, OMV Norge AS, the operator of PL537, announced that it had made a discovery by drilling the Wisting prospect. Hitec claims that the conditions for a bonus payment under the Spring SPA had been met in respect of the Wisting prospect in PL537 as at 31 December 2016. Tullow disputes this position. An arbitration was commenced in Norway to determine if a bonus payment is payable in respect of the Wisting discovery. Given COVID-19 travel restrictions, the arbitration hearing, originally set for November 2020 has been deferred to later in 2021 and a decision is expected to be made in early 2022. Hitec has claimed US\$95 million, which includes interest that is estimated to accrue until the end of the 2021 financial year (which TOH has disputed). This claim amount is based on a preliminary calculation that is subject to update.

In 2016, TOH sold its interest in PL537 to Equinor but TOH remains responsible for this dispute.

**(d) Bangladesh Tax Dispute**

Tullow Oil International Limited (“TOIL”) has conduct of a dispute between Tullow Bangladesh Limited (“TBL”) and the National Board of Revenue (“NBR”) of Bangladesh relating to certain taxes payable in Bangladesh relating to the assets of TBL in Block 9, Bangladesh. The dispute arose in respect of the disallowance of Tax relief for \$118 million of development costs. TBL was successful at the High Court of Bangladesh in 2013. The NBR then appealed to the Supreme Court of Bangladesh and in March 2017 the Supreme Court handed down its decision granting NBR’s appeal and subsequently provided its written judgment in March 2018. The judgment found in favour of the NBR but was not conclusive as to the position or liability of TBL. In April 2018 TBL filed a civil review petition seeking a review of the Supreme Court’s decision. In November 2019 the civil review hearing was held by the Supreme Court and TBL was unsuccessful. The NBR subsequently issued a payment demand to TBL in February 2020 for Taka 309,43,01,555 (US\$36,858,863) requesting payment by 15 March 2020 (the “Payment Demand”).

Under the Production Sharing Contract for Block 9 the Government of the People’s Republic of Bangladesh (the “Bangladesh Government”) has given an indemnity to TBL for all taxes levied by any public authority, and the share of production paid to Petrobangla, Bangladesh’s national oil company (“PB”), is deemed to include all taxes due which PB is then to pay to the NBR. TBL sent the Payment Demand to PB and Bangladesh Government requesting the payment or discharge of the Payment Demand under their respective

PSC indemnities. TBL has secured several extensions from the NBR of the deadline to meet the Payment Demand to allow discussions with PB and the Bangladesh Government to take place. Such discussions have been delayed several times due to the COVID-19 pandemic. The current deadline for payment is 31 March 2021. TBL continues to engage with PB and Bangladesh Government. If the Bangladesh Government or PB do not pay or discharge the Payment Demand, TBL has the option under the PSC to bring an arbitration to enforce the indemnities given by the Bangladesh Government and/or PB.

TBL was sold to Kris Energy Holdings B.V. (“KrisEnergy”) in 2013. TOIL retains conduct of the case through TBL (now a wholly owned subsidiary of KrisEnergy) and as part of the sale Tullow agreed in a Tax Deed to indemnify Kris in relation to any Tax paid by TBL in respect of the dispute.

## **8.2 Interests**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Tullow is aware) which may have, or have had, during the 12 months prior to the date of this document, a significant effect on the financial position or profitability of the Interests.

## **9. RELATED PARTY TRANSACTIONS**

The related party transactions that were entered into by Tullow during the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 are referred to in Tullow’s annual report and accounts for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 respectively. There were no new related party transactions entered into by Tullow between 31 December 2019 and the Latest Practicable Date that were material to Tullow.

## **10. TULLOW SHARE SCHEMES**

Tullow operates the following share incentive schemes:

### **10.1 Tullow Incentive Plan**

#### *Overview*

The Tullow Incentive Plan (the “TIP”) is the primary senior executive incentive arrangement. The TIP is designed to better align executive and Shareholder interests and ensure the Group’s remuneration arrangements are simple. Participants in the TIP generally do not participate in the Tullow ESAP (as defined in Section 10.2 of this Part VII (*Additional Information*)) other than in certain exceptional circumstances or on hiring a new employee to facilitate a buy-out of awards forfeited at a previous employer. As at the Latest Practicable Date, there were 25,211,519 awards outstanding under the TIP.

Awards made to Executive Directors under the TIP are granted subject to and in accordance with the terms of Tullow’s Shareholder approved remuneration policy from time to time.

#### *Eligibility*

Any employee (including an Executive Director) of the Company and its subsidiaries is eligible to participate in the TIP at the discretion of the Group’s Remuneration Committee (the “Remuneration Committee”) in respect of a financial year, generally subject to their continued employment.

#### *Individual limit/maximum participation amount*

The aggregate value of cash and deferred share awards that an individual can receive or be awarded in respect of their participation in the TIP for any financial year must not normally exceed 400 per cent. of their salary at the beginning of the following financial year. TIP awards up to 200 per cent. of salary are 50 per cent. payable in cash and 50 per cent. payable in deferred shares that do not vest for up to five years; and any part of a TIP award in excess of 200 per cent. of salary is awarded in deferred shares that do not vest for up to five years (i.e. the maximum cash award under the TIP is 100 per cent. of salary).

#### *Performance conditions*

The value of a participant’s cash bonus and deferred share awards under the TIP for any financial year will depend on the satisfaction in the period prior to grant of performance conditions set by the Remuneration Committee.



### *Payment of cash bonuses*

Cash bonuses will normally be paid as soon as practicable following the end of the relevant financial year in respect of which an individual participates in the TIP, subject to the achievement of the applicable performance conditions.

An employee who has left employment for a prescribed “good leaver” reason during the relevant financial year, or prior to the date on which a cash bonus is paid, will remain entitled to receive a cash bonus in respect of that year (which may be paid on a pro rata basis where applicable).

At the discretion of the Remuneration Committee, any portion of the cash component of a TIP award can be satisfied by granting deferred shares with a vesting date set by the Committee being not earlier than the first anniversary of grant.

### *Grant and vesting of deferred share awards*

The Remuneration Committee may normally grant deferred share awards within six weeks following the Company’s announcement of its results for any period, subject to the achievement of the applicable performance conditions. It may also grant deferred share awards at any other time when the Remuneration Committee considers there are exceptional circumstances which justify the granting of deferred share awards.

Deferred share awards normally vest five years after grant for Executive Directors and three years after grant for all other participants, subject to continued employment of the relevant participant, but the Remuneration Committee has discretion to set different vesting periods.

### *Dividend equivalents*

The Remuneration Committee may decide that participants will receive a payment (in cash and/or shares) on or shortly following receipt of shares under their deferred share awards, of an amount equivalent to the dividends that would have been paid on those shares between the time when the deferred share awards were granted and their vesting. This amount may assume the reinvestment of dividends.

### *Leaving employment—deferred share awards*

Deferred share awards generally will not be granted to a participant who ceases to hold employment for any reason before the award is granted.

If, following the grant of an award, a participant ceases to be employed before the relevant award has vested then the award shall ordinarily lapse immediately upon such cessation.

However, where the reason for cessation of employment is death, injury, disability, retirement or redundancy, the participant’s employing company or the business for which they work being sold out of the Company’s group or in other circumstances at the discretion of the Remuneration Committee (“Good Leaver Reasons”):

- (a) vested deferred share awards granted as options in respect of a financial year shall subsist and continue to be exercisable for 12 months; and
- (b) unvested deferred share awards may vest earlier than if the participant’s employment had not ceased for Good Leaver Reasons. In general, unvested deferred share awards will vest at the normal time, unless the Remuneration Committee determines otherwise, in which case deferred share awards will vest on the date the participant leaves. If the participant leaves by reason of retirement vesting will normally be the earlier of the normal vesting date and three years after retirement. If the participant dies deferred share awards will normally vest immediately. The share awards may then be exercised within a 12-month period from the date of vesting and shall lapse thereafter.

### *Corporate events*

In the event of a corporate event resulting in a change of control or winding up of the Company (not being an internal corporate reorganisation):

- (a) outstanding unvested deferred share awards shall vest early, at the time of such event and, in the case of options, shall be exercisable for one month from notification (in the case of a general offer) and for one month from the court sanction or winding-up (as applicable), after such period they will lapse;
- (b) outstanding vested deferred bonus share awards granted as options shall be exercisable for one month after such notification or event (as applicable), after such time they shall lapse;

- (c) if the event occurs during the financial year, and before the cash bonus is paid, the participant will instead be paid earlier and at the time of such event, based on a curtailed performance period and on a time pro-rated basis; and
- (d) if the event occurs following the end of the financial year, but before the cash bonus is paid, the participant shall receive the cash bonus as soon as practicable thereafter.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Remuneration Committee, would affect the market price of shares to a material extent, cash bonuses will generally not be affected but the Remuneration Committee may decide to adjust outstanding deferred share awards or may decide that awards will vest on such terms as the Remuneration Committee may determine, and can either vest prior to such event or upon the event occurring, as the Remuneration Committee may determine. Vested deferred share awards, to the extent unexercised, shall lapse at the end of the period preceding the demerger, special dividend or other similar event. Outstanding deferred share awards may also be adjusted in the event of a variation of share capital.

#### *Clawback*

The Remuneration Committee may decide, within five years of the end of any financial year in respect of which an individual participates in the TIP, that any cash bonus paid or deferred share award granted to them will be subject to clawback: (i) where there has been a misstatement of the Company's financial results or of its oil or gas reserves; (ii) if an error has occurred in assessing the performance conditions that determined the amount of the cash bonus or deferred share award; (iii) where there is a catastrophic failure of environmental, health or safety risk management; or (iv) if the participant's employment is terminated for misconduct.

#### *Share limits*

Awards granted under the TIP may be satisfied by newly issued shares in the Company, treasury shares or shares purchased on the stock markets in which the Company's shares are traded.

In any 10-calendar year period, the Company must not issue (or grant rights to issue) more than 10 per cent. of the issued ordinary share capital of the Company in issue at that time under all of the Company's share plans or more than 5 per cent. of the issued ordinary share capital of the Company in issue at that time under executive share plans.

## **10.2 Tullow Employee Share Award Plan**

### *Overview*

The Tullow Employee Share Award Plan (the "ESAP") is the Company's primary non tax-advantaged all employee incentive arrangement. Participants in the ESAP generally do not participate in the TIP (as defined in Section 10.1 of this Part VII (*Additional Information*)) other than in certain exceptional circumstances or on hiring a new employee to facilitate a buy-out of awards forfeited at a previous employer. As at the Latest Practicable Date, there were 27,507,322 awards outstanding under the ESAP.

### *Eligibility*

Any employee of the Company and its subsidiaries is eligible to participate in the ESAP (unless determined otherwise by the Remuneration Committee), generally subject to their continued employment. Any individual who participates in the Tullow Incentive Plan will generally not receive ESAP awards in the same financial year other than in certain exceptional circumstances or on hiring a new employee to facilitate a buy-out of awards forfeited at a previous employer.

### *Grant and vesting of awards*

The Remuneration Committee may grant awards to acquire shares within six weeks following the Company's announcement of its results for any period. The Remuneration Committee may also grant awards at any other time when the Remuneration Committee considers there are exceptional circumstances which justify the granting of awards.

The Remuneration Committee may also decide to grant cash-based awards of an equivalent value to share-based awards or to satisfy share-based awards, in cash, but would normally only do so when the delivery of shares is impracticable. An award must not be granted under the ESAP after 7 May 2023.

No payment is required for the grant of an award. Awards are not transferable, except on death.

The Remuneration Committee may determine any vesting period whatsoever, however, they normally determine that awards vest after three years. Options may not be exercised after the tenth anniversary of grant. The vesting of awards is not subject to performance conditions other than continued employment or leaving as a good leaver (as explained below).

#### *Individual limit*

An employee must not receive awards in any financial year over shares having a market value in excess of 50 per cent. of their annual base salary in that financial year (or 75 per cent. of such salary in exceptional circumstances, as determined by the Remuneration Committee). The Remuneration Committee will have regard to the seniority of employees within the Company's group and the personal performance in determining the value of shares over which they receive awards in any financial year.

#### *Dividend equivalents*

The Remuneration Committee may decide that participants will receive a payment (in cash and/or shares) on or shortly following the vesting of their awards (or their exercise in the case of options), of an amount equivalent to the dividends that would have been paid on those shares between the time when the awards were granted and their vesting. This amount may assume the reinvestment of dividends.

#### *Leaving employment*

Unvested awards will normally lapse upon a participant ceasing to hold employment.

However, if a participant ceases to be an employee because of their death, injury, disability, retirement, redundancy, their employing company or the business for which they work being sold out of the Group or in other circumstances at the discretion of the Remuneration Committee, then their unvested award will vest earlier when they leave employment, unless the Remuneration Committee determines otherwise, in which case vesting will occur on the normal vesting date. When an award vests on cessation of employment it will normally be time pro-rated to reflect any reduced period between grant and vesting.

#### *Corporate events*

In the event of a corporate event resulting in a change of control or winding up of the Company (not being an internal corporate reorganisation), awards will vest early on notification of such event. Awards are exercisable within one month of such notification and shall lapse at the end of that period. Vesting shall be subject to pro-rating of the award to reflect the reduced period of time between their grant and vesting, although the Remuneration Committee can decide not to pro-rate an award if it regards it as inappropriate to do so in the particular circumstances.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Remuneration Committee, would affect the market price of shares to a material extent, then the Remuneration Committee may decide that awards will vest earlier on such basis as the Remuneration Committee may determine and during such period preceding such event or on such event as the Remuneration Committee determines. If the Remuneration Committee determines that the award shall vest then it shall apply a pro rata reduction to the number of shares, unless it determines this to be inappropriate.

### **10.3 UK Share Incentive Plan**

#### *Overview*

The Share Incentive Plan (the "SIP") is a UK tax favoured share plan. The SIP is comprised of three elements and the Board may decide which of these to offer to eligible employees:

- (a) "Free Shares" are shares in Tullow which may be allocated to an employee for nil consideration. The market value of Free Shares allocated to any employee in any UK tax year may not exceed £3,600 or such other limit as may be permitted by the relevant legislation. Free Shares may be allocated to employees equally or on the basis of salary, length of service or hours worked, or on the basis of performance.
- (b) "Partnership Shares" are shares an employee may purchase out of their pre-tax earnings. The market value of Partnership Shares which an employee can buy in any tax year may not exceed £1,800 (or 10 per cent. of the employee's salary, if lower), or such other limit as may be permitted by the relevant legislation. Salary deductions may be accumulated over a period of three months and then used to buy shares at the lower of the market value of the shares at either the start of the accumulation period or the purchase date.

- (c) “Matching Shares” are free shares which may be allocated to an employee who buys Partnership Shares. The Board may allocate up to two Matching Shares for every Partnership Share purchased (or such other maximum ratio as may be permitted by the relevant legislation).

As at the Latest Practicable Date, there were 4,377,219 Tullow Shares held pursuant to the trust established in connection with the SIP.

#### *Eligibility*

Employees of the Company and any designated participating subsidiary who are UK resident taxpayers are eligible to participate. The Board may allow non-UK tax resident taxpayers to participate. The Board may require employees to have completed a qualifying period of employment of up to 18 months in order to be eligible to participate.

#### *Retention of shares*

The trustee of the SIP trust will award Free Shares and Matching Shares to employees and hold those shares on behalf of the participants. Free Shares and Matching Shares must usually be retained by the trustee of the SIP trust for a period of at least three years after award.

The trustee will acquire Partnership Shares on behalf of participants and hold those shares on behalf of the participants. Employees can withdraw Partnership Shares from the SIP trust at any time, but this will usually cause any associated Matching Shares to be forfeited.

An employee will be treated as the beneficial owner of shares held on their behalf by the trustee of the SIP.

The Board may decide that awards of Free Shares and/or Matching Shares will be forfeited if participants cease to be employed by a company in the Group within three years from the grant of those awards unless they leave by reason of death, injury, disability, redundancy, retirement, or if the business or company for which they work ceases to be part of the Group. In any of those cases, the participants will be required to withdraw their shares from the SIP.

If an employee ceases to be employed by the Group at any time after acquiring Partnership Shares, he will be required to withdraw those Partnership Shares from the SIP trust.

#### *Corporate events*

In the event of a general offer being made to Shareholders, participants will be able to direct the trustees how to act in relation to their shares. In the event of a corporate reorganisation, any shares held by participants may be replaced by equivalent shares in a new holding company.

#### *Dividends on shares held by the trustee of the SIP*

Any dividends paid on shares held by the trustee of the SIP on behalf of participants may be either used to acquire additional shares for employees or distributed to participants.

#### *Overall plan limits*

The SIP must be operated so that, in any 10-calendar year period, the Company must not issue (or grant rights to issue) more than 10 per cent. of the issued ordinary share capital of the Company in issue at that time under all of the Company’s share plans.

#### *Variation of capital*

In the case of a variation of the share capital of the Company, shares held in the SIP will be treated in the same way as other shares. In the event of a rights issue, participants will be able to direct the trustees of the SIP on how to act on their behalf.

#### *The Tullow Oil Irish Share Incentive Plan (the “Irish SIP”)*

The Tullow Oil Irish Share Incentive Plan is similar to the SIP, although it differs in certain respects to comply with Irish legislation. As at the Latest Practicable Date, there were 341,340 Tullow Shares held pursuant to the trust established in connection with the Irish SIP.

The final appropriation of Tullow Shares under the plan was made on 5 October 2020. The Tullow Shares will be held in trust until 5 October 2023 at the latest (the participants can remove the Tullow Shares prior to this date should they wish to do so).

#### *Deferred share bonus plan (the “DSBP”)*

Prior to the introduction of the TIP any bonus earned by the Company’s Executive Directors that exceeded 75 per cent. of base salary was deferred under the Company’s Deferred Share Bonus Plan into nil cost share options. Vested awards normally remain exercisable until 10 years from grant. All options have now vested under the DSBP. As at the Latest Practicable Date, there were no options outstanding under the DSBP.

#### *Tullow Oil 2000 Executive Share Option Scheme (“2000 ESOP”)*

The 2000 ESOP expired in 2010. As at the Latest Practicable Date, there were no options outstanding under the 2000 ESOP.

#### *Tullow Oil 2010 Share Option Plan*

This plan was replaced by the TIP. The scheme expired on 11 May 2020, however, certain employees still have exercisable options under the plan. As at the Latest Practicable Date, there were 5,917,168 options outstanding under the plan, exercisable until 2023.

### **11. NO SIGNIFICANT CHANGE**

#### **11.1 The Retained Group following Completion**

Save as set out below, there has been no significant change in the financial or trading position of the Retained Group since 30 June 2020, being the date to which the last published unaudited interim financial information of the Group was prepared.

Tullow announced its half year results for the six months ended 30 June 2020 on 9 September 2020. In these results, the Directors assessed that the Group was a going concern for 12 months from the date of approval of Tullow’s half year results for the six months ended 30 June 2020. At the time of issuing Tullow’s half year results for the six-month period ended 30 June 2020, there were uncertainties due to the Company forecasting a breach of its RBL Gearing Covenant in both December 2020 and June 2021 and the February 2021 (previously January 2021) forecast test showing a shortfall. Therefore, the Directors concluded that there are material uncertainties that may cast significant doubt that the Group will be able to operate as a going concern. Since 9 September 2020 the Company has obtained an amendment to the RBL Gearing Covenant in respect of the 12-month period ending 31 December 2020 such that there is no forecast breach.

Following the completion of the Ugandan Transaction, the Group retains approximately US\$1.1 billion liquidity headroom of undrawn facilities and free cash at 31 December 2020. In respect of the debt capacity redeterminations under the RBL Facility, the Group announced on 26 February 2021 that c.US\$1.7 billion of debt capacity has been agreed between the Company and the global technical banks under the RBL Facility; this remains subject to approval by a majority of lending banks and, once approved, will be effective from 26 February 2021. The next scheduled redetermination of the Group’s debt capacity under the RBL Facility is due to take place by the end of September 2021.

As previously announced, capital expenditure for 2020 was approximately US\$290 million (down from approximately US\$350 million). Savings have been identified primarily through the deferral of activities across the portfolio. As indicated in the half-yearly financial report for the six months ended 30 June 2020, the Company is expected to deliver sustainable cash savings of approximately US\$125 million per annum.

On 15 July 2020, the Company held a general meeting to propose an ordinary resolution for the approval of the Ugandan Transaction and, as announced later that day, Shareholder approval was obtained with over 99 per cent. of votes cast in the poll approving the Ugandan Transaction. Closing of the Ugandan Transaction took place on 10 November 2020 with US\$500 million being received from Total Uganda as part consideration for the Ugandan Interests. Once a final investment decision is taken (expected in 2021), Tullow will receive an additional US\$75 million by way of deferred consideration with further contingent payments linked to Brent oil price payable after production from the Ugandan Interests commences.

As announced on 21 April 2020, Rahul Dhir was appointed as Chief Executive Officer and an Executive Director of the Group with such appointment becoming effective from 1 July 2020. On 9 September 2020, the

Company announced the appointment of Mitchell Ingram as an independent Non-Executive Director with immediate effect.

On 9 February 2021, the Company announced the Transaction and the Dussafu Transaction, with Tullow, Tullow Netherlands, Panoro and Panoro Netherlands having signed the Sale and Purchase Agreement and Tullow, Tullow Gabon, Panoro and Pan Gabon having signed the Dussafu Sale and Purchase Agreement respectively.

## 11.2 Interests

There has been no significant change in the financial or trading position of the Interests since 30 June 2020, being the date to which the financial information table relating to the Interests as set out in Part III (*Financial Information on the Interests*) of this document relates, which has been extracted without material adjustment from the consolidation schedules and supporting analysis that underlie the unaudited condensed consolidated financial information of Tullow for the six month period ended 30 June 2020.

## 12. WORKING CAPITAL

Tullow is of the opinion that the Retained Group does not have sufficient working capital for its present requirements, which is for at least the next 12 months from the date of this document (the “Working Capital Period”).

### *Overview*

The scenarios referred to in this section have been prepared on the basis of (i) what the Directors believe to be the reasonable worst case scenario based on the average realisable oil price being US\$45/bbl for the 2021 financial year and US\$47.5/bbl for the 2022 financial year; (ii) what the Directors believe to be the base case scenario based on the average realisable oil price being US\$50/bbl for the 2021 financial year and US\$55/bbl for the 2022 financial year; (iii) the Convertible Bonds due in July 2021 and the 2022 Senior Notes due in April 2022 being repaid in full on the contractual maturity dates (rather than refinanced in accordance with past practice); and (iv) Dussafu Completion having taken place.

Even if Completion occurs, in both the reasonable worst case scenario and the base case scenario, the Retained Group may fail to pass the Liquidity Forecast Test which is currently in progress under the Retained Group’s RBL Facility. This could result in an event of default under the RBL Facility allowing the lenders under the RBL Facility, at their discretion, to cancel the RBL Facility and demand that all outstanding borrowings under the RBL Facility be repaid and/or enforce their security rights, which could in turn trigger cross-defaults under the other financing arrangements of the Retained Group (namely the Convertible Bonds, the 2022 Senior Notes and the 2025 Senior Notes) by the end of April 2021. The amount repayable should the lenders under the RBL Facility decide to exercise their right to accelerate the RBL Facility and the Retained Group’s remaining creditors exercise their right to trigger a cross-default under the Retained Group’s other financing arrangements, resulting in the borrowings under such arrangements being accelerated such that the entirety of the Retained Group’s borrowings become immediately repayable, was US\$3.18 billion as at 31 December 2020. The financial information set out in this paragraph has been extracted without material adjustment from the Company’s unaudited management accounts for the month ended 31 December 2020.

It is not possible for the Board, particularly in light of current trading conditions and, especially, the COVID-19 pandemic and the high levels of market volatility and uncertainty arising therefrom, to determine with absolute certainty the quantum of any forecasted liquidity shortfall which could result in a failure to pass the Liquidity Forecast Test. However, based on the Group’s current trading expectations, the Retained Group’s working capital projections in respect of a potential failure to pass the Liquidity Forecast Test which is currently in progress are set out below, each in the reasonable worst case scenario and the base case scenario and on the basis that Completion occurs.

### *Timing and action plan in respect of the Liquidity Forecast Test which is currently in progress*

The Retained Group’s working capital projections forecast a potential liquidity shortfall during the 18-month period relevant to the Liquidity Forecast Test which is currently in progress. This potential liquidity shortfall in relation to the Group’s financial commitments of approximately US\$365 million in the reasonable worst case scenario is first forecasted to arise in April 2022 (the month in which the US\$650 million 2022 Senior Notes fall due) which is within the 18-month testing period from March 2021 to August 2022 (inclusive) that is relevant to determining whether the Company will pass the Liquidity Forecast Test which is currently in progress. The Retained Group’s working capital projections also forecast a potential liquidity shortfall during

the 18-month period relevant to the Liquidity Forecast Test which is currently in progress under the base case scenario.

In the scenario set out above, if the Company is unable to demonstrate to the reasonable satisfaction of a majority of its lenders under the RBL Facility that it has, or will have, sufficient funds available to meet the Group's financial commitments for the 18-month testing period from March 2021 to August 2022 (inclusive), and the Company is unable to cure the forecast liquidity shortfall by the end of April 2021, there would be an event of default under the RBL Facility by the end of April 2021.

The Directors note that passing the Liquidity Forecast Test which is currently in progress would require satisfying a majority of lenders in relation to the Retained Group's liquidity. This is therefore outside the control of the Retained Group.

In connection with its stated divestment strategy, the Group has already completed the Ugandan Transaction and announced the terms of the Transaction and the Dussafu Transaction on 9 February 2021. The Transaction represents a further positive step in the Group's portfolio management strategy of raising material proceeds to further streamline the business, reduce its overall level of Net Debt and address the forecasted liquidity shortfall in April 2022.

However, the Directors do not believe that the New Business Plan and Operating Strategy, the proceeds from the Uganda Transaction, the Dussafu Transaction and the Transaction are capable of fully addressing the forecasted liquidity shortfall, which could result in a failure to pass the Liquidity Forecast Test which is currently in progress. The Group's management has therefore commenced discussions with its creditors with the objective of agreeing certain amendments to the terms, including the maturity date, of some or all of the RBL Facility, the Convertible Bonds, the 2022 Senior Notes and the 2025 Senior Notes, that would enable the Group to pass the Liquidity Forecast Test which is currently in progress, with, if necessary, such amendments being approved by Shareholders. The Transaction is expected to provide positive impetus to the Group's ongoing constructive discussions with its creditors, however there can be no certainty that the creditors would agree to such amendments which would therefore be outside the control of the Group. Accordingly, the Directors cannot be confident that the necessary amendments will be agreed in sufficient time for the Liquidity Forecast Test which is currently in progress, or at all.

#### *Event of default*

The potential event of default in respect of the RBL Facility as a result of the Retained Group failing the Liquidity Forecast Test which is currently in progress would arise by the end of April 2021.

Any event of default under the RBL Facility as described above would allow the lenders under the RBL Facility, at their discretion, to cancel the RBL Facility and demand that all outstanding borrowings under the RBL Facility be repaid and/or enforce their security rights. This would in turn trigger other creditors' rights to call cross-defaults under the other financing arrangements of the Retained Group (namely the Convertible Bonds, the 2022 Senior Notes and the 2025 Senior Notes) which could result in the entirety of the Retained Group's borrowings potentially becoming immediately repayable by the end of April 2021. The amount outstanding under the Retained Group's RBL Facility which could be required to be repaid following an event of default under the RBL Facility as described above was US\$1.43 billion as at 31 December 2020. The amount repayable should the Retained Group's creditors exercise their right to trigger a cross-default under the Retained Group's other financing arrangements, resulting in the borrowings under such arrangements being accelerated such that the entirety of the Retained Group's borrowings, including the amount outstanding under the Retained Group's RBL Facility, become immediately repayable, was US\$3.18 billion as at 31 December 2020. The financial information set out in this paragraph has been extracted without material adjustment from the Company's unaudited management accounts for the month ended 31 December.

#### *Implications*

If the Retained Group were not to pass the Liquidity Forecast Test which is currently in progress, the Retained Group might have to enter into insolvency proceedings and counterparties to material contracts might seek to exercise termination rights under those contracts. In such circumstances, the ability of the Retained Group to continue trading would depend upon the Retained Group being able to negotiate a refinancing proposal with its creditors and, if necessary, that proposal being approved by Shareholders. Whilst the Board would seek to negotiate such a refinancing proposal with its creditors, there is no certainty that the creditors would engage with the Board in those circumstances. There would therefore be a significant risk of the Retained Group entering into insolvency proceedings, which the Directors consider would likely result in limited or no value being returned to Shareholders.

### 13. CONSENTS

Ernst & Young LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales and has given, and not withdrawn, its written consent to the inclusion of its report set out in Section 2 of Part IV (*Unaudited Pro Forma Financial Information of the Retained Group*) of this document in the form and context in which the report is included.

J.P. Morgan Cazenove has given, and not withdrawn, its written consent to the issue of this document with references to its name being included in the form and context in which they appear.

TRACS has given, and not withdrawn, its written consent to the inclusion of its report set out in Part VIII (*Mineral Expert's Report on the Interests*), and to the issue of this document with references to its name being included in the form and context in which they appear and has authorised those parts of this document which comprise its report for the purposes of paragraph 13.4.1R(6) of the Listing Rules.

### 14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available on the Company's website ([www.Tulldoil.com](http://www.Tulldoil.com)) (other than document (h) below) or for physical inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of the Company at 9 Chiswick Park, 566 Chiswick High Road, London, W4 5XT from the date of this document up to and including the date of the General Meeting and for the duration of the General Meeting:

- (a) the Articles;
- (b) the audited financial statements of the Tullow Group for each of the financial years ended 31 December 2017, 2018 and 2019;
- (c) the unaudited condensed consolidated financial statements of the Tullow Group for the six month period ended 30 June 2020;
- (d) the report of EY set out in Section 2 of Part IV (*Unaudited Pro Forma Financial Information of the Retained Group*) of this document;
- (e) the consent letters referred to in Section 13 of this Part VII (*Additional Information*);
- (f) the report of TRACS set out in Part VIII (*Mineral Expert's Report for the Interests*) of this document;
- (g) this document and the Form of Proxy; and
- (h) the Sale and Purchase Agreement.



## **PART VIII—MINERAL EXPERT’S REPORT FOR THE INTERESTS**

The Directors  
Tullow Oil plc  
9 Chiswick Park  
566 Chiswick High Road  
London W4 5XT

J.P. Morgan Securities plc (which conducts its UK investment banking business as J.P. Morgan Cazenove)  
("J.P. Morgan Cazenove")  
25 Bank Street  
Canary Wharf  
London E14 5JP

2 March 2021

### **Mineral Expert’s Report for Tullow Oil Equatorial Guinea Assets**

In response to your request, TRACS International Limited ("TRACS") has completed an independent evaluation of certain oil assets in Equatorial Guinea in which Tullow Oil plc ("Tullow") has an interest (the "Assets") (the "Report").

The Report is prepared as a mineral expert’s report in accordance with paragraph 13.4.6R of the Listing Rules made by the Financial Conduct Authority for the purposes of Part VI of the Financial Services and Markets Act 2000, as amended (the "UK Listing Rules") and paragraphs 131 to 133 of the European Securities and Markets Authority update of the CESR Recommendations regarding the consistent implementation of the European Commission’s Regulation No 809/2004 (ESMA/2013/319). We understand that the Report will be reproduced in Tullow’s circular dated on or around the date of this letter (the "Circular"), in connection with (amongst other things) Tullow’s proposed sale of the Assets, which is a Class 1 transaction under the UK Listing Rules.

For the purposes of the Report, we have estimated a range of reserves and resources as at 1 October 2020 (the "Effective Date"), based on data and information available up to that date. No site visits have been undertaken by TRACS for the purposes of producing the Report. So far as we are aware, no material changes have occurred since the Effective Date, the omission of which would make the Report misleading.

The Report was prepared in accordance with standard geological and engineering methods generally accepted by the oil and gas industry, in particular the June 2018 SPE/WPC/AAPG/SPEE Petroleum Resources Management System ("PRMS"). Estimates of hydrocarbon reserves and resources should be regarded only as estimates that may change as further production history and additional information become available. Not only are reserves and resource estimates based on the information currently available, these are also subject to uncertainties inherent in the application of judgemental factors in interpreting such information.

TRACS was founded in 1992, and currently has over 50 petroleum engineers, geoscientists and petroleum economists working from two office locations. TRACS has extensive reserves and asset valuation experience and are recognised as industry reserve, risk and valuation experts. Note that in 2008, TRACS was bought by AGR and became AGR TRACS International Ltd. ("AGR TRACS" a wholly owned subsidiary of AGR). In April 2019, AGR TRACS was sold and became TRACS International Limited (an independent company). All contracts and ownership rights to prior work performed by AGR TRACS were retained by TRACS during that transaction.

The Asset evaluation was performed by senior TRACS staff with a combined 120+ years in the oil and gas industry. The team members all hold at least a bachelor’s degree in geoscience, petroleum engineering or related discipline. The preparation of the Report has been supervised by Dr. Mike Wynne. Dr. Wynne is the Principal Project Lead and Reserves Co-ordinator in TRACS and has over 25 years of experience in the evaluation of oil and gas fields, preparation of development plans and assessment of reserves and resources.

This assessment has been conducted within the context of the TRACS understanding of the effects of petroleum legislation, taxation, and other regulations that currently apply. However, TRACS is not in a position to attest to property title, financial interest relationships or encumbrances thereon for any part of the appraised properties.

It should be understood that any determination of resource volumes, particularly involving petroleum developments, may be subject to significant variations over short periods of time as new information becomes

available and perceptions change. This is particularly relevant to exploration activities which by their nature involve a high degree of uncertainty.

All volumetric calculations are based on independent mapping undertaken by TRACS using data provided to TRACS. The reservoir properties input to the volumetric calculations and the associated volume uncertainty ranges are based on TRACS experience over more than 20 years of performing evaluations, and the statement on risking in the Report represents the independent view of TRACS. The risking of contingent and prospective resources has been done in accordance with the LSE/AIM Guidance note for Mining, Oil and Gas Companies—June 2009.

TRACS has carried out this work using the PRMS as the standard for classification and reporting and in accordance with reserves and resource definitions presented in the PRMS. A summary of the PRMS is found in Appendix B of the Report.

TRACS will receive a fee for the preparation of the Report in accordance with normal professional consulting practices. This fee is not dependent on the findings of the Report and TRACS will receive no other benefit for the preparation of the Report.

Neither TRACS nor the individuals who are responsible for authoring the Report, nor any directors of TRACS, have at the date of the Report, nor have had within the previous two years, any economic or beneficial interest (present or contingent) in Tullow. TRACS, the individuals responsible for authoring the Report and the directors of TRACS are independent of Tullow, its directors, senior management and its other advisers, have no economic or beneficial interest (present or contingent) in Tullow or in any of the mineral assets being evaluated and are not remunerated by way of a fee that is linked to the value of Tullow.

TRACS has reviewed the information contained in the Circular which relates to information contained in the Report and confirms that the information presented is true, accurate, complete, not inconsistent with the Report and, if the information in the Circular has been extracted from the Report, that information has been properly extracted.

The Report is for the use of Tullow and its shareholders and, in their capacity as Tullow's sponsor for the purposes of the Circular, J.P. Morgan Cazenove. TRACS has given, and not withdrawn, its written consent to the inclusion of the Report in the form set out in the Circular, and to the issue of the Circular with references to its name being included in the form and context in which they appear and has authorised those parts of the Circular which comprise its report for the purposes of paragraph 13.4.1R(6) of the UK Listing Rules. The Report may not be used for any other purpose without TRACS' prior written approval, provided that there shall be no restriction on Tullow J.P. Morgan Cazenove disclosing the Report where required by law, court order or regulatory authority or in connection with any judicial, regulatory or arbitral proceedings or for the purposes of resolving any actual or potential dispute or claim.

Yours faithfully,

TRACS International Limited

Dr. Mike Wynne



# Competent Person's Report (CPR) Tullow Oil Equatorial Guinea Assets

Effective Date: October 1<sup>st</sup> 2020

*Tullow Oil*

This report was prepared in accordance with standard geological and engineering methods generally accepted by the oil and gas industry, in particular the 2018 SPE PRMS. Estimates of hydrocarbon reserves and resources should be regarded only as estimates that may change as further production history and additional information become available. Not only are reserves and resource estimates based on the information currently available, these are also subject to uncertainties inherent in the application of judgemental factors in interpreting such information. TRACS International Limited shall have no liability arising out of or related to the use of the report.

**Status:** Final

**Date:** January 2021

**Revision:** 02

**Approved by:**

A handwritten signature in black ink, appearing to read "M.C. Wynne".

M.C. Wynne (Project Manager)

## Executive Summary

TRACS was commissioned by Tullow Oil to complete a Competent Person's Report (CPR) for the Equatorial Guinea assets in the Tullow Portfolio in accordance with Reserves and Resource definitions presented in the SPE's Petroleum Resources Management System.

The Equatorial Guinea fields are located offshore Equatorial Guinea in northeastern Block G on the edge of the present day continental shelf in water depths ranging from 50-850 metres.

The fields reviewed as part of this CPR are listed below:

| Licence              | Field      |
|----------------------|------------|
| <b>Okume Complex</b> | Elon       |
|                      | Okume      |
|                      | Oveng      |
|                      | Akom North |
|                      | Ebano      |
| <b>Ceiba</b>         | Ceiba      |

Ceiba and Okume Complex licences are operated under a Production Sharing Contract (PSC). Trident is the Operator of both licences; in addition to Tullow, other partners include Kosmos Energy and the State. Tullow have an exploration and development working interest of 15% and a revenue working interest of 14.25%.

The main reservoir intervals of the Ceiba field and Okume Complex fields consist of stacked deepwater turbidite channel and overbank deposit reservoirs of Campanian age (Upper Cretaceous). They contain reasonable oil quality, varying from 28 to 35 API. Water injection is the predominant main drive mechanism for all fields.

The Ceiba field commenced oil production in November 2000 and as of 1/10/2020 had produced 205.0 MMbbls. The Okume Complex commenced oil production in December 2006 through the Elon field. As of 1/10/2020 the Okume Complex fields have produced a total of 238.4 MMbbls.

The Ceiba field is tied back to the Ceiba FPSO through a system of six subsea manifolds and flowlines where the liquids are processed for export. The Okume Complex fields are developed utilising four fixed jackets (in the Elon field) and two tension leg platforms (to develop remaining fields). All fields are tied back to a central processing facility (CPF) at one of the Elon platforms (Okume C). The processed oil from the CPF is transported via a 25km, 12 inch pipeline to the Ceiba FPSO for export.

Tullow provided TRACS with production history, their decline analysis for producing wells, a summary of recent development activities including actual versus forecasted performance, assumptions and production forecasts for new development activities. They also provided development plans, historical costs and future cost assumptions, fiscal terms and statements regarding estimated Cessation of Production.

TRACS performed an independent review of the Okume Complex and Ceiba field through a mixture of verifying Tullow assumptions and forecasts, adapting assumptions where felt necessary, and performing original technical and commercial analysis where felt justified.

Technical production profiles associated with reserves are truncated at the earliest of Cessation of Production (COP) for technical/commercial reasons or negative pre-tax cashflow in the Economic Limit Test (ELT).

Annual production, cost and oil price forecasts were used in an annual increment economic spreadsheet model at a field level to calculate annual pre-tax cash flows. Calculations were based on the terms of the "PSC EG 2017 Amendment 3\_After Tax Resolution.pdf" for Profit Oil share and Income Tax and the "Amendment 1 of Production Sharing Contract" for Royalty and Cost Oil cap. The economic spreadsheet model supplied by Tullow was reviewed by TRACS.

The Reserves and Resource estimates follow the June 2018 SPE/WPC/AAPG/SPEE Petroleum Resources Management System (PRMS) as the standard for classification and reporting.

The licence expiry date for Ceiba has been advised by Tullow to be end 2029 and for the Okume Complex to be July 2034. Consequently any reserves quoted are recovered within the licence periods.

All oil volumes quoted are wellhead volumes and it is assumed that there is no oil shrinkage from wellhead to sales volumes. There are no gas reserves or resources. All gas produced is either assumed to be used for fuel or flare.

Decline analysis for producing wells was from monthly average rates. This in part accounts for operating efficiency but does not fully capture the planned and unplanned outages. Based on historical operating efficiency a 95% factor was applied to the final forecasts.

All reserves volumes are quoted from a reference date of 1/10/2020.

## **Reserves**

The Tullow reserves for the Ceiba field and Okume Complex are based on three main components:

- Developed (on production) reserves utilising the current wells
- Approved for Development reserves (AD) predominately associated with identified workovers in the Ceiba and Okume Complex fields
- Justified for Development reserves (JD) which include infill wells in the Elon and Oveng fields.

Note that no Justified for Development (JD) activities were identified for the Ceiba field.

For developed producing reserves Decline Curve Analysis (DCA) was the primary method of estimation. TRACS performed mainly well level DCA and verified results using field level DCA.

For AD and JD activities Tullow's forecasts/estimates and supporting data provided were reviewed and modified as required. For Approved for Development (AD) activities, this required evidence of firm plans in the near term, such as the operator's workover schedule, or AFE's.

Individual forecasts were simply summed for the Ceiba field and Okume Complex fields as there are no facility constraints on production.

STOIIP ranges assessed by TRACS were used to review total recovery and recovery factors in order to identify under or overestimation of resources.

The remaining economic reserves as at 1/10/2020 for Equatorial Guinea as estimated by TRACS are presented in the table below.

| Oil Reserves by Category              | Gross (MMbbls) |             |              | Tullow Net Entitlement(MMbbls) |             |             | Tullow WI (MMbbls) |             |             |
|---------------------------------------|----------------|-------------|--------------|--------------------------------|-------------|-------------|--------------------|-------------|-------------|
|                                       | 1P             | 2P          | 3P           | 1P                             | 2P          | 3P          | 1P                 | 2P          | 3P          |
| <b>Developed Producing (DP)</b>       | 32.7           | 61.5        | 95.1         | 3.9                            | 7.3         | 11.1        | 4.7                | 8.8         | 13.6        |
| <b>Approved for Development (AD)</b>  | 6.8            | 14.5        | 23.5         | 0.8                            | 1.6         | 2.5         | 1.0                | 2.1         | 3.3         |
| <b>Justified for Development (JD)</b> | 6.3            | 20.9        | 36.1         | 0.8                            | 2.4         | 3.8         | 0.9                | 3.0         | 5.1         |
| <b>Total All Reserves Categories</b>  | <b>45.7</b>    | <b>96.8</b> | <b>154.7</b> | <b>5.5</b>                     | <b>11.2</b> | <b>17.4</b> | <b>6.5</b>         | <b>13.8</b> | <b>22.1</b> |

**Equatorial Guinea Reserves summary**

The nominal post tax Net Present Value at discount rates of 10% (NPV10), 8% and 12% from a point forward date of 1 October 2020 was determined independently for the 1P, 2P and 3P Reserves cases for Ceiba and Okume Complex.

Wood Mackenzie's Q3 2020 Brent oil price oil price assumptions were used for the economic evaluation.

|                               | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|-------------------------------|------|------|------|------|------|------|
| <b>Nominal \$/bbl Brent*</b>  | 40.0 | 43.0 | 46.0 | 50.0 | 54.1 | 55.2 |
| <b>Real 2020 \$/bbl Brent</b> | 40.0 | 42.2 | 44.2 | 47.1 | 50.0 | 50.0 |

\* inflated at 2% per annum from 2024.

A crude quality differential of plus \$0.75/bbl (nominal) relative to Brent in 2020, plus \$0.15/bbl in 2021 and minus \$1.0/bbl thereafter for both Okume and Ceiba (the Ceiba Blend) was advised by Tullow.

The NPV of Ceiba 1P, 2P and 3P total reserves are calculated assuming the Okume 2P total Reserves case. The remaining Tullow WI NPV for Ceiba total Reserves at the base case and sensitivity cases to the COP date is estimated to be:

|                          | Ceiba Tullow WI NPV (\$MM nom) |            |              |             |             |             |             |             |             |
|--------------------------|--------------------------------|------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                          | 1P                             |            |              | 2P          |             |             | 3P          |             |             |
| <b>Oil Price (\$/bl)</b> | <b>Base</b>                    | <b>+10</b> | <b>-10</b>   | <b>Base</b> | <b>+10</b>  | <b>-10</b>  | <b>Base</b> | <b>+10</b>  | <b>-10</b>  |
| <b>NPV 10%</b>           | <b>-11.7</b>                   | <b>1.9</b> | <b>-26.3</b> | <b>11.4</b> | <b>29.0</b> | <b>-4.9</b> | <b>33.5</b> | <b>56.0</b> | <b>12.6</b> |
| NPV 8%                   | -17.9                          | -4.0       | -32.2        | 7.1         | 25.3        | -10.0       | 30.8        | 54.3        | 8.9         |
| NPV 12%                  | -6.8                           | 6.2        | -21.4        | 14.6        | 31.4        | -1.0        | 35.2        | 56.6        | 15.3        |

**Ceiba Reserves NPV summary**

The NPV of Okume 1P,2P,3P total reserves is calculated assuming the Ceiba 2P total reserves case. The remaining Tullow WI NPV for Okume total Reserves at the base case and sensitivity cases to the COP date is estimated to be:

|                   | Okume Complex Tullow WI NPV (\$MM nom) |             |              |             |              |             |              |              |              |
|-------------------|--|-------------|--------------|-------------|--------------|-------------|--------------|--------------|--------------|
|                   | 1P                                     |             |              | 2P          |              |             | 3P           |              |              |
| Oil Price (\$/bl) | Base                                   | +10         | -10          | Base        | +10          | -10         | Base         | +10          | -10          |
| <b>NPV 10%</b>    | <b>0.4</b>                             | <b>19.4</b> | <b>-18.8</b> | <b>80.0</b> | <b>120.4</b> | <b>42.4</b> | <b>166.7</b> | <b>222.4</b> | <b>110.9</b> |
| <b>NPV 8%</b>     | -2.8                                   | 16.4        | -22.1        | 80.8        | 123.7        | 41.0        | 176.4        | 236.7        | 115.9        |
| <b>NPV 12%</b>    | 3.1                                    | 21.7        | -15.9        | 78.7        | 116.8        | 43.1        | 157.6        | 209.2        | 105.8        |

### Okume Complex Reserves NPV summary

## Contingent Resources

The Tullow Contingent Resources for Equatorial Guinea are based on the following main components:

- Development pending (CR-DP) activities which include workovers in the Ceiba field and Okume Complex fields
- Development Unclarified (CR-DU) which includes a water injector and a sidetrack in the Ceiba field and infill opportunities for Elon, Oveng and Ebano in the Okume Complex.
- Remaining opportunities which are categorised as Development not Viable (CR-DnV)

For the CR-DP and CR-DU activities production forecasts and resources provided by Tullow were reviewed and modified where considered appropriate.

Post licence expiry CR estimates were estimated using the technical forecasts for reserves and extended to 2050. These are classified as CR-DnV. Further infill potential in the Ceiba and Elon fields is identified and also captured as CR-DnV.

The resulting unrisks Equatorial Guinea Contingent Resources as estimated by TRACS are presented in the table below. These are presented as gross and Tullow working interest estimates.

| CR Classification (Oil)        | Gross (MMbbls) |              |              | Tullow WI (MMbbls) |             |             |
|--------------------------------|----------------|--------------|--------------|--------------------|-------------|-------------|
|                                | 1C             | 2C           | 3C           | 1C                 | 2C          | 3C          |
| <b>Development Pending</b>     | 4.7            | 15.4         | 28.4         | 0.6                | 2.2         | 4.1         |
| <b>Development Unclarified</b> | 16.0           | 40.3         | 67.7         | 2.3                | 5.8         | 9.6         |
| <b>Development not viable</b>  | 37.8           | 123.4        | 286.9        | 5.4                | 17.6        | 40.9        |
| <b>Total All CR Categories</b> | <b>58.6</b>    | <b>179.1</b> | <b>382.9</b> | <b>8.4</b>         | <b>25.6</b> | <b>54.6</b> |

### Equatorial Guinea Contingent Resource summary- Unrisks

A Chance of Commerciality (CoC) has been assessed for all Contingent Resources. The CoC is widely used to assess risk resources and value of oil and gas contingent projects. In SPE PRMS it is defined as "the estimated probability that a project will achieve commercial maturity to be developed. For CR it is equal to the chance of development". In the London Stock Exchange guidelines for oil and gas companies it is defined as "the estimated chance or probability that the (CR) volumes will be commercially extracted".

The CoCs have been applied to the unrisks CR estimates to generate the risk CR as shown in the table below.



| Contingent Resources | Gross (MMbbls) |      |       | Tullow WI (MMbbls) |     |      |
|----------------------|----------------|------|-------|--------------------|-----|------|
|                      | 1C             | 2C   | 3C    | 1C                 | 2C  | 3C   |
| Oil (MMbbls)         | 21.0           | 62.6 | 126.9 | 3.0                | 9.0 | 18.1 |

Equatorial Guinea Contingent Resource summary - Risked

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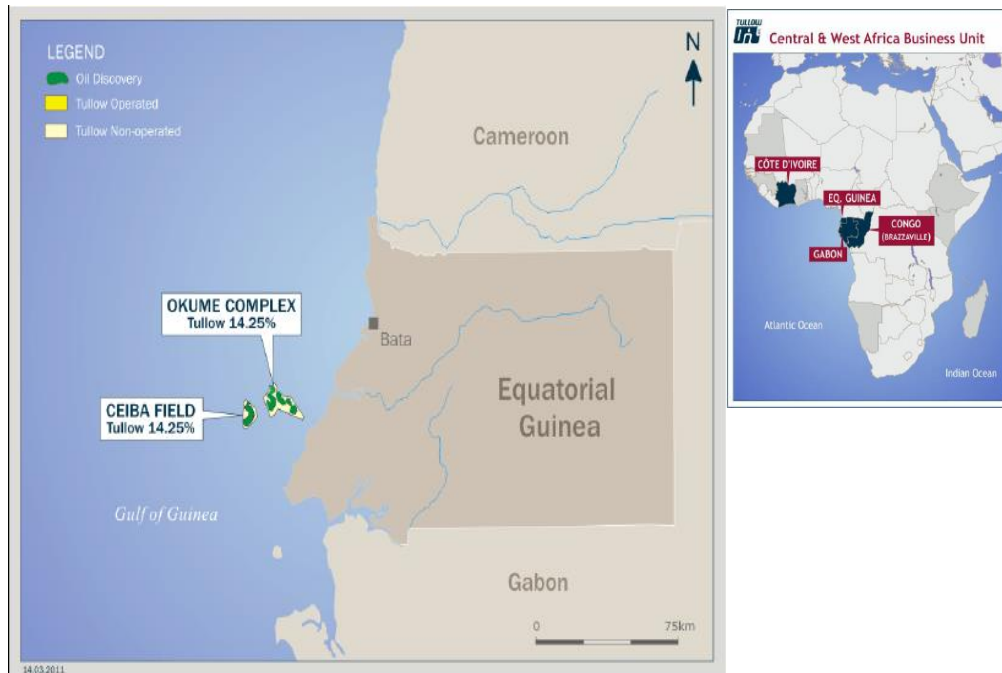
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# 1 Introduction

TRACS was commissioned by Tullow Oil to complete a Competent Person's Report (CPR) for the Equatorial Guinea assets in the Tullow Portfolio in accordance with Reserves and Resource definitions presented in the SPE's Petroleum Resources Management System (Appendix C).

## 1.1 Overview

The Equatorial Guinea fields are located offshore Equatorial Guinea in northeastern Block G on the edge of the present day continental shelf in water depths ranging from 50-850 metres (Figure 1-1).



**Figure 1-1 Location map**

The fields reviewed as part of this CPR are listed in the Table 1-1:

| Licence              | Field      |
|----------------------|------------|
| <b>Okume Complex</b> | Elon       |
|                      | Okume      |
|                      | Oveng      |
|                      | Akom North |
|                      | Ebano      |
| <b>Ceiba</b>         | Ceiba      |

**Table 1-1 Summary of assets**

Ceiba and Okume Complex licences are operated under a Production Sharing Contract (PSC). Trident is the Operator of both licences; in addition to Tullow, other partners include Kosmos Energy and the State. Tullow have an exploration and development working interest of 15% and a revenue working interest of 14.25%.

The main reservoir intervals of the Ceiba field and Okume Complex fields consist of stacked deepwater turbidite channel and overbank deposit reservoirs of Campanian age (Upper Cretaceous). They contain

reasonable oil quality, varying from 28 to 35 API. Water injection is the predominant main drive mechanism for all fields.

The Ceiba field commenced oil production in November 2000 and as of 1/10/2020 had produced 205.0 MMbbls. The Okume Complex commenced oil production in December 2006 through the Elon field. As of 1/10/2020 the Okume Complex fields have produced a total of 238.4 MMbbls.

The Ceiba field is tied back to the Ceiba FPSO through a system of six subsea manifolds and flowlines where the liquids are processed for export. The Okume Complex fields are developed utilising four fixed jackets (in the Elon field) and two tension leg platforms (to develop remaining fields). All fields are tied back to a central processing facility (CPF) at one of the Elon platforms (Okume C). The processed oil from the CPF is transported via a 25km, 12 inch pipeline to the Ceibo FPSO for export.



## 2 Summary of Reserves and Contingent Resources

### 2.1 Totalled for Equatorial Guinea

#### 2.1.1 Reserves

The total remaining Gross, net entitlement and working interest reserves for Equatorial Guinea at 1/10/2020 are estimated to be:

| Oil Reserves by Category              | Gross (MMbbls) |             |              | Tullow Net Entitlement(MMbbls) |             |             | Tullow WI (MMbbls) |             |             |
|---------------------------------------|----------------|-------------|--------------|--------------------------------|-------------|-------------|--------------------|-------------|-------------|
|                                       | 1P             | 2P          | 3P           | 1P                             | 2P          | 3P          | 1P                 | 2P          | 3P          |
| <b>Developed Producing (DP)</b>       | 32.7           | 61.5        | 95.1         | 3.9                            | 7.3         | 11.1        | 4.7                | 8.8         | 13.6        |
| <b>Approved for Development (AD)</b>  | 6.8            | 14.5        | 23.5         | 0.8                            | 1.6         | 2.5         | 1.0                | 2.1         | 3.3         |
| <b>Justified for Development (JD)</b> | 6.3            | 20.9        | 36.1         | 0.8                            | 2.4         | 3.8         | 0.9                | 3.0         | 5.1         |
| <b>Total All Reserves Categories</b>  | <b>45.7</b>    | <b>96.8</b> | <b>154.7</b> | <b>5.5</b>                     | <b>11.2</b> | <b>17.4</b> | <b>6.5</b>         | <b>13.8</b> | <b>22.1</b> |

Table 2-1 Equatorial Guinea Total Reserves summary

#### 2.1.2 Contingent Resources

The total unrisks Contingent Resources for Equatorial Guinea are presented in Table 2-2.

| CR Classification (Oil)        | Gross (MMbbls) |              |              | Tullow WI (MMbbls) |             |             |
|--------------------------------|----------------|--------------|--------------|--------------------|-------------|-------------|
|                                | 1C             | 2C           | 3C           | 1C                 | 2C          | 3C          |
| <b>Development Pending</b>     | 4.7            | 15.4         | 28.4         | 0.6                | 2.2         | 4.1         |
| <b>Development Unclarified</b> | 16.0           | 40.3         | 67.7         | 2.3                | 5.8         | 9.6         |
| <b>Development not viable</b>  | 37.8           | 123.4        | 286.9        | 5.4                | 17.6        | 40.9        |
| <b>Total All CR Categories</b> | <b>58.6</b>    | <b>179.1</b> | <b>382.9</b> | <b>8.4</b>         | <b>25.6</b> | <b>54.6</b> |

Table 2-2 Equatorial Guinea Contingent Resource summary

## 2.2 Totalled by Asset

### 2.2.1 Reserves

A breakdown of total Reserves by asset at 1/10/2020 is given for Ceiba in Table 2-3 and for Okume complex in Table 2-4.

#### Ceiba

| Oil Reserves by Category              | Gross (MMbbls) |             |             | Tullow Net Entitlement(MMbbls) |            |            | Tullow WI (MMbbls) |            |            |
|---------------------------------------|----------------|-------------|-------------|--------------------------------|------------|------------|--------------------|------------|------------|
|                                       | 1P             | 2P          | 3P          | 1P                             | 2P         | 3P         | 1P                 | 2P         | 3P         |
| <b>Developed Producing (DP)</b>       | 13.1           | 20.8        | 27.8        | 1.6                            | 2.5        | 3.2        | 1.9                | 3.0        | 4.0        |
| <b>Approved for Development (AD)</b>  | 2.9            | 5.3         | 8.5         | 0.3                            | 0.6        | 0.9        | 0.4                | 0.8        | 1.2        |
| <b>Justified for Development (JD)</b> | 0.5            | 0.0         | 0.0         | 0.1                            | 0.0        | 0.0        | 0.1                | 0.0        | 0.0        |
| <b>Total All Reserves Categories</b>  | <b>16.5</b>    | <b>26.2</b> | <b>36.3</b> | <b>2.0</b>                     | <b>3.1</b> | <b>4.1</b> | <b>2.4</b>         | <b>3.7</b> | <b>5.2</b> |

**Table 2-3 Ceiba Reserves– Oil**

Ceiba 1P JD reserves result because Okume JD reserves extend the COP of the combined development from 2028 in the DP+AD case to 2029 in the DP+AD+JD case.

#### Okume Complex

| Oil Reserves by Category              | Gross (MMbbls) |             |              | Tullow Net Entitlement (MMbbls) |            |             | Tullow WI (MMbbls) |             |             |
|---------------------------------------|----------------|-------------|--------------|---------------------------------|------------|-------------|--------------------|-------------|-------------|
|                                       | 1P             | 2P          | 3P           | 1P                              | 2P         | 3P          | 1P                 | 2P          | 3P          |
| <b>Developed Producing (DP)</b>       | 19.6           | 40.7        | 67.4         | 2.3                             | 4.8        | 7.8         | 2.8                | 5.8         | 9.6         |
| <b>Approved for Development (AD)</b>  | 3.8            | 9.1         | 14.9         | 0.4                             | 1.0        | 1.6         | 0.5                | 1.3         | 2.1         |
| <b>Justified for Development (JD)</b> | 5.7            | 20.9        | 36.1         | 0.7                             | 2.4        | 3.8         | 0.8                | 3.0         | 5.1         |
| <b>Total All Reserves Categories</b>  | <b>29.2</b>    | <b>70.7</b> | <b>118.4</b> | <b>3.5</b>                      | <b>8.1</b> | <b>13.3</b> | <b>4.2</b>         | <b>10.1</b> | <b>16.9</b> |

**Table 2-4 Okume Complex Reserves– Oil**

## 2.2.2 Contingent Resources

A breakdown of total unrisks CR by asset is given for Ceiba in Table 2-5 and for Okume Complex in Table 2-6.

### Ceiba

| Oil Contingent Resources by Category | Gross (MMbbls) |             |              | Tullow WI (MMbbls) |             |             |
|--------------------------------------|----------------|-------------|--------------|--------------------|-------------|-------------|
|                                      | 1C             | 2C          | 3C           | 1C                 | 2C          | 3C          |
| Development Pending                  | 3.1            | 11.1        | 21.6         | 0.4                | 1.6         | 3.1         |
| Development Unclarified              | 7.2            | 19.4        | 35.1         | 1.0                | 2.8         | 5.0         |
| Development not viable               | 19.6           | 41.7        | 67.5         | 2.8                | 5.9         | 9.6         |
| <b>Total All CR Categories</b>       | <b>30.0</b>    | <b>72.2</b> | <b>124.1</b> | <b>4.3</b>         | <b>10.3</b> | <b>17.7</b> |

Table 2-5 Ceiba Contingent Resource summary

### Okume Complex

| Oil Contingent Resources by Category | Gross (MMbbls) |              |              | Tullow WI (MMbbls) |             |             |
|--------------------------------------|----------------|--------------|--------------|--------------------|-------------|-------------|
|                                      | 1C             | 2C           | 3C           | 1C                 | 2C          | 3C          |
| Development Pending                  | 1.6            | 4.3          | 6.8          | 0.2                | 0.6         | 1           |
| Development Unclarified              | 8.8            | 20.9         | 32.6         | 1.3                | 3           | 4.6         |
| Development not viable               | 18.2           | 81.7         | 219.4        | 2.6                | 11.7        | 31.3        |
| <b>Total All CR Categories</b>       | <b>28.6</b>    | <b>106.9</b> | <b>258.8</b> | <b>4.1</b>         | <b>15.3</b> | <b>36.9</b> |

Table 2-6 Okume Complex Contingent Resource summary

## 3 General Methodology and Assumptions

### 3.1 Overview of process

Tullow provided TRACS with production history, their decline analysis for producing wells, a summary of recent development activities including actual versus forecasted performance, assumptions and production forecasts for new development activities, development plans, historical costs and future cost assumptions, fiscal terms and statements regarding estimated Cessation of Production. TRACS performed an independent review of all assets through a mixture of verifying assumptions, adapting assumptions where felt necessary, and performing original technical and commercial analysis.

### 3.2 Reserves and Contingent Resources reporting

#### 3.2.1 Reserves

Technical production profiles associated with reserves are truncated at the earliest of Cessation of Production (COP) for technical/commercial reasons or negative pre-tax cashflow in the Economic Limit Test (ELT).

The reserves reporting follows the SPE PRMS. The reserves classification and categorisation reported, along with a simple guide as to how they are applied, are shown in Table 3-1. All reserves volumes are quoted from a reference date of 1/10/2020.

| Reserves Classification          |    | General Example                                    | Categorisation |    |    |
|----------------------------------|----|--|----------------|----|----|
|                                  |    |  | 1P             | 2P | 3P |
| <b>Developed Producing</b>       | DP | Existing producing well                            | ■              | ■  | ■  |
| <b>Approved for Development</b>  | AD | Development Capex approved                         | ■              | ■  | ■  |
| <b>Justified for Development</b> | JD | Technically justified but awaiting budget approval | ■              | ■  | ■  |

**Table 3-1 Reserves reporting classification and categories**

The 1P (Proved) category approximates a P90 case. The 2P (Proved plus Probable) category approximates a P50 or reference case. The 3P (Proved plus Probable plus Possible) category approximates a P10 case.

#### 3.2.2 Contingent Resources

The SPE PMRS categorisation for Contingent Resources (CR) has been followed. CR is defined as follows: "quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies."

An overview of the SPE PRMS CR classifications (together with brief descriptions) is shown in Table 3-2.

| CR Classification               | Description  | Categorisation |    |    |
|---------------------------------|--|----------------|----|----|
|                                 |  | 1C             | 2C | 3C |
| <b>Development Pending</b>      | A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.  | ■              | ■  | ■  |
| <b>Development on Hold</b>      | A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay.             | ■              | ■  | ■  |
| <b>Development Unclassified</b> | A discovered accumulation where project activities are under evaluation and where justification as a commercial development is unknown based on available information. | ■              | ■  | ■  |
| <b>Development Not Viable</b>   | A discovered accumulation for which there are no current plans to develop or to acquire additional data at the time due to limited production potential.               | ■              | ■  | ■  |

**Table 3-2 Contingent Resource reporting classification and categories**

The 1C category approximates a P90 case. The 2C category approximates a P50 or reference case. The 3C category approximates a P10 case.

### 3.3 In-Place Volumes

For this review, TRACS have relied on data provided by Tullow whilst taking TRACS experience in the area of interest into consideration.

The objective was to provide in-place volumetric ranges on formation or field level whilst testing their correspondence with production figures. TRACS evaluation approach at a field level varied dependent on: maturity (e.g., appraisal vs early decline or late life), level of operator-partner data sharing and data availability (e.g., reports vs log data and static model) as well as materiality to Tullow.

Where available, log data were checked and compared with static model inputs in order to establish meaningful probabilistic ranges for STOIP calculation. Seismic data was not assessed in detail. Therefore, TRACS did not check play fairway or facies trends: structural uncertainty and associated gross rock volumes ranges (lognormal distribution) are usually corresponding to stratigraphic setting and the number and distribution of boreholes with wider ranges used for poorer well control. TRACS ascertained that structural model grids adhere to well tops. Fluid distributions from logs and pressure data (where available) were used to compare contacts with those used in the static model and then applied in the probabilistic evaluation (uniform distribution). Average reservoir properties from logs were captured, volume- or TVT-weighted where appropriate and compared to static model value inputs/outputs. Commonly, petrophysical parameter ranges applied in STOIP probabilistics encompass both log and model data (beta distribution for N/G, porosity and Sw; normal distribution for FVF). Where individual parameter variations were significant, Tracs invoked arithmetic averages of logs and models for low and high cases.

For Ceiba and Okume assets, three reservoir facies types that flow hydrocarbons have been assigned average petrophysical parameters respective to their sedimentary character. Together with their proportions in the static model, a further sense check was provided. The detailed Elon review exemplifies this approach. In the absence of statistically significant well data, analogue reconnaissance data were consulted and probabilistic ranges adjusted accordingly.

For most fields, TRACS ran probabilistic estimates on individual layers or formations in Monte-Carlo software followed by aggregate probabilistic runs as independent layers.

Where estimates aligned with Tullow's to within +/-10% Tullow's view was adopted. STOIP ranges were used to review total recovery and recovery factors in order to identify under or overestimation of resources.

### 3.4 Production forecasts and Operating Efficiency

For developed producing reserves Decline Curve Analysis was the primary method of estimation. Tullow provided their DCA by well and by field; TRACS reviewed the Tullow analysis but carried out an independent assessment. Figures were then compared, if there were significant differences TRACS consulted with Tullow and revised estimates where appropriate. TRACS performed both well and field level DCA; generally final forecasts were derived from well level DCA summed to the Field level.

Well by well analysis was performed on decline of oil rates versus time. The decline functions consist of a hyperbolic decline profile with shape exponent ( $b$ ) standardised based on drive mechanism, reflecting typical ranges as summarised in Table 3-3.

| Drive mechanism                           | Exponential shape factor $b$ |          |           |
|---|------------------------------|----------|-----------|
|   | 1P (Low)                     | 2P (mid) | 3P (high) |
| <b>Strong aquifer or waterflood</b>       | 0.2                          | 0.6      | 1.0       |
| <b>Depletion drive</b>                    | 0.0                          | 0.2      | 0.4       |
| <b>Solution gas or weak aquifer drive</b> | 0.1                          | 0.3      | 0.5       |

**Table 3-3 Exponential  $b$ - factors by drive mechanism**

The remaining parameters to define the decline were the deliverability and decline rate at the reference date 01/10/2020. The decline rates were taken to be consistent with the range of field declines observed during the field history (curve fit over a representative interval). Initial rate is taken as the average monthly rate at the end of the production history if representative, otherwise an appropriate rate is selected based on a review of the production trends towards the end of the history period taking into account any short term operational issues.

Water cut development was also reviewed as a sense check and to gain insight on the potential behaviour of existing production and further development activities.

Decline was from monthly average rates. This in part accounts for operating efficiency but does not fully capture the planned and unplanned outages. Based on historical operating efficiency a 95% factor was applied to the final forecast.

For future development activities Tullow's estimates and supporting data provided were reviewed. For Approved for Development (AD) activities, this required evidence of firm plans in the near term, such as the operator's rig schedule, or AFE's.

Review of workover activities included:

- Confirmation incremental rates matched past performance, and are backed by well modelling calculations by Tullow or the Operator.
- Confirmation that incremental recoveries are reasonable by comparison to similar workovers.
- Review of type curve decline parameters and recovery, to check that suitable parameters had been selected and that the range was representative of possible outcomes.

In-fill well activities were reviewed in much the same way, with a focus on recovery per well based on the in-field historical recoveries adjusted to account for advancing field maturity, i.e. a decrease in recovery with advancing number of wells and with the advance of flood fronts.

Constraints on production streams (oil, liquid, water, gas) and water injection were reviewed at a field and at a facilities/complex level. The ability to lift fluids and flow assurance issues were also taken into account.

There are currently no production system constraints on the Okume Complex fields. Ceiba relies on pressure maintenance, multi-phase booster pumps at drill centre manifolds and flow line gas lift to produce back to processing facilities on an FPSO.

Individual forecasts were simply summed as there are no constraints on production.

### 3.5 Cessation of Production (COP) dates

The cessation of production date is the earliest of the production license expiry date, facilities design lifetime, end of technical production profile or economic limit.

### 3.6 Development plans and cost estimates

The life of field cost data provided was reviewed for consistency and reasonableness where and when it has an impact on the economic cut-off date of the asset and where required to test the economic viability of any JD reserves and/or Development Pending contingent resources. If the development scope used for the generation of the production profiles differed from that of the costs provided the costs were adjusted accordingly following consultation with Tullow. If the input to Tullow's economic spreadsheet omitted or contained erroneous costs e.g. compared to the supporting material these were added following consultation with Tullow.

The historic gross Capex and Opex from 2018 to end September 2020 for Ceiba and Okume is summarised below.

| <b>Ceiba</b>        | <b>2018</b> | <b>2019</b> | <b>YTD Sept 2020</b> |
|---------------------|-------------|-------------|----------------------|
| <b>Opex (\$MM)</b>  | 77.8        | 69.8        | 30.3                 |
| <b>Capex (\$MM)</b> | -0.6        | 26.2        | 16.9                 |

| <b>Okume</b>        | <b>2018</b> | <b>2019</b> | <b>YTD Sept 2020</b> |
|---------------------|-------------|-------------|----------------------|
| <b>Opex (\$MM)</b>  | 103.6       | 106.6       | 76.7                 |
| <b>Capex (\$MM)</b> | 0.8         | 5.7         | 17.2                 |

| <b>Total Equatorial Guinea</b> | <b>2018</b> | <b>2019</b> | <b>YTD Sept 2020</b> |
|--------------------------------|-------------|-------------|----------------------|
| <b>Opex (\$MM)</b>             | 181.4       | 176.4       | 107.0                |
| <b>Capex (\$MM)</b>            | 0.1         | 32.0        | 34.1                 |

**Table 3-4 Equatorial Guinea historic gross costs summary**

### 3.7 Economic evaluation

Annual production, cost and oil price forecasts were used in an annual increment economic spreadsheet model at a field level to calculate annual pre and post-tax cash flows. Calculations were based on the terms of the "PSC EG 2017 Amendment 3\_After Tax Resolution.pdf" for Profit Oil share and Income Tax and the "Amendment 1 of Production Sharing Contract" for Royalty and Cost Oil cap. The economic spreadsheet model supplied by Tullow was reviewed by TRACS.

The cash flows were determined for the 1P, 2P and 3P reserves cases for the DP, DP+AD, DP+AD+JD reserves categories in turn in order to assess the economic limit. The economic limit is defined as the year in which the Contractor cumulative pre-tax cash flow, post Royalty and excluding the final abandonment costs is at its maximum. For Ceiba and Okume the cut-off is determined based on the combined cashflow of the two assets due to their interdependency. The reserves in each category were then determined by difference.

The economics of projects categorised as JD were tested in order to check their inclusion in the respective category. The criteria for inclusion was assumed to be the achievement of:

- a positive post tax NPV10% in the 1P case, and
- a post tax IRR > 15% in the 2P case.

This is based on the incremental economics from a point forward date of 1 October 2020.

No economic evaluation was performed for contingent resources.

The reserves/resources are reported as "Gross Reserves" i.e. the 100% field share, Tullow net entitlement share and Tullow working interest.

### 3.7.1 Risked volume and value

A Chance of Commerciality (CoC) has been assessed for each CR project evaluated in the CPR. The CoC is widely used to assess risked resources and value of oil and gas contingent projects. In SPE PRMS it is defined as "the estimated probability that a project will achieve commercial maturity to be developed. For CR it is equal to the chance of development". In the London Stock Exchange guidelines for oil and gas companies it is defined as "the estimated chance or probability that the (CR) volumes will be commercially extracted".

The CoC is applied to the unrisked CR volumes to generate risked CR volumes.

### 3.7.2 Product price deck

Wood Mackenzie's Q3 2020 Brent oil price assumptions were used for the economic evaluation.

|                               | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|-------------------------------|------|------|------|------|------|------|
| <b>Nominal \$/bbl Brent*</b>  | 40.0 | 43.0 | 46.0 | 50.0 | 54.1 | 55.2 |
| <b>Real 2020 \$/bbl Brent</b> | 40.0 | 42.2 | 44.2 | 47.1 | 50.0 | 50.0 |

\* inflated at 2% per annum from 2024.

Sensitivities to the NPV 10%, 8% and 12% are carried out at +/- \$10/bbl Real Terms 2020 (RT20).

No gas is exported from Ceiba or Okume.

### 3.7.3 Price differential

A crude quality differential of plus \$0.75/bbl (nominal) relative to Brent in 2020, plus \$0.15/bbl in 2021 and minus \$1.0/bbl thereafter for both Okume and Ceiba (the Ceiba Blend) was advised by Tullow.

### 3.7.4 Inflation

An inflation/ escalation rate of 2% per annum is assumed for all nominal costs.

### 3.7.5 PSC terms

The Royalty paid by the Contractor, quoted as a percentage of the gross sales oil varies by production tranche. At the current rate it is 11%. Royalty is paid in cash, rather than in kind hence the 'Royalty barrels' are included in the entitlement volumes.

| <b>Royalty</b>              | <b>Upper limit (bbl/d)</b> |     |
|-----------------------------|----------------------------|-----|
| <b>Production Tranche 1</b> | 30,000                     | 11% |
| <b>Production Tranche 2</b> | 60,000                     | 12% |
| <b>Production Tranche 3</b> | 80,000                     | 14% |
| <b>Production Tranche 4</b> | 100,000                    | 15% |
| <b>Production Tranche 5</b> | -                          | 16% |

The Contractor's Cost Oil recovery limit is 70% of the Gross revenue after the deduction of Royalty. Cost recovery is made on the basis of depreciated tangible costs and undepreciated intangible costs.

The Contractor's share of profit oil (gross revenue after royalty and cost recovery) per cumulative production tranche is as follows:



| <b>Profit Oil</b>           | <b>Upper limit (MMbbls)</b> |       |
|-----------------------------|-----------------------------|-------|
| <b>Production Tranche 1</b> | 200                         | 92.3% |
| <b>Production Tranche 2</b> | 350                         | 80.8% |
| <b>Production Tranche 3</b> | 450                         | 69.2% |
| <b>Production Tranche 4</b> | 550                         | 57.7% |
| <b>Production Tranche 5</b> | -                           | 46.2% |

### 3.7.6 Taxation

Income tax, after deductions is charged at a rate of 35%. The valuation assumes that Tullow's 2019 tax liability was settled as due in 1H 2020 and therefore has no impact on the 1 October 2020 point forward NPV.

### 3.7.7 License award and working interest

Ceiba licence expiry is end 2029 and Okume Complex July 2034.

Tullow have an exploration and development working interest of 15% and a revenue working interest of 14.25%. The licences are operated by Trident.

### 3.7.8 Shrinkage, yield factors and boe equivalents

No crude shrinkage factor is applied between wellhead to sales.

There is no gas sales, hence no NGL yield factors were applied.

### 3.7.9 Fuel and flare

There is no sales gas, fuel and flare gas usage is not relevant to the reserves and resources.

## 4 Ceiba

### 4.1 Field Background

| Field Name   | Ceiba   |
|--|---|
| <b>Location</b>  | Offshore Equatorial Guinea,<br>Rio Muni Basin, 1.4538 N, 9.1852 E   |
| <b>Tullow working interest</b>                           | Exploration and development working interest of 15% and a revenue working interest of 14.25%  |
| <b>Operator</b>  | Trident (Operator since 2017)   |
| <b>Geology</b>   | Stacked deepwater turbidite channel and overbank deposit reservoirs of Campanian age (Upper Cretaceous), on-lapping a salt-cored structure. Reservoirs are partially separated by intra-formational sealing shales.<br>Complex internal geometry; impacting sweep and pressure communication.   |
| <b>HCIIP estimate</b>                                    | 776 MMbbls (Mid case)   |
| <b>Development type</b>                                  | First oil November 2000. Production from 6 subsea manifolds (well clusters) each with water injection. Liquids are processed and stored on the Ceiba FPSO; flow from clusters is assisted by MP booster pumps and gas lift. Injection water is treated and pumped from FPSO to well clusters.<br>Drive mechanism is a combination of water injection support and depletion. |
| <b>Number of active production &amp; injection wells</b> | 16 producers, 10 water injectors current (total development well count of 41, 26 Producers plus 15 injectors)   |
| <b>Cumulative production to 1/10/2020</b>                | 205.0 MMbbls  |
| <b>Current recovery factor (based on Mid STOIIP)</b>     | 26.4%   |
| <b>Plans for further development</b>                     | Firm plans for additional workovers. Infill well opportunities identified.  |

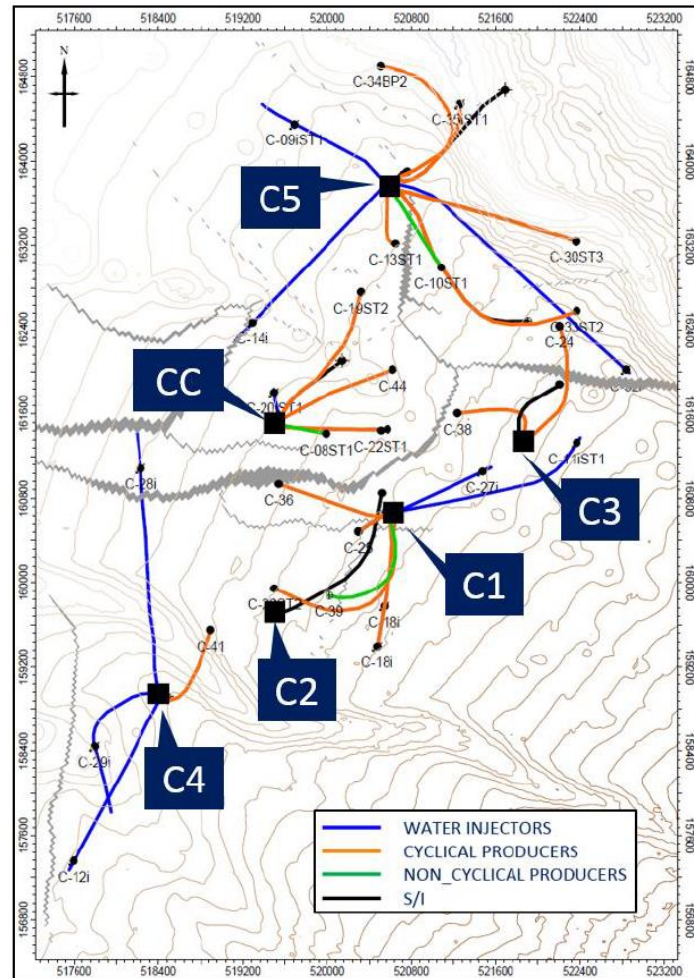


Figure 4-1 Layout of subsea infrastructure

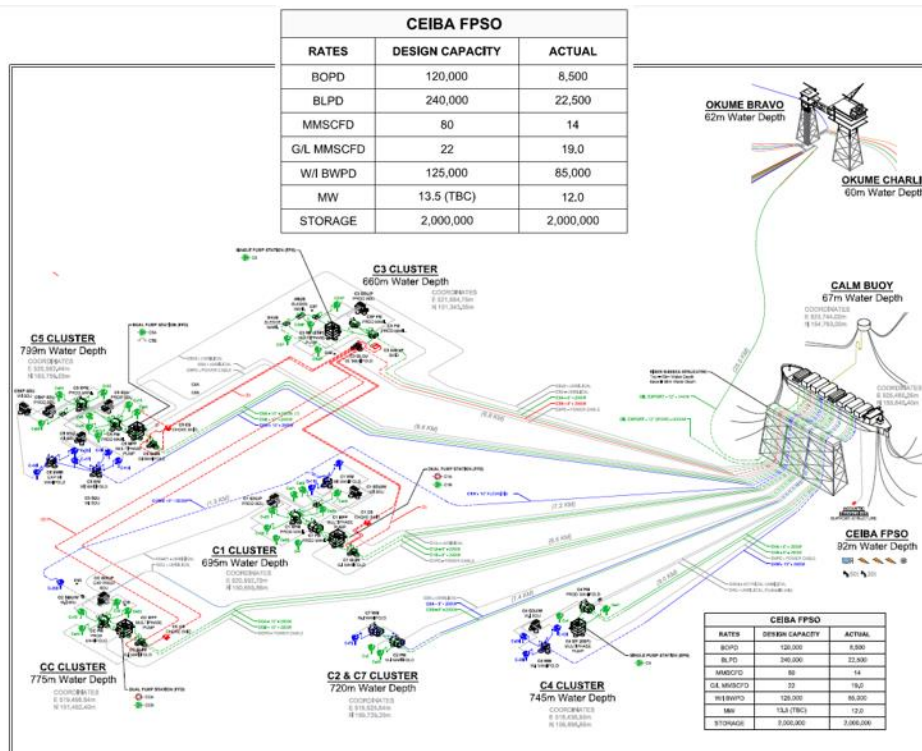


Figure 4-2 Facilities layout and capacities

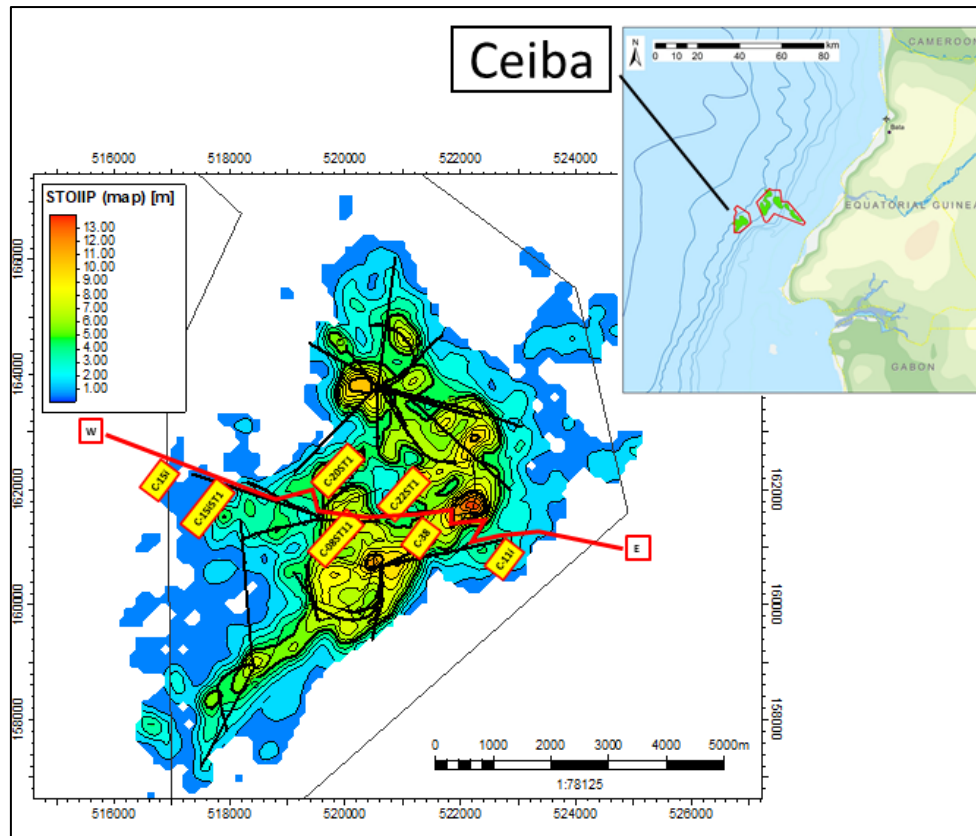


Figure 4-3 Composite STOIP map base on 2019 static model with location of section shown below

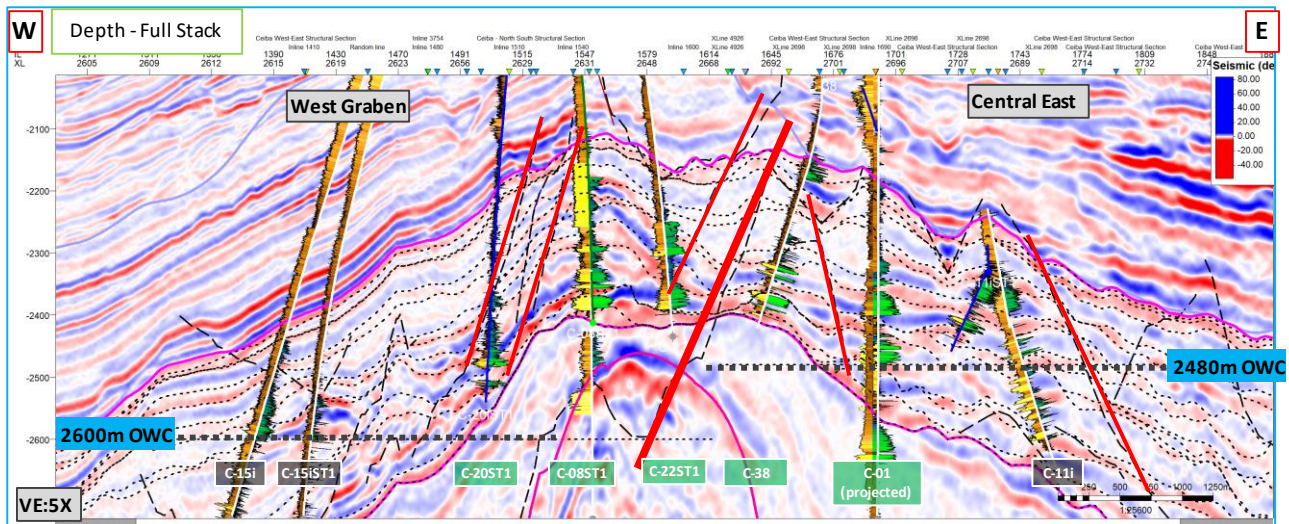


Figure 4-4 Full stack W-E composite seismic section across salt-cored Ceiba structure with onlapping and draping turbidite deposits

## 4.2 G&G and petrophysical review

Tullow's non-operated assets in Equatorial Guinea are located in Block G in the southern part of the offshore Rio Muni Basin (Figure 4-3). Westward-dipping sedimentary wedges have been deposited in the post-salt Cretaceous and Tertiary. They are bounded in the north and south by major NE-SW-trending faults following the direction of the northern Bata and the southern Ascension fracture zones. The shelf is relatively narrow commonly not exceeding 20 km. The key reservoir units are of Campanian age and represent vertically stacked and laterally migrating sinuous deepwater turbidite channels. Channels entered the area from the southeast. Depositional fairways and trap formation have been influenced by

transform margin tectonics and halokinesis by underlying Aptian salt creating mini-basins and submarine ponds. Lateral and downstream channel migration progressively cannibalises older channel deposits resulting in mappable scour boundaries. Some stacked channels are vertically separated by shale units. Reservoir strata onlap, drape and moved around diapiric highs. Further inversion in the Late Senonian enhanced the traps and resulted in tilting, faulting and erosion affecting the reservoir succession. The Ceiba and Okume reservoirs are likely charged from syn-rift source rocks (mostly oil prone) migrating updip and along faults through salt windows. Seal rocks are commonly intraformational encasing shales

For Ceiba and Okume, Tullow have used multiple seismic datasets and rock physics inversions (RPI) provided by the Operator to determine the geobodies which conform to seismically mapped geometries. RPI and well data was then used to populate a static model with petrophysical properties. Trident have defined three reservoir facies types (amalgamated or channel sands, thick beds and thin beds,) and two non-reservoir facies types (tight and shale). These facies are corroborated by core and log data. Reservoir deposits are characterised by thick-bedded massive sands ("amalgamated or channel") associated with the channel axis. These are commonly thicker than 20 cm. Thinner sand layers exceeding 2 cm ("thick thins") relate to channel tops and proximal to medial levee environment whereas thin sands of <2 cm were interpreted as channel abandonment and medial to distal levee facies. Previously, production from wells in areas dominated by "thin thins" have been underestimated and TRACS have suggested that despite of the thin nature of these reservoirs, N/G is still sufficient to allow fluid flow. The reservoir section exhibits permeability heterogeneity, especially perpendicular to the sedimentary supply axis. Preserved sand reservoirs are variable in map outline and are complexly connected both vertically and horizontally. Flow baffles and barriers associated with debris flows, slumps, and mudstones are expected internal to each channel sand body and between bodies.

The Ceiba field is located in 600-800 m of water depth on the slope of the southern Rio Muni Basin (Figure 4-3). The Campanian turbidite channel succession was encountered at 2000–3000 m along a north-south waxing crescent-shaped faulted anticline with a salt core. Turbidity channel fairways were initially deflected along an eastern and northern fairway displaying onlap against the structure. Following basin filling, turbidites draped onto the anticline forming a number of ponded lobes with avulsion, bifurcation and crevasse splays. Some deposits slumped basinward along listric faults initiating near the crest of the structure. Further uplift may have occurred post deposition. Reservoir deposits decrease in age northward suggesting a gradational shift of sedimentation towards the northern areas in response to available accommodation space. Eight reservoir zones have been distinguished across four major structural and stratigraphic segments with weak communication across the areas. Two OWCs have been encountered and assigned to eastern area at 2480 m and a further contact at 2600 m TVDSS on the western side of the structural crescent (Figure 4-4).

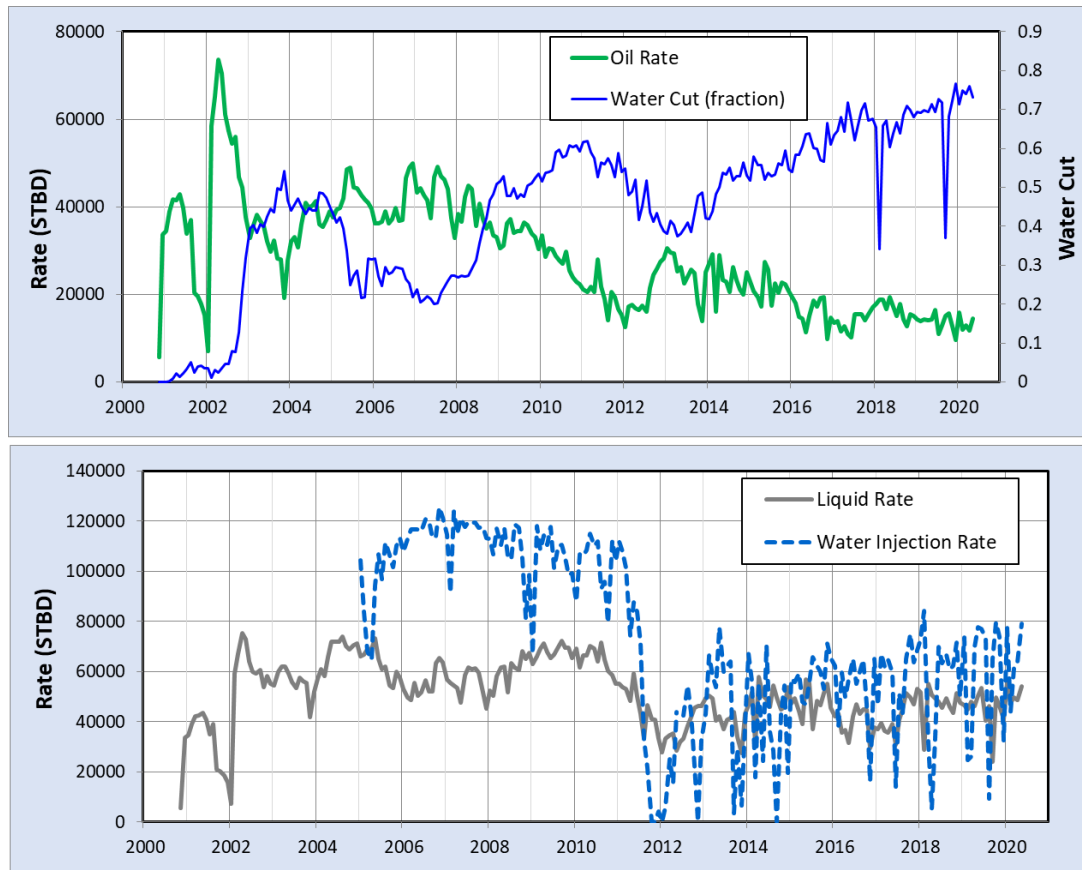
For TRACS STOIIIP estimates, GRV variations have not been applied. Contacts were confirmed by well data. TRACS have not conducted a detailed petrophysical evaluation for this review of Ceiba. However, results from the detailed analysis of the neighbouring Elon field in analogue reservoirs have been used to determine appropriate N/G, porosity and oil saturation levels pertaining to each facies class. In recent model revisions, N/G associated with thin sand layers (<2 cm) as proven by producing wells has been added and this is also acknowledge in this review. Porosity and saturation are not considered key uncertainties at Ceiba and thus probabilistic variations have been kept small. TRACS distribution confirms Tullow's STOIIIP estimate for Ceiba within 5% when comparing the respective P50/base case. Therefore TRACS have adopted Tullow's STOIIIP estimate.



## 4.3 Reserves

### 4.3.1 Introduction

Since taking over the Operatorship in 2017 Trident has been focused on increasing production through a series of well and subsea interventions and better reservoir management. Voidage replacement and availability have improved, resulting in the stabilisation of watercut trends and the flattening of oil decline trends (Figure 4-5).



**Figure 4-5 Ceiba Field Production trends**

### 4.3.2 Reserves estimation and production forecasts

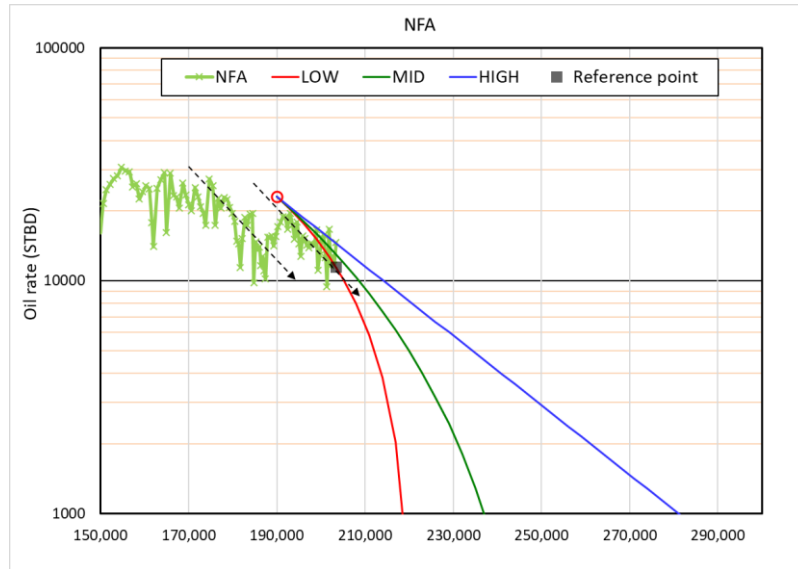
#### 4.3.2.1 Developed Producing (DP)

To estimate the reserves associated with the current development the Ceiba production performance was reviewed. The operator is very active in improving operation efficiency with the best field management practices. Tullow has provided monthly well by well production data up to end of March-2019 and field level monthly production data to the end of Sept-2020. The production forecasts of Ceiba DP estimates have been generated using decline curve analysis (DCA) performed at a field level.

The Ceiba field production is driven by water injection from 10 active water injections. Therefore, b-factors of hyperbolic decline for the water injection were selected for the DP reserve forecast based on the historical production data (See Section 2.5).

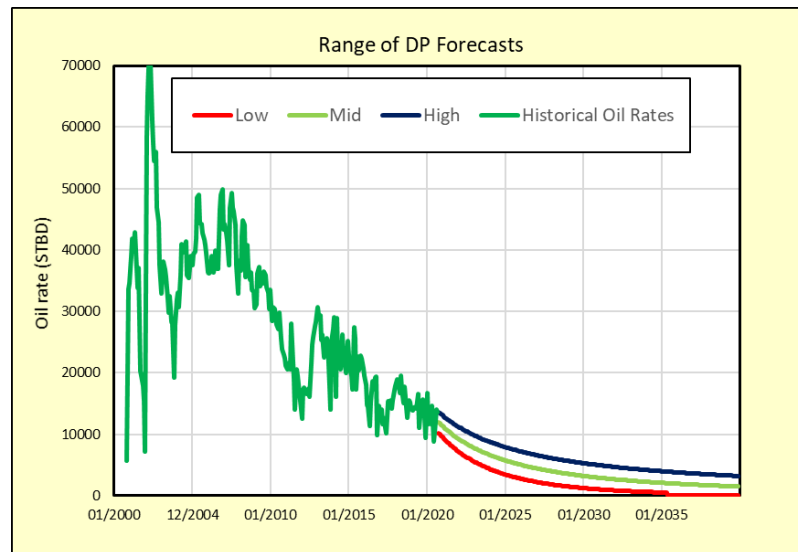
- 1P:  $b=0.2$
- 2P:  $b=0.6$
- 3P:  $b=1.0$

The wide range of DP reserves have been created by the selection of the decline starting points initial forecast oil rate (Figure 4-6), to capture the uncertainty of the reserves forecast.



**Figure 4-6 DCA for the Ceiba DP reserve forecast**

The DP technical forecast at license expiry are 13.6, 20.8 and 27.8 MMbbls for 1P, 2P and 3P, respectively. The Ceiba field production history and the field based DCA for DP reserves forecast are illustrated in Figure 4-7.



**Figure 4-7 Production history, field-based DCA for Ceiba DP reserves**

#### 4.3.2.2 Incremental Projects

The Operator has firm plans for three activities which have been classified as AD reserves. These are:

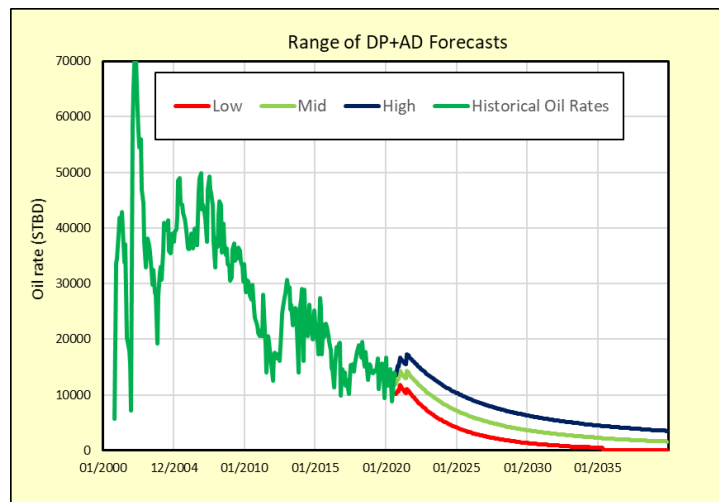
- Reconnection of well C-03 reconnection in order to resume oil production; the well has been shut-in since June 2006. This includes the installation of a rigid jumper from C-03 to the Cluster 3. This is planned for September 2020
- Upgrade of the gas lift distribution unit which is ongoing and estimated to be completed June 2021
- Stimulation campaign in 2021 which targets the C034, C-36 and C-44 wells.

Note that no JD activities have been identified for Ceiba.

DCA was used to generate forecasts from historical decline trends for C-03 reconnection AD reserves. The 2P incremental reserves for upgrade of the gas lift to ESP and 2021 stimulation campaign proposed by Tullow were reviewed and considered to be reasonable when compared to the historical performances. The AD technical forecast at license expiry are 3.0, 5.4 and 8.5 MMbbls for 1P, 2P and 3P, respectively. The range is wider than that proposed by Tullow; and accounts for some uncertainty with respect to pressure support.

#### 4.3.2.3 Forecast constraints and operating efficiency

An uptime factor of 0.95 was applied to all forecasts and forecasts were summed as described in Section 0. The production history and forecast for Ceiba Reserves is shown Figure 4-8.



**Figure 4-8 Production history and forecast for Ceiba Field Reserves.**

#### 4.3.3 Cessation of production date

The cessation of production date is the earliest of the production license expiry date, facilities design lifetime or economic limit. Ceiba License expiry is end 2029. Ceiba first oil was achieved in 2000. With sufficient preventative maintenance it is likely that the facilities would be able to operate a few years beyond the usual 25 year facilities design lifetime. Okume requires the Ceiba FPSO to remain on station to provide oil storage and export even if the Ceiba topsides facilities are mothballed after Ceiba COP.

#### 4.3.4 Development plans and cost estimates

The Ceiba subsea centre tiebacks are processed on the Ceiba FPSO. As a consequence there is an element of shared Opex (and in past years shared Capex) with Okume.

Tullow provided a spreadsheet giving an overview of the annual development well Drillex, facilities Capex and Operational costs for the activities in each reserves category. All costs are quoted gross RT20.

The Operator's 2020 Budget data (reforecast March 2020) was provided along with supporting data for the basis of the shareable (common) Opex. The 2019 and 2020 TCM/OCM slides which included technical and cost detail of the Operator's planned activities were also provided.

The Operator's budget carries a Capex of \$27.9MM in 2020, including:

- New 8" production flowline, \$6.2MM (DP)
- Offloading hoses replacement, \$6.0MM (DP)
- Gas lift distribution unit and gas lift network upgrades, \$15.7MM (AD).

Approximately 10kbb/d of current production depends on gas lift. The subsea upgrade to distribution unit and network aims to improve integrity by replacing leaking units/flexible and add lift gas to the CCA flowline, C-41 and C-44 wells.

Tullow provided the November 2020 monthly finance data showing the Capex and Opex allocation to end November and the forecast for December 2020. The Ceiba allocated Capex spend to end September 2020 was \$16.9MM and the forecast for Q4 2020 is \$5.0MM.



Post 2020, \$3MM (DP) Capex is carried in 2021 for M50 water injection system improvements aimed at improving the water injection system uptime. No further Capital expenditure is planned for incremental reserves.

The Operator's 2020 budget quotes the 2020 Routine Opex plus non-capital projects cost (Opex) as \$65.7MM, including Ceiba's share of the shareable Opex.

The Ceiba 2020 dedicated Opex (\$54.5MM) i.e. excluding forecast Opex share, is split as follows:

- Maintenance, \$23.2MM (DP)
- Direct Opex, \$24.9MM (DP)
- Above field, \$3.0MM (DP)
- C03 hookup, \$3.4MM (AD)

In the November finance data the Ceiba allocated Opex spend to end September 2020 was \$30.3MM and the forecast for Q4 2020 is \$12.2MM.

The annual dedicated (DP) Opex forecast from 2021 onwards is unchanged from the 2019 Reserves Audit at \$39.3MM real terms flat (maintenance, \$14.3MM; Direct Opex, \$23.1MM and above field, \$1.9MM).

In addition the following reserves workover/ intervention costs are forecast post 2020:

- Stimulation campaign, \$12.3MM in 2021 (AD)

No additional Opex is added for the operation of Ceiba in 'lighthouse' mode post it's COP i.e. for the continued storage and export of Okume oil. It is assumed that these costs are included in the shared Opex.

The Operator's March reforecast of the annual Shareable Opex excluding allocated corporate overhead / G&A is \$40.0MM (DP). This is assumed real terms flat and is allocated based on the ratio of oil production between Okume and Ceiba. In the November finance data the forecast Shareable Opex for Q4 2020 is \$10.8MM.

TRACS consider the forecast Capex and Opex to be consistent and reasonable.

Tullow advise that there are no tariffs applicable to Ceiba.

Abandonment provision for cost recovery and tax deduction purposes is included in the economic model. The model indicates that the provision account balance is such that no further payments are required. The Operator's 2019 estimate of the Ceiba decommissioning cost is \$395MM RT19. Whilst the license expiry date and hence latest COP date of Ceiba is end 2029, the Ceiba abandonment cost is deferred until the calculated cut-off date of the combined fields given that Ceiba and Okume are likely to be decommissioned together.

There are no incremental abandonment costs for the AD projects.

#### 4.3.5 Reserves summary and valuation

The economic cut-off is determined by the combined Ceiba Okume cashflow considering both fields at the same reserves category i.e. DP & DP, DP+AD & DP+AD etc. The economic cut-off of Ceiba at 1P/2P/3P assumes Okume at its 2P case.

The COP dates used for the estimation of remaining reserves is as follows:

| Reserves Category | 1P   | 2P   | 3P   |
|-------------------|------|------|------|
| DP                | 2028 | 2029 | 2029 |
| DP+AD             | 2028 | 2029 | 2029 |

**Table 4-1 COP dates by Reserves category for Ceiba**

The remaining economic reserves as at 1/10/2020 are estimated to be:

| Oil Reserves by Category              | Gross (MMbbls) |             |             | Tullow Net Entitlement(MMbbls) |            |            | Tullow WI (MMbbls) |            |            |
|---------------------------------------|----------------|-------------|-------------|--------------------------------|------------|------------|--------------------|------------|------------|
|                                       | 1P             | 2P          | 3P          | 1P                             | 2P         | 3P         | 1P                 | 2P         | 3P         |
| <b>Developed Producing (DP)</b>       | 13.1           | 20.8        | 27.8        | 1.6                            | 2.5        | 3.2        | 1.9                | 3.0        | 4.0        |
| <b>Approved for Development (AD)</b>  | 2.9            | 5.3         | 8.5         | 0.3                            | 0.6        | 0.9        | 0.4                | 0.8        | 1.2        |
| <b>Justified for Development (JD)</b> | 0.5            | 0.0         | 0.0         | 0.1                            | 0.0        | 0.0        | 0.1                | 0.0        | 0.0        |
| <b>Total All Reserves Categories</b>  | <b>16.5</b>    | <b>26.2</b> | <b>36.3</b> | <b>2.0</b>                     | <b>3.1</b> | <b>4.1</b> | <b>2.4</b>         | <b>3.7</b> | <b>5.2</b> |

**Table 4-2 Ceiba - Reserves summary**

Ceiba 1P JD reserves result because Okume JD reserves extend the COP of the combined development from 2028 in the DP+AD case to 2029 in the DP+AD+JD case.

The NPV of Ceiba 1P, 2P and 3P total reserves are calculated assuming the Okume 2P total Reserves case. The remaining Tullow WI NPV for Ceiba total Reserves at the base case and sensitivity cases to the COP date is estimated to be:

|                   | Tullow WI NPV (\$MM nom) |            |              |             |             |             |             |             |             |
|-------------------|--------------------------|------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                   | 1P                       |            |              | 2P          |             |             | 3P          |             |             |
| Oil Price (\$/bl) | Base                     | +10        | -10          | Base        | +10         | -10         | Base        | +10         | -10         |
| <b>NPV 10%</b>    | <b>-11.7</b>             | <b>1.9</b> | <b>-26.3</b> | <b>11.4</b> | <b>29.0</b> | <b>-4.9</b> | <b>33.5</b> | <b>56.0</b> | <b>12.6</b> |
| <b>NPV 8%</b>     | -17.9                    | -4.0       | -32.2        | 7.1         | 25.3        | -10.0       | 30.8        | 54.3        | 8.9         |
| <b>NPV 12%</b>    | -6.8                     | 6.2        | -21.4        | 14.6        | 31.4        | -1.0        | 35.2        | 56.6        | 15.3        |

**Table 4-3 Ceiba Reserves NPV summary**

## 4.4 Contingent Resources

### 4.4.1 Overview of activities

Further interventions have been identified and are being matured, these form the basis for Contingent Resources Development Pending; these are in part dependent on the success of AD activities.

Subsurface studies are ongoing and a portfolio of development activities is under review, these include infill well activities identified by the previous Operator. Those activities currently deemed more likely to go ahead are classified as Development Unclassified, the remaining opportunities have been categorised as Development not Viable (DnV). Note that Ceiba DnV volumes have been identified in two areas:

- possible additional infill wells where no plans or ongoing studies have been sighted but where there could be economic potential
- volumes beyond licence extension which are currently taken to be commercially not viable.

### 4.4.2 Estimation of Contingent Resources

Tullow's/Operator estimates were reviewed and if deemed reasonable were adopted. Production forecasts were generated for Contingent Resources Development Pending and Development Unclassified. No production forecasts were generated for other categories of Contingent Resources.

#### 4.4.2.1 Contingent Resources Development Pending (CR-DP)

Four workovers tentatively planned for 2022 are being matured, these include:

- C-33ST2 reactivation is to resume oil production as it shut-in since Feb 2016 due to hydrates at the Cluster-5.
- C-31 reconnection and conversion to water injection supporting an area of the field with low pressure support; wells C-43 and C-25R. The well has been shut-in since May 2012.
- C17i reactivation to resume water injection support to well C-10. Shut-in since Oct 2013; this may include perforation of additional sands.
- Reinstatement of production from Well C-21 shut-in due to integrity issues in Feb 2014.

The Tullow/Operator range of CR for these incremental projects were reviewed and modified where considered appropriate. The TRACS estimates are presented in Table 4-4. The recoverable volumes are estimated out to the end of 2050.

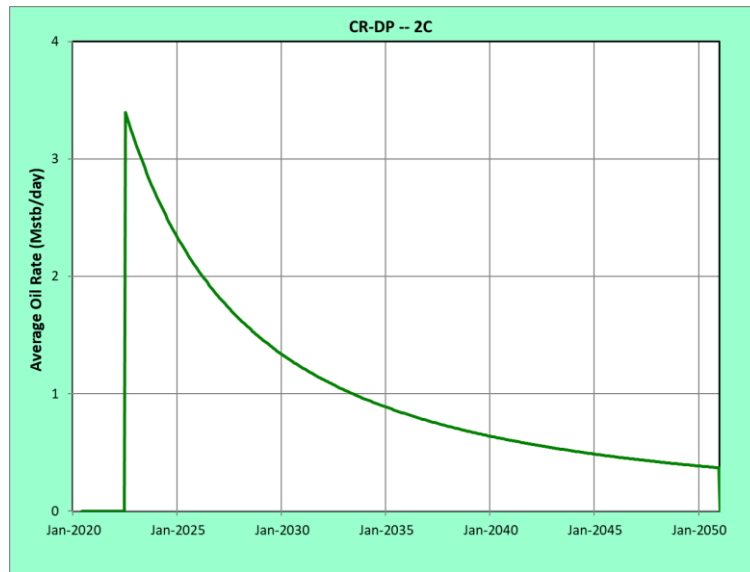
| Project Area | CR Category         | Oil Recovery (MMstb) |             |             |
|--------------|---------------------|----------------------|-------------|-------------|
|              |                     | 1C                   | 2C          | 3C          |
| C-21 WO      | Development Pending | 0.9                  | 2.6         | 4.5         |
| C-33 ST2 WO  |                     | 1.0                  | 3.7         | 7.0         |
| C-31 WO      |                     | 0.5                  | 2.0         | 4.3         |
| C17i WO      |                     | 0.7                  | 2.7         | 5.7         |
| <b>Total</b> |                     | <b>3.1</b>           | <b>11.1</b> | <b>21.6</b> |

**Table 4-4 Range of CR for Ceiba CR-DP projects**

#### 4.4.2.1.1 Production forecasts

A production forecast was generated for the mid (2C) case only. Decline parameters for each of the workovers supplied by Tullow/Operator were deemed to be reasonable and used together with the estimated recoverable volumes to generate the forecast. A facilities uptime factor of 95% was applied.

The production forecast for the 2C CR-DP case is shown Figure 4-9.



**Figure 4-9 Production forecast for CR-DP, Ceiba Field.**

#### 4.4.2.2 Contingent Resources Development Unclassified (CR-DU)

Remaining opportunities recognised by the Operator (and Tullow) and planned for post 2022 were reviewed. Three activities were identified that were categorised as Development Unclassified. These are assumed to be planned for mid-2023. The activities are:

- Additional perforations in the C-30ST3 well (A0 sand) and in the C32 water injector well (in the A0, A2 and B sands)
- New water injector to support C-08
- Sidetrack of the C-43 well targeting the remaining recovery associated with C01 well

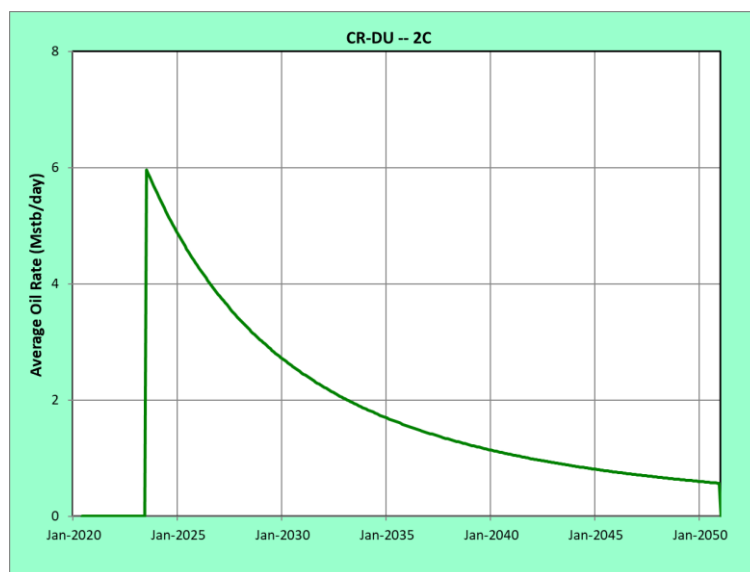
The Tullow/Operator range of CR for these incremental projects were reviewed and updated where considered appropriate. The TRACS estimates are presented in Table 4-4. The recoverable volumes are estimated out to the end of 2050.

| Project Area                  | CR Category              | Oil Recovery (MMstb) |             |             |
|-------------------------------|--------------------------|----------------------|-------------|-------------|
|                               |                          | 1C                   | 2C          | 3C          |
| C-30ST3 perfs                 | Development Unclassified | 3.1                  | 8.1         | 14.5        |
| Water injector to support C08 |                          | 2.1                  | 6.5         | 12.4        |
| C-43St                        |                          | 2.1                  | 4.8         | 8.2         |
| <b>Total</b>                  |                          | <b>7.2</b>           | <b>19.4</b> | <b>35.1</b> |

**Table 4-5 Range of CR for Ceiba DUCR projects**

##### 4.4.2.2.1 Production forecasts

Decline parameters for each of the CR-DU activities provided by Tullow was deemed to be reasonable and used together with the estimated recoverable volumes to generate the mid case forecast. The production forecast for CR-DU is shown Figure 4-10.



**Figure 4-10 Production forecast for CR-DU, Ceiba Field.**

#### 4.4.2.3 Contingent Resources Development not Viable (CR-DnV)

Additional recovery potential has been identified in two main areas:

- Additional infill campaigns: the Operator continues to look for possible infill opportunities and plans to undertake further studies to firm up these opportunities
- Recoverable volumes beyond Reserves COP: this captures volumes beyond the reserves COP dates (see Table 4-1) until end 2050. The volumes are estimated using the profiles created for reserves (see Section 4.3.2).

These CR volumes are classified as Development not Viable as there are no current plans for development (infill wells) or are currently shown to be commercially not viable (extension volumes).

Recoverable volumes for a number of notional infill well targets have been provided by the Operator/Tullow and have been accepted by TRACS as being reasonable to reflect the potential for additional infill. Based on all reserves and CR categories the total range of ultimate recovery for Ceiba represent a range of recovery factors of 25%-42%-50% for low, mid and high cases, respectively.

The TRACS estimates are presented in Table 4-4. The recoverable volumes are estimated out to 2050.

| Project Area            | CR Category            | Oil Recovery (MMstb) |             |             |
|-------------------------|------------------------|----------------------|-------------|-------------|
|                         |                        | 1C                   | 2C          | 3C          |
| Additional Infill wells | Development not Viable | 11.9                 | 17.4        | 22.0        |
| Life Extension          |                        | 7.7                  | 24.3        | 45.5        |
| <b>Total</b>            |                        | <b>19.6</b>          | <b>41.7</b> | <b>67.5</b> |

**Table 4-6 Range of CR for Ceiba DnV CR projects**

#### 4.4.2.4 Chance of Commerciality

The results presented in Sections 4.4.2.1 to 4.4.2.3 are unrisks results. In this section a Chance of Commerciality (CoC) is estimated for the CR Resources. The relevant CoCs are then applied to the unrisks numbers to generate risks Resources (see Section 4.4.3).

The projects associated with Development Pending CR are well advanced in terms of planning and are likely to go ahead. These are given a CoC of 75%.

The projects associated with Development Unclarified CR are less advanced and there is the possibility that these projects are replaced with other (more economically attractive) projects as further work is done. These projects are given a CoC of 50%.

In the case of CR DnV projects the commercial viability is considered to be more challenging than the other CR categories. For the DnV Resources a CoC of 25% has been estimated.

An overview of the CoCs by category are presented in Table 4-7

| Category                       | CoC |
|--------------------------------|-----|
| <b>Development Pending</b>     | 75% |
| <b>Development Unclarified</b> | 50% |
| <b>Development not Viable</b>  | 25% |

**Table 4-7 Summary of Ceiba CoCs**

#### 4.4.3 Contingent Resource summary

The total Unrisked Contingent Resources for the Ceiba field are presented by CR category in Table 4-8 together with the Chance of Commerciality for each category as presented in Section 4.4.2.4. Note that all Resources are estimated to 1/1/2050.

The risked Contingent Resources for Ceiba generated by applying the COCs to the unrisked CR are presented in Table 4-9.

| CR Oil                         | Gross (MMbbls) |             |              | Tullow WI (MMbbls) |             |             | CoC |
|--------------------------------|----------------|-------------|--------------|--------------------|-------------|-------------|-----|
|                                | 1C             | 2C          | 3C           | 1C                 | 2C          | 3C          |     |
| <b>Development Pending</b>     | 3.1            | 11.1        | 21.6         | 0.4                | 1.6         | 3.1         | 75% |
| <b>Development Unclarified</b> | 7.2            | 19.4        | 35.1         | 1.0                | 2.8         | 5.0         | 50% |
| <b>Development not Viable</b>  | 19.6           | 41.7        | 67.5         | 2.8                | 5.9         | 9.6         | 25% |
| <b>Total All CR Categories</b> | <b>30.0</b>    | <b>72.2</b> | <b>124.1</b> | <b>4.3</b>         | <b>10.3</b> | <b>17.7</b> |     |

**Table 4-8 Ceiba field unrisked Contingent Resource summary**

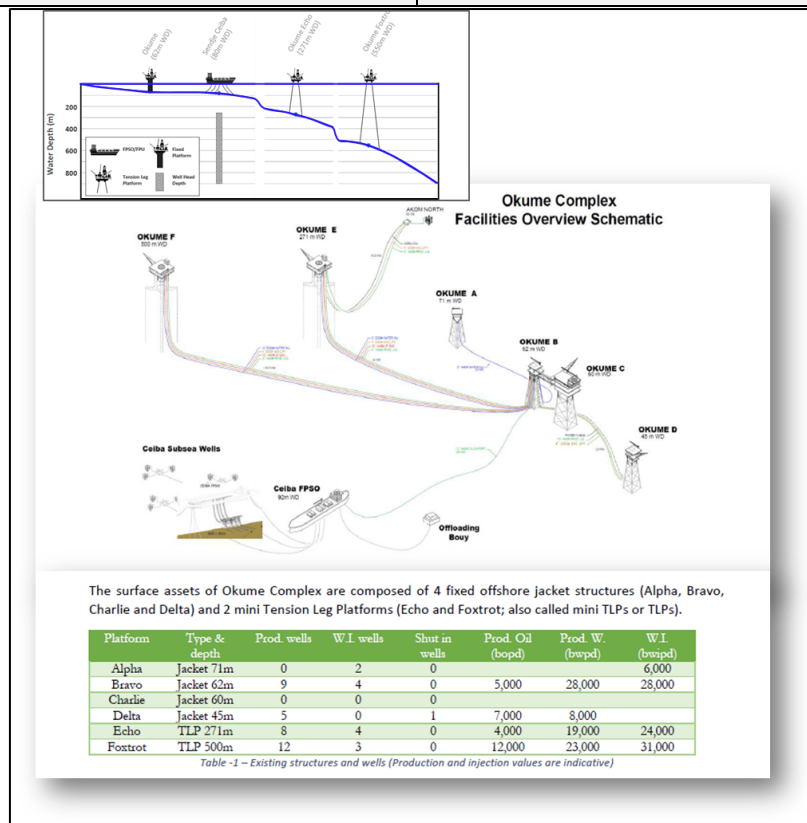
| CR Oil                         | Gross (MMbbls) |             |             | Tullow WI (MMbbls) |            |            |
|--------------------------------|----------------|-------------|-------------|--------------------|------------|------------|
|                                | 1C             | 2C          | 3C          | 1C                 | 2C         | 3C         |
| <b>Development Pending</b>     | 2.4            | 8.3         | 16.2        | 0.3                | 1.2        | 2.3        |
| <b>Development Unclarified</b> | 3.6            | 9.7         | 17.5        | 0.5                | 1.4        | 2.5        |
| <b>Development not Viable</b>  | 4.9            | 10.4        | 16.9        | 0.7                | 1.5        | 2.4        |
| <b>Total All CR Categories</b> | <b>10.9</b>    | <b>28.4</b> | <b>50.6</b> | <b>1.6</b>         | <b>4.1</b> | <b>7.2</b> |

**Table 4-9 Ceiba field risked Contingent Resource summary**

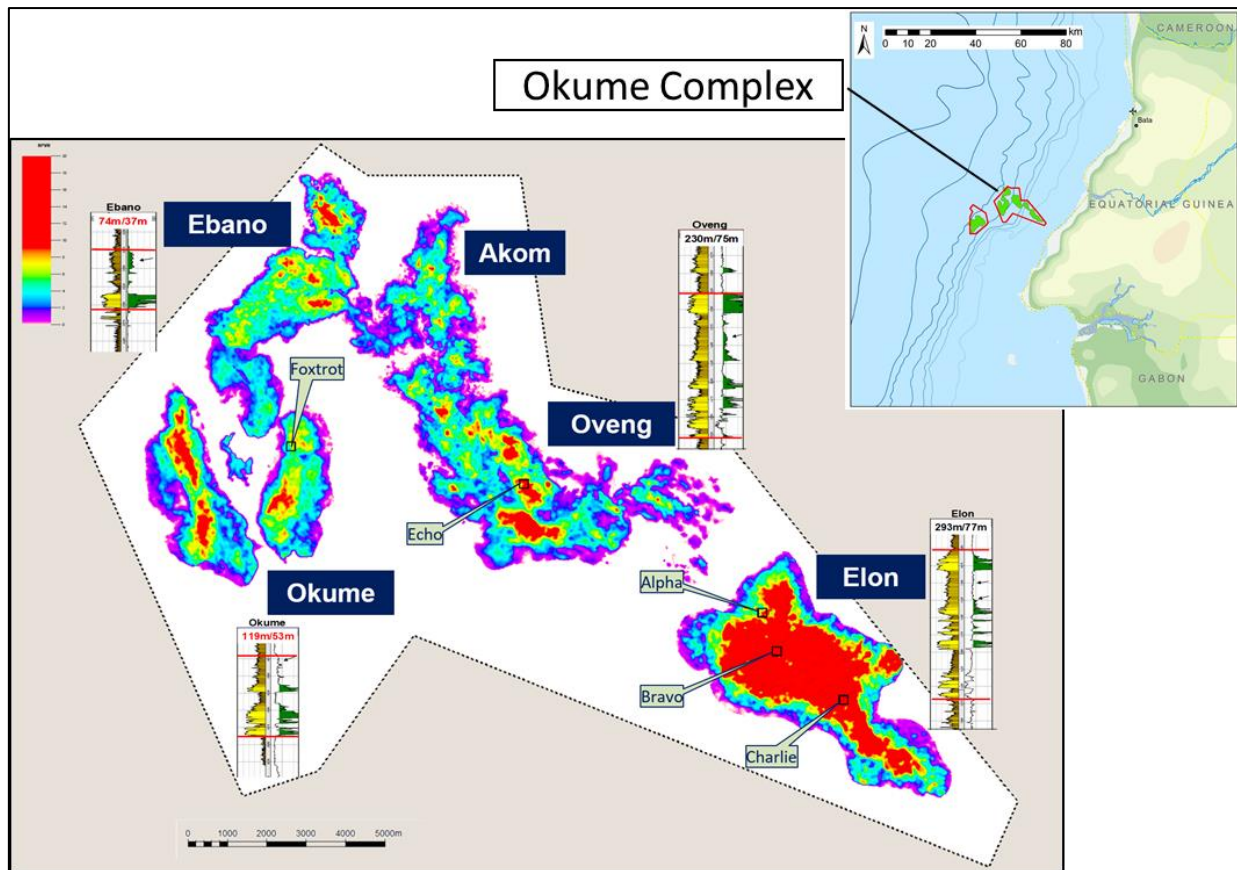
## 5 Okume Complex

### 5.1 Hub Overview

| Name                                      | Okume Complex  |
|---|--|
| <b>Location</b>                           | Offshore Equatorial Guinea, Rio Muni Basin   |
| <b>Tullow working interest</b>            | Exploration and development working interest of 15% and a revenue working interest of 14.25%   |
| <b>Operator</b>                           | Trident  |
| <b>Geology</b>                            | Stacked deepwater turbidite channel and overbank deposit reservoirs of Campanian age (Upper Cretaceous); intra-formational sealing shales.<br><br>Complex internal geometry, impacting sweep and pressure communication. |
| <b>Fields in Okume Complex</b>            | Elon, Okume, Oveng, Ebano and Akom North   |
| <b>Development &amp; Facilities</b>       | 4-fixed jacket platforms including a CPF at Elon, 2 tension leg platforms. Processing at Elon CPF. Export via Ceiba FPSO.  |
| <b>Cumulative production to 1/10/2020</b> | 238.4 MMbbls   |
| <b>Plans for further development</b>      | Significant portfolio of incremental development activities described including workovers and interventions, power upgrade and conversion of wells from gas lift to ESP, Infill wells in Elon, Ebano and Oveng.          |



**Figure 5-1 Okume Complex facilities overview**



**Figure 5-2 Location map and Hydrocarbon pore volume thickness map of the Okume complex fields**

The Okume Field gives the Okume Complex its name which comprises four other fields: Elon, Oveng, Ebano and Akom North (Figure 5-2). The fields are located in 50–850 m of water depth straddling the slope break of the southern Rio Muni Basin. Inherited halokinetically-induced topography with mini-basin influenced the turbiditic fairways of the Campanian turbidite channels which entered the area from the southeast. A salt-cored structural high void of Campanian deposits separates Oveng from Okume. More than 15 stacked reservoir units and 10 OWCs have been defined to date. Further post-depositional inversion of the structure has taken place as indicated by thinning of the immediate overburden on the westward approach of the salt dome.

See 4.2 for more details on the tectonic, stratigraphic and sedimentary setting of the Ceiba-Okume area.





Results from the detailed analysis of the Elon field in analogue reservoirs have been used to determine appropriate N/G, porosity and oil saturation levels pertaining to each facies class. N/G associated with thin sand layers (<2 cm) as proven by producing wells has been added. Porosity and saturation are not considered key uncertainties and thus probabilistic variations have been kept small. Based on the review the TRACS in-place volumes are higher than Tullow's: TRACS' 517-750-1045 MMstb (P90, P50, P10) versus Tullow's 453-615-800 MMstb. For the assessment of recovery factors for this review the TRACS figures have been used.

### 5.2.2 Okume Field

| Field Name   | Okume   |
|--|---|
| <b>Geology</b>   | Stacked deepwater turbidite channel and overbank deposits.  |
| <b>HCIIP estimate</b>                                    | 201 MMbbls (Tullow mid case)  |
| <b>Development type</b>                                  | First oil was January 2008<br>Okume wells are drilled from the Foxtrot TLP, production streams are processed at the Elon CPF.<br>Recovery mechanism is water injection and depletion drive in those sands, which are not adequately supported by injectors. |
| <b>Number of active production &amp; injection wells</b> | 9 Producers, 2 Water Injectors  |
| <b>Cumulative production to 1/10/2020</b>                | 53.5 MMbbls   |
| <b>Current recovery factor (based on 2P STOIIP)</b>      | 26.6%   |
| <b>Plans for further development</b>                     | Intervention campaign (stimulations of 4 wells); ESP conversions in 4 wells.  |

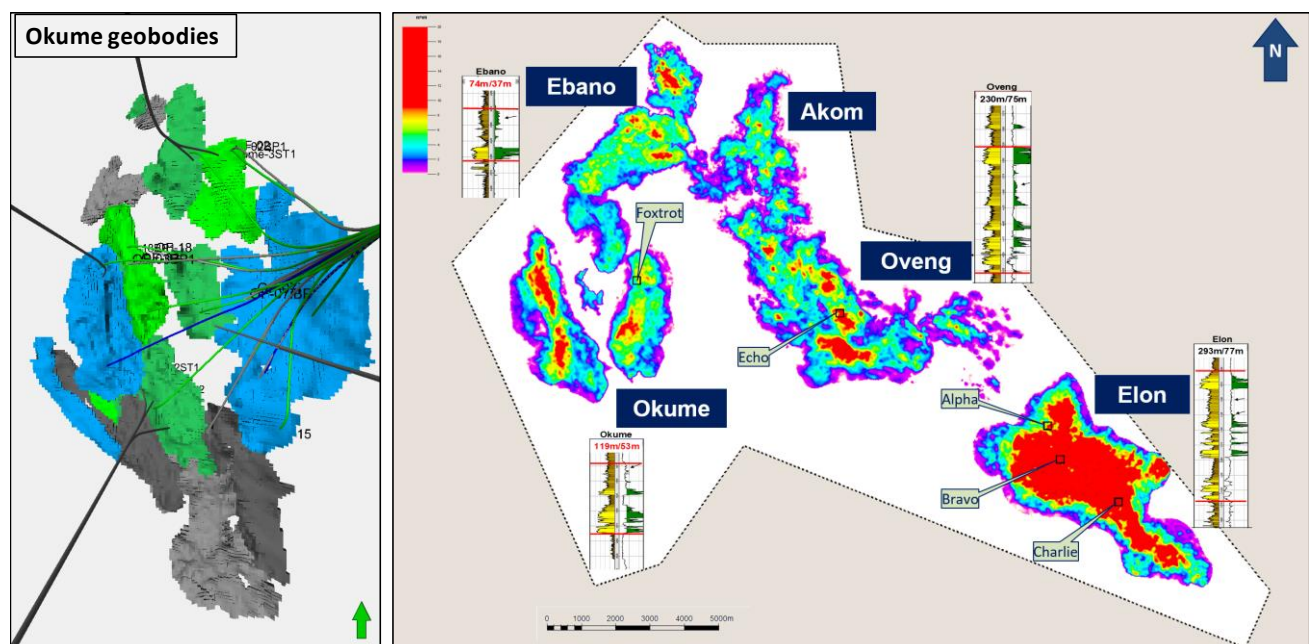
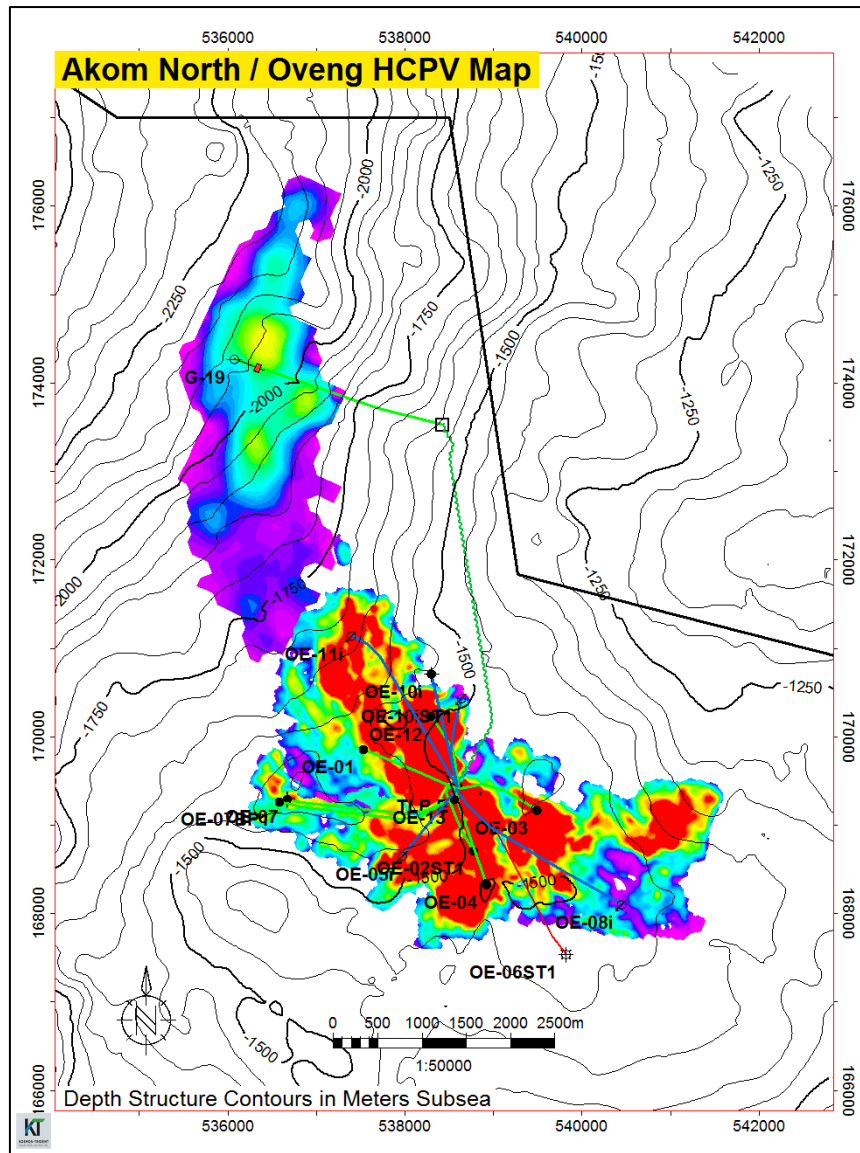


Figure 5-4 Okume geobodies (left) and location of field within the Okume complex (right)

In the absence of an updated Okume static model only a preliminary sense check for STOIIP has been conducted. Analogously to Elon, three reservoir facies types that flow hydrocarbons have been assigned average petrophysical parameters respective to their sedimentary character. Together with their proportions in the provided geobody GRVs, a sense check was provided. TRACS' results largely agree with Tullow's STOIIP assessment and therefore TRACS has adopted Tullow's estimate.

### 5.2.3 Oveng Field

| Field Name   | Oveng  |
|--|--|
| <b>Geology</b>   | Stacked deepwater turbidite channel and overbank deposits.   |
| <b>HCIIP estimate</b>                                    | 233 MMbbls (Tullow mid case estimate)  |
| <b>Development type</b>                                  | First oil 2006<br>Oveng wells are drilled from the Okume Echo TLP, production streams are processed at the Elon CPF.<br>Recovery mechanism is primarily water injection with depletion drive were producers are not adequately supported by injectors. |
| <b>Number of active production &amp; injection wells</b> | 7 Producers, 4 Water Injectors   |
| <b>Cumulative production to 1/10/2020</b>                | 56.3 MMbbls  |
| <b>Current recovery factor (based on 2P STOIIP)</b>      | 24.2%  |
| <b>Plans for further development</b>                     | Intervention campaign (stimulation of 2 wells and sand consolidation in 2 wells). ESP upgrade in OE-01. Longer term infill wells, 4 targets identified.  |



**Figure 5-5 Oveng (/ Akom North) HCPV map with well locations**

Oveng is situated along the sedimentary axis, downdip from Elon field. The Campanian turbidite channel succession was encountered at 1000–2400 m. Five scour surfaces have been identified in 3D seismic. Faults are absent in the static model. Six OWCs are present; four reservoir zones are recognised.

TRACS have assessed petrophysical values of the static model and geobody-penetrating wells to determine parameter ranges for their probabilistic calculations.

Petrophysical statistics from well logs have been compared to static model output. In an additional approach, analogously to Elon, three reservoir facies types that flow hydrocarbons have been assigned average petrophysical parameters respective to their sedimentary character. Together with their proportions in the static model, a further sense check was provided. TRACS' results largely agree with Tullow's STOIP assessment.

Proportions of facies types indicate Oveng is similar to Ceiba, with a somewhat higher proportion of amalgamated or channel sands.

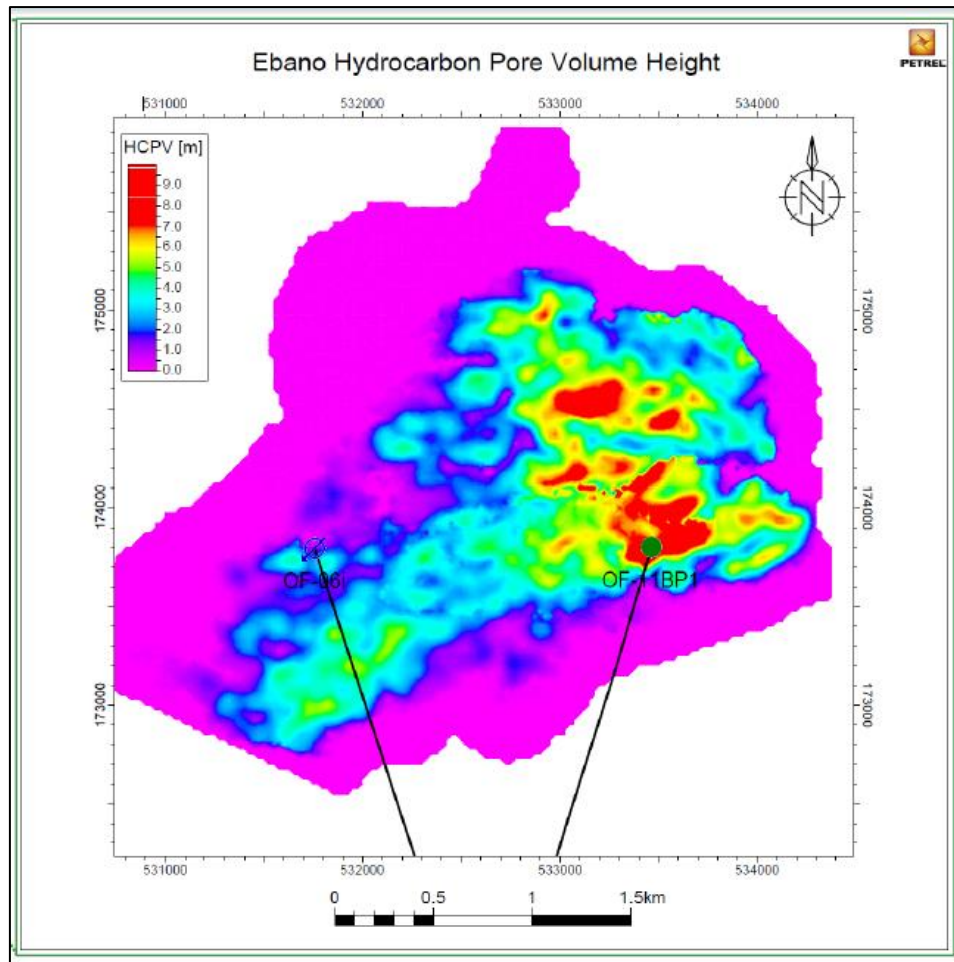
#### 5.2.4 Akom North

| Field Name   | Akom   |
|--|--|
| <b>Geology</b>   | Stacked Turbidite sandstones   |
| <b>HCIIP estimate</b>                                    | 43 MMbbls  |
| <b>Development type</b>                                  | Single subsea development well tied-back to the Echo platform.<br>Depletion drive.   |
| <b>Number of active production &amp; injection wells</b> | 1 Producer   |
| <b>Cumulative production to 1/10/2020</b>                | 7.5 MMbbls   |
| <b>Current recovery factor (based on 2P STOIIP)</b>      | 17.4%  |
| <b>Plans for further development</b>                     | Reinstate production well G-19 with the installation of 6-inch pipeline replacement. |

In the absence of a static model and in view of the small materiality of the field, TRACS have not reviewed the STOIIP for this field and adopt Tullow's proposed numbers. Figure 5-5, a hydrocarbon pore volume (HCPV) map, shows the location of a single production well.

#### 5.2.5 Ebano Field

| Field Name   | Ebano   |
|--|---|
| <b>Geology</b>   | Stacked Turbidite sandstones  |
| <b>HCIIP estimate</b>                                    | 62 MMbbls   |
| <b>Development type</b>                                  | 2 well development, wells drilled from Okume Foxtrot TLP; processing at Elon CPF<br>Recovery mechanism is water injection |
| <b>Number of active production &amp; injection wells</b> | 1 Producer: 1 Water Injector  |
| <b>Cumulative production to 1/10/2020</b>                | 10.8 MMbbls   |
| <b>Current recovery factor (based on 2P STOIIP)</b>      | 17.5%   |
| <b>Plans for further development</b>                     | Stimulation and ESP upgrade in well OF-11; One infill drilling opportunity identified.                                    |



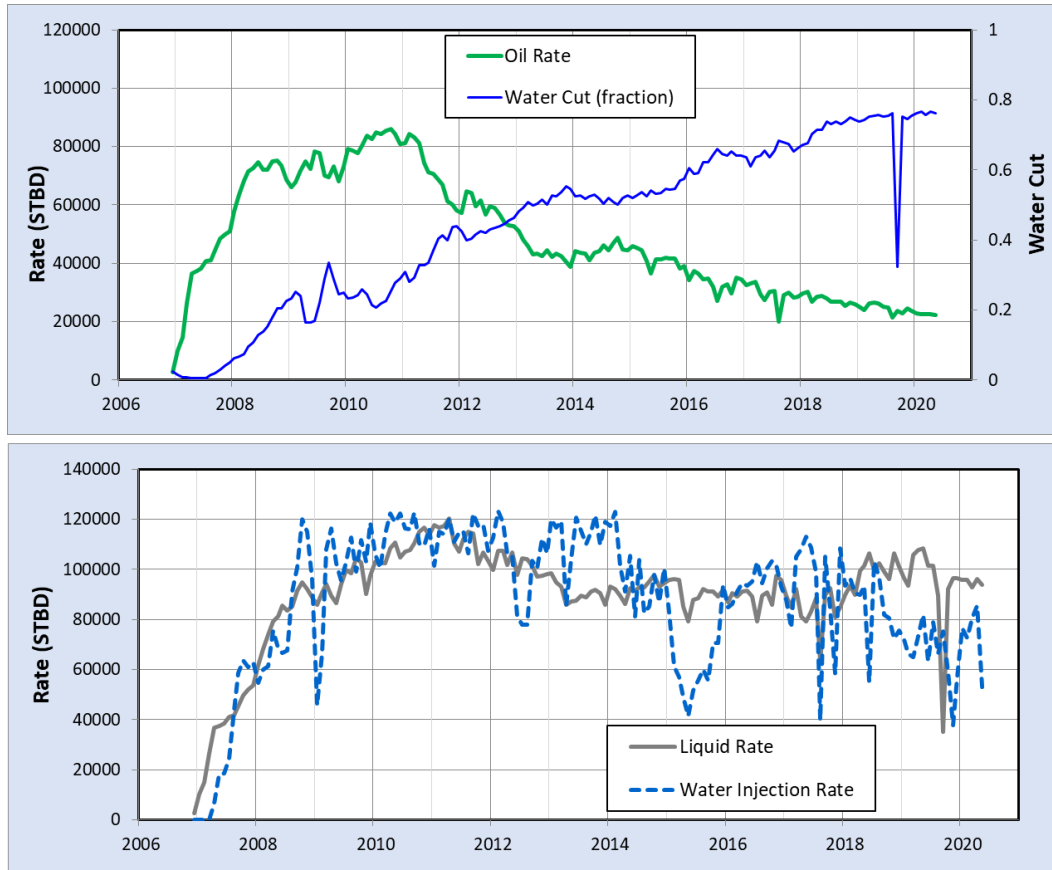
**Figure 5-6 Ebano HCPV height map including well locations**

In the absence of a static model and in view of the small materiality of the field, TRACS have not reviewed STOIP for this field and adopt Tullow's proposed numbers.

## 5.3 Reserves

### 5.3.1 Introduction

Since Trident took over the Operatorship in 2017 efforts have been focused on improving uptimes and better reservoir management. This has resulted in an improved hub performance since 2017. Longer term production trends can be seen in Figure 5-7.



**Figure 5-7 Okume Complex Field Production trends**

### 5.3.2 Reserves estimation and production forecasts

#### 5.3.2.1 Developed Producing (NFA)

Tullow provided monthly well by well production data for all Okume Complex wells up to the end of March-2019 and monthly Complex level production data from April 2019 to September 2020. To estimate the reserves associated with the current development the oil producer wells were reviewed and decline curve analysis (DCA) was performed.

The well declines were based on well deliverability with a historical operating efficiency of 95% applied to the final forecast. As described in Section 0, the decline functions consist of a hyperbolic decline profile with shape exponent ( $b$ ) standardised to 0.2 – 0.6 – 1.0, for low, mid and high, respectively. This range is considered typical for water flood or strong natural water drive reservoirs. The remaining parameters to define the decline were the deliverability and decline rate. The decline rates were taken to be consistent with the range of field declines observed during the field history (Section 0).

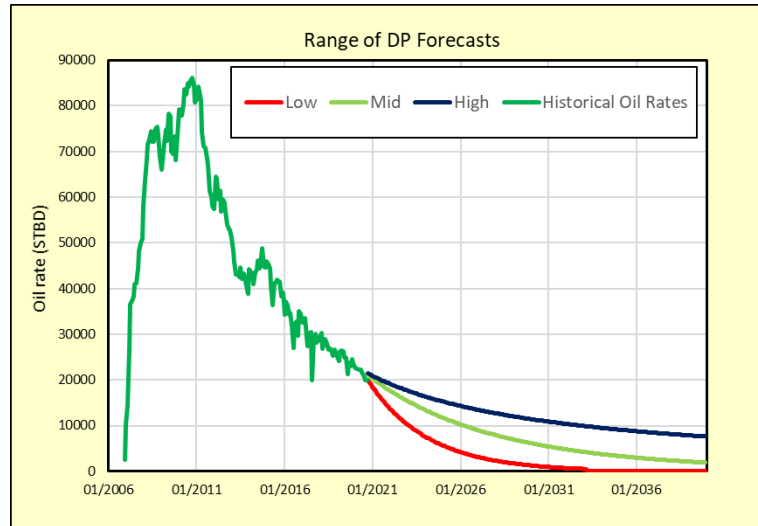
Note that Akom North field has only one production well with no water injection support and no clear indication of aquifer support. Therefore  $b$ -factors typical for a depletion drive reservoirs, 0.0 – 0.2 – 0.4, were applied for the DCA of the Akom North field.

Due to only the Okume Complex level production data being available from 1/4/2019 the DP forecasts for the Okume Complex were generated by a three-step approach. First, DCA forecasts were generated with



well production data up to the end of March-2019. The sum of all wells and fields formed the Okume Complex DP forecast. Then, Okume Complex forecasts were validated against the overall production data in 2019 and 2020. This included the addition of production estimates for 4 ESP upgrade projects completed in 2019. The 2P DP forecast generates a close match to the actual production in the period 1/4/2019 to 1/10/2020. Therefore, the sum of the 2019 DP and 4 ESP upgrade forecasts was adopted as the starting point for the 1/10/2020 Okume Complex DP forecast. Finally, the low, mid and high DP forecasts were updated by applying a range of initial forecast oil rates at 1/10/2020 while still honouring the same recoverable oil volumes for the respective cases as obtained from the well by well decline analysis.

The Okume Complex production history and the resulting DP reserves forecasts obtained from DCA are presented in Figure 5-8.



**Figure 5-8 Production history, Okume Complex DCA for DP reserves**

### 5.3.2.2 Approved for Development (AD)

The Operator has firm plans with budget approval for a number of development opportunities, which are classified as Approved for Development Reserves. The AD activities summarised in Table 5-1.

| Field      | Project Name       | Category | On production date | Detail                         |
|------------|--------------------|----------|--------------------|--------------------------------|
| Okume      | Stimulation        | AD       | Jul-20             | Stimulation for OF-01,03,05,15 |
| Okume      | OF-01_ESP          | AD       | Nov-20             | ESP upgrade                    |
| Oveng      | Stimulation        | AD       | Jul-20             | OE-01, OE-04L                  |
| Oveng      | Sand consolidation | AD       | Oct-20             | OE-12, OE-13                   |
| Ebano      | Stimulation        | AD       | Oct-20             | Stimulation OF-11              |
| Akon-North | G-19_WO_DW         | AD       | May-21             | Pipeline replacement           |

**Table 5-1 Summary of Approved for development activities**

The estimates for the activity production forecasts provided by Tullow (based on Operator estimates) were reviewed. Generally the mid case estimate was adopted but the range of reserves was widened take into account results of similar workovers.

For stimulation of wells and ESP conversions Tullow's mid case forecast was adopted; however the low and high forecasts took into account a potentially wider range of recovery, 0.2 and 2.0 were applied to the 2P case rather than 0.5 and 1.5 used by Tullow. This is based on general experience with similar well interventions and ESP conversions.



For Akom North pipeline replacement initial rate increases proposed by Tullow were adopted, and decline parameters based on historical performance were applied. The TRACS estimate assumes that in the low case the wax clean out will not be successful long term.

#### 5.3.2.3 Justified for Development (JD)

There are Justified for Development projects are generally based on activities identified by the operator to be executed in 2021. These are summarized in Table 5-2. The activities include the drilling and completion of four infill wells, 3 on Elon and 1 on Oveng.

| Field | Project Name         | Category | On production date | Detail      |
|-------|----------------------|----------|--------------------|-------------|
| Elon  | Infill A             | JD       | May-21             | Infill A    |
| Elon  | Infill D             | JD       | Jul-21             | Infill D    |
| Elon  | Infill C             | JD       | Sep-21             | Infill C    |
| Elon  | OB 11i behind pipe   | JD       | Apr-21             | Add perf.   |
| Elon  | OD10 inj behind pipe | JD       | Apr-21             | Add perf.   |
| Elon  | OD-03 behind pipe    | JD       | May-21             | Add perf.   |
| Okume | OF-12_ESP            | JD       | Feb-21             | ESP upgrade |
| Okume | OF-03_ESP            | JD       | Mar-21             | ESP upgrade |
| Oveng | Oveng A              | JD       | Dec-21             | Infill well |

**Table 5-2 Summary of Justified for Development activities**

Tullow's estimates for activities were reviewed. Generally the mid case estimate was adopted but the range of reserves was widened take into account results of similar workovers (See Section 5.3.2.2).

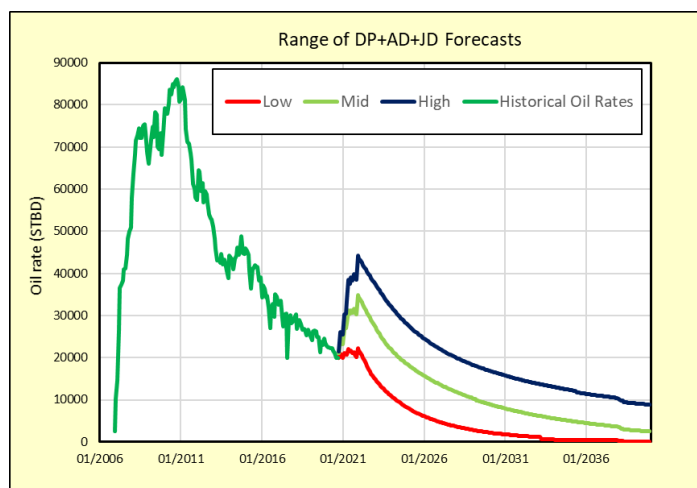
Tullow/Operator estimates for the Elon infill wells were reviewed and accepted.

The range of production forecasts for the Oveng infill well were generated based on the combination of Operator's low/mid/high forecasts for production from A sand only and A&C sand, to capture the high degree of uncertainty with a wider range. The following cases were used:

- Oveng infill, low: A sand only 1P
- Oveng infill, mid: (A sand 2P + A&C sand 2P)/2
- Oveng infill, high: A&C sand 3P

#### 5.3.2.4 Forecast constraints and operating efficiency

An uptime factor of 0.95 was applied to all forecasts and forecasts were summed as described in Section 0. The production history and range of reserves forecasts for the Okume Complex are shown Figure 5-9.



**Figure 5-9 Production history and Reserves forecasts for Okume Complex**

### 5.3.3 Cessation of production date

The cessation of production date is the earliest of the production license expiry date, facilities design lifetime or economic limit. License expiry is August 2034. First oil was achieved in 2006. With sufficient preventative maintenance it is likely that the facilities would be able to operate a few years beyond the usual 25 year facilities design lifetime. Okume requires the Ceiba FPSO to remain on station to provide oil storage and export even if the Ceiba topsides facilities are mothballed after Ceiba COP.

### 5.3.4 Development plans and cost estimates

The Okume Complex fields are processed on the Elon CPF and then sent to the Ceiba FPSO for storage. As a consequence there is an element of shared Opex (and in past years shared Capex) between Okume and Ceiba.

Tullow provided a spreadsheet giving an overview of the annual development well Drillex, facilities Capex and Operational costs for the activities in each reserves category. All costs are quoted gross RT20.

The Operator's 2020 Budget data (reforecast March 2020) was provided along with supporting data for the basis of the shareable (common) Opex. The 2019 and 2020 TCM/OCM slides which included technical and cost detail of the Operator's planned activities were also provided.

The Operator's budget carries a Capex of \$44.8MM in 2020, including:

- Okume Upgrade facility project sanctioned in 2019 to increase power, liquid and gas injection capacity on the Okume and Elon platforms to enable new ESP's (included in Opex) to be installed, \$30MM (DP)
- Jack-up drilling tangibles, \$2.5MM (DP)
- 4D seismic, \$8.1MM (DP)
- Akom North G19 flowline installation, \$11.6MM (AD)

Tullow provided the November 2020 monthly finance data showing the Capex and Opex allocation to end November and the forecast for December 2020. The Okume allocated Capex spend to end September 2020 was \$17.2MM and the forecast for Q4 2020 is \$6.8MM.

Post 2020, the Operator carries the following activities and Capex:

- remainder of the G19 flowline installation, \$7MM in 2021 (AD)
- Elon A, D and C jack-up wells, total \$57.6MM for drilling and completion plus \$15MM for surface facilities (JD)
- Oveng A jack-up well, \$26.3MM for drilling and completion, \$16MM for tieback facilities (JD).

The Operator's 2020 budget quotes the 2020 Routine Opex plus non-capital projects cost (Opex) as \$116.7MM, including Okume's share of the shareable Opex.

The Okume 2020 dedicated Opex (\$92.0MM) i.e. excluding forecast Opex share, is split as follows:

- Maintenance, Direct Opex & above field, \$81.1MM (DP)
- Okume, Oveng and Ebano stimulation projects, \$4.4MM (AD)
- Okume OF-01 ESP upgrade, \$3.5MM (AD)
- Oveng sand consolidation, \$2.5MM (AD)
- Elon OB11i workover, \$0.45MM (JD)

In the November finance data the Okume allocated Opex spend to end September 2020 was \$76.7MM and the forecast for Q4 2020 is \$25.3MM.

The annual dedicated (DP) Opex forecast from 2021 is slightly higher than estimated in the 2019 Reserves Audit, \$56.7MM real terms flat (Maintenance, \$2.8MM; Direct Opex, \$53.7MM and above field, \$0.2MM).

In addition the following reserves workover/ intervention costs are forecast post 2020:

- Fixed Opex of \$1.2MM per ESP every 2 years from 2021, 3x ESPs in the DP case
- Fixed Opex of \$1.2MM per ESP every 2 years from 2022, 1x ESPs in the AD case
- Elon OB11i, OD-10 & OD-3 workovers, \$8.7MM in 2021 (JD)
- Okume OF-03 & OF-12 ESP upgrade, \$7MM in 2021 (JD)
- Fixed Opex of \$2.4MM per year for 2xESP workovers per year from 2022 (JD)

The Operator's March reforecast of the annual Shareable Opex excluding allocated corporate overhead / G&A is \$40.0MM (DP). This is assumed real terms flat and is allocated based on the ratio of oil production between Okume and Ceiba. In the November finance data the forecast Shareable Opex for Q4 2020 is \$10.8MM.

TRACS consider these costs to be consistent and reasonable.

Tullow advise that there are no tariffs applicable to Okume.

Abandonment provision for cost recovery and tax deduction purposes is included in the economic model. The model indicates that the provision account balance is such that no further payments are required. The Operator's 2019 estimate of the Okume decommissioning cost is \$333MM RT19. The Operator quotes an incremental abandonment cost of \$5.0MM for the single Oveng A well and tieback (JD). The abandonment cost for the three Elon well tiebacks is assumed to be \$15MM (JD).

### 5.3.5 Reserves summary and valuation

The economic cut-off is determined by the combined Ceiba Okume cashflow considering both fields at the same reserves/resource category i.e. DP & DP, DP+AD & DP+AD etc. The economic cut-off of Okume at 1P/2P/3P assumes Ceiba at its 2P case.

The COP dates used for the estimation of remaining reserves is as follows

| Reserves Category | 1P   | 2P   | 3P   |
|-------------------|------|------|------|
| <b>DP</b>         | 2025 | 2029 | 2033 |
| <b>DP+AD</b>      | 2026 | 2030 | 2034 |
| <b>DP+AD+JD</b>   | 2026 | 2031 | 2034 |

**Table 5-3 COP dates for Okume Complex by Reserves Category**

The remaining economic reserves at 1/10/2020 are estimated to be:

| Oil Reserves by Category              | Gross (MMbbls) |             |              | Tullow Net Entitlement (MMbbls) |            |             | Tullow WI (MMbbls) |             |             |
|---------------------------------------|----------------|-------------|--------------|---------------------------------|------------|-------------|--------------------|-------------|-------------|
|                                       | 1P             | 2P          | 3P           | 1P                              | 2P         | 3P          | 1P                 | 2P          | 3P          |
| <b>Developed Producing (DP)</b>       | 19.6           | 40.7        | 67.4         | 2.3                             | 4.8        | 7.8         | 2.8                | 5.8         | 9.6         |
| <b>Approved for Development (AD)</b>  | 3.8            | 9.1         | 14.9         | 0.4                             | 1.0        | 1.6         | 0.5                | 1.3         | 2.1         |
| <b>Justified for Development (JD)</b> | 5.7            | 20.9        | 36.1         | 0.7                             | 2.4        | 3.8         | 0.8                | 3.0         | 5.1         |
| <b>Total All Reserves Categories</b>  | <b>29.2</b>    | <b>70.7</b> | <b>118.4</b> | <b>3.5</b>                      | <b>8.1</b> | <b>13.3</b> | <b>4.2</b>         | <b>10.1</b> | <b>16.9</b> |

Table 5-4 Okume Complex - Reserves summary

The NPV of Okume 1P,2P,3P total reserves is calculated assuming the Ceiba 2P total reserves case. The remaining Tullow WI NPV for Okume total Reserves at the base case and sensitivity cases to the COP date is estimated to be:

|                    | Tullow WI NPV (\$MM nom) |             |              |             |              |             |              |              |              |
|--------------------|--------------------------|-------------|--------------|-------------|--------------|-------------|--------------|--------------|--------------|
|                    | 1P                       |             |              | 2P          |              |             | 3P           |              |              |
| Oil Price (\$/bbl) | Base                     | +10         | -10          | Base        | +10          | -10         | Base         | +10          | -10          |
| <b>NPV 10%</b>     | <b>0.4</b>               | <b>19.4</b> | <b>-18.8</b> | <b>80.0</b> | <b>120.4</b> | <b>42.4</b> | <b>166.7</b> | <b>222.4</b> | <b>110.9</b> |
| <b>NPV 8%</b>      | -2.8                     | 16.4        | -22.1        | 80.8        | 123.7        | 41.0        | 176.4        | 236.7        | 115.9        |
| <b>NPV 12%</b>     | 3.1                      | 21.7        | -15.9        | 78.7        | 116.8        | 43.1        | 157.6        | 209.2        | 105.8        |

Table 5-5 Okume Complex Reserves NPV summary

The economics of the JD projects described in Section 5.3.4 considered as a single combined activity demonstrate a positive incremental post tax NPV10 in the 1P case and an IRR exceeding 15% in the 2P case based on the incremental cash flow. The Oveng A, Elon A, D and C jack-up well, Elon OB11i, OD-10 & OD-3 workover, and Okume OF-03 & OF-12 ESP upgrade reserves are considered to be classified as JD.

## 5.4 Contingent Resources

### 5.4.1 Overview of activities

Further interventions have been identified and are being matured and are targeted for end 2021/early 2022. These form the basis for Contingent Resources Development Pending (CR-DP); these are in part dependent on the success of AD activities.

Subsurface studies are ongoing and a portfolio of development activities is under review. Infill opportunities for Elon, Oveng and Ebano are being reviewed and are classified as Development Unclassified. Any remaining opportunities have been categorised as Development not Viable.

### 5.4.2 Estimation of Contingent Resources

Tullow's estimates were reviewed and if deemed reasonable were adopted. Production forecasts were generated for Contingent Resources Development Pending and Development on Hold. No production forecasts were generated for other categories of Contingent Resources.

#### 5.4.2.1 Contingent Resources Development Pending (CR-DP)

Four workovers tentatively planned for 2021 have been identified by the Operator to increase field recovery from the Elon, Okume, Oveng and Ebano Fields. These are primarily ESP upgrades but also include additional perforations in OB-13. An overview of the activities is presented in Table 5-6.

| Field | Project Name      | Category | On production date | Comment     |
|-------|-------------------|----------|--------------------|-------------|
| Elon  | OB-13 behind pipe | CR-DP    | Sep-21             | Add perf.   |
| Okume | OF-15_ESP         | CR-DP    | Nov-21             | ESP upgrade |
| Oveng | OE-01_ESP         | CR-DP    | Dec-21             | ESP upgrade |
| Ebano | OF-11_ESP         | CR-DP    | Oct-21             | ESP upgrade |

**Table 5-6 Summary of CR-DP activities**

The Tullow/Operator range of CR for these incremental projects were reviewed and modified where considered appropriate. In particular the range of uncertainty around the mid case was increased compared to the Tullow/Operator supplied estimates. The TRACS estimates are presented in Table 5-7. The recoverable volumes are estimated out to the end of 2050.

| Project Area      | CR Category         | Oil Recovery (MMstb) |            |            |
|-------------------|---------------------|----------------------|------------|------------|
|                   |                     | 1C                   | 2C         | 3C         |
| OB-13 behind Pipe | Development Pending | 0.3                  | 1.7        | 3.4        |
| ESP upgrades      |                     | 1.2                  | 2.6        | 4.3        |
| <b>Total</b>      |                     | <b>1.6</b>           | <b>4.3</b> | <b>6.8</b> |

**Table 5-7 Range of CR for Okume Complex CR-DP projects**

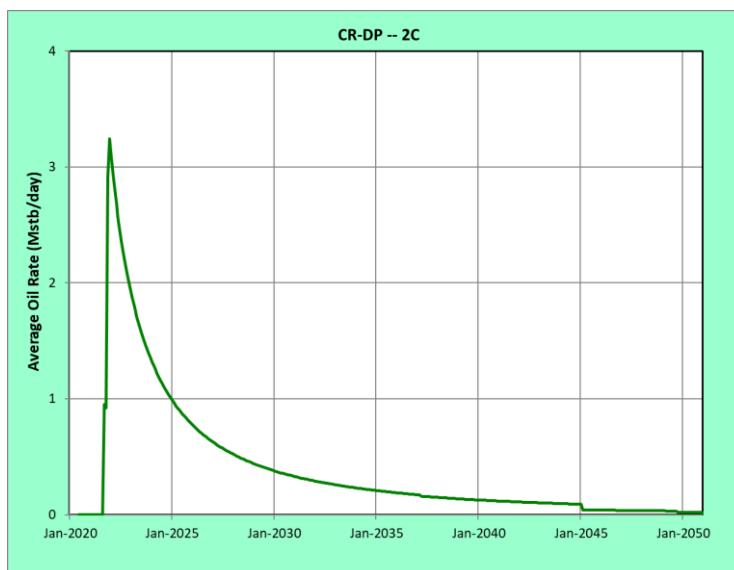
#### 5.4.2.1.1 Production forecasts

A production forecast was generated for the mid (2C) case only. For the ESP conversions (from gas lift) on the Okume, Oveng and Ebano wells, the forecast takes into account performance of Phase 1 ESP conversions.

One additional perforation opportunity has also been identified in Elon Field by the Operator.

For all workovers the mid case decline estimates proposed by Tullow was considered to be reasonable. These were used together with estimate start dates and a facilities uptime factor of 95% to generate the 2C forecast.

The production forecast of DPCR is shown Figure 5-10 Figure 4-9.



**Figure 5-10 Mid case production forecast for CR-DP, Okume Complex**

#### 5.4.2.2 Contingent Resources Development Unclassified (CR-DU)

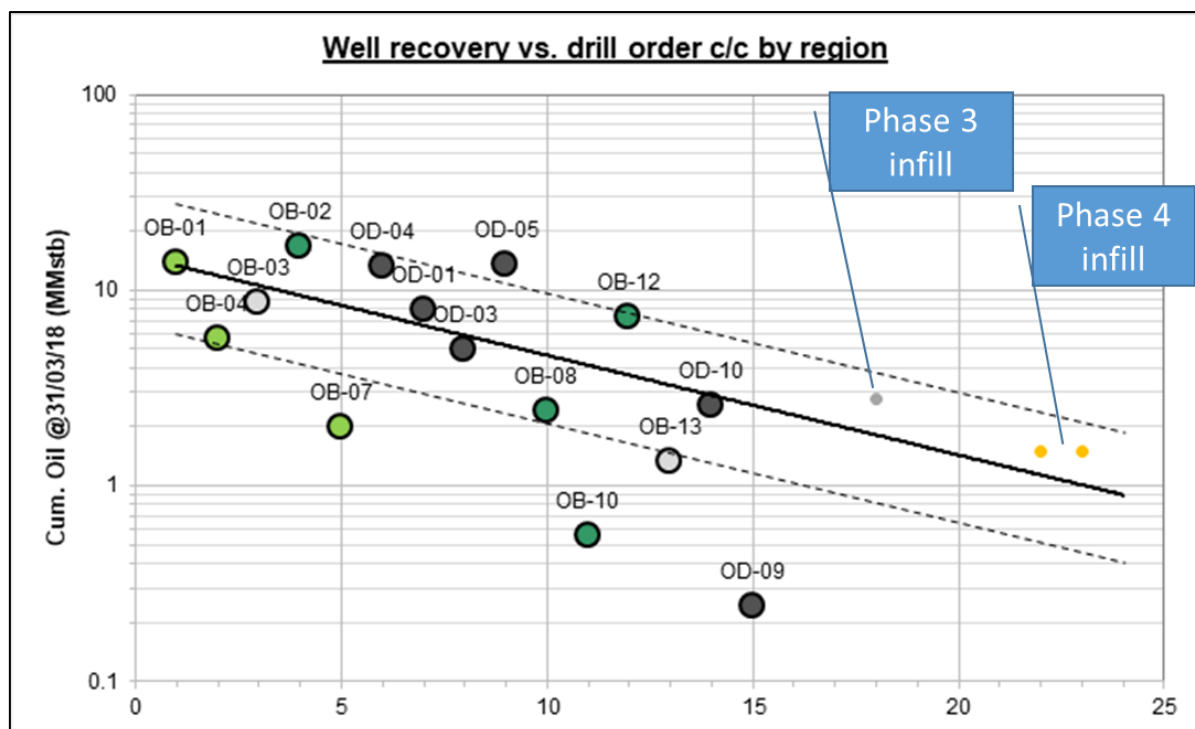
Remaining infill opportunities recognised by the Operator (and Tullow) were provided by Tullow and reviewed. Three infill projects are identified that have been categorised as Development Unclassified. These are assumed to be planned for mid-2023. A summary of the infill activities is provided in Table 5-8.

| Field        | Project Name   | Category | On production date | Comment  |
|--------------|----------------|----------|--------------------|--|
| <b>Ebano</b> | Infill well    | CR-DU    | Oct-21             | 1 infill well  |
| <b>Oveng</b> | Infill         | CR-DU    | Jan-23             | 3 infill wells, 2 months between each well starting 1/1/2023 |
| <b>Elon</b>  | Infill Phase 4 | CR-DU    | Jan-24             | 4 infill wells, 2months between each well starting 1/1/2024  |

**Table 5-8 Summary of CR-DU activities**

Tullow's resource estimates have been reviewed and deemed reasonable for Ebano and Oveng.

Estimates for a Phase 4 infill drilling campaign on Elon, were judged to be high relative to previous phases of drilling and the proposed Phase 3 estimates. Work done previously by TRACS was extrapolated to estimate recovery per well for Phase 4. A relationship between recovery per well with increasing well count (drill order) was generated (see Figure 5-11). This resulted in average estimated recovery per well of 1.5 MMbbls/well for the 2C case (at licence expiry) ; 1C and 3C cases were based on low and high trend lines, with estimated recovery of 0.4 MMbbls/well in the low case and 2.5 MMbbls/well in the high case.



**Figure 5-11 Recovery per Elon well with increasing numbers of development wells**

The Tullow/Operator range of CR for these incremental projects were reviewed and updated where considered appropriate. The TRACS estimates for these infill opportunities are presented in Table 5-9. The recoverable volumes are estimated out to the end of 2050.

| Project Area | CR Category             | Oil Recovery (MMstb) |             |             |
|--------------|-------------------------|----------------------|-------------|-------------|
|              |                         | 1C                   | 2C          | 3C          |
| Elon Infill  | Development Unclarified | 1.9                  | 7.2         | 2.3         |
| Oveng Infill |                         | 4.9                  | 9.9         | 4.8         |
| Ebano Infill |                         | 1.9                  | 3.8         | 5.7         |
| <b>Total</b> |                         | <b>8.8</b>           | <b>20.9</b> | <b>32.6</b> |

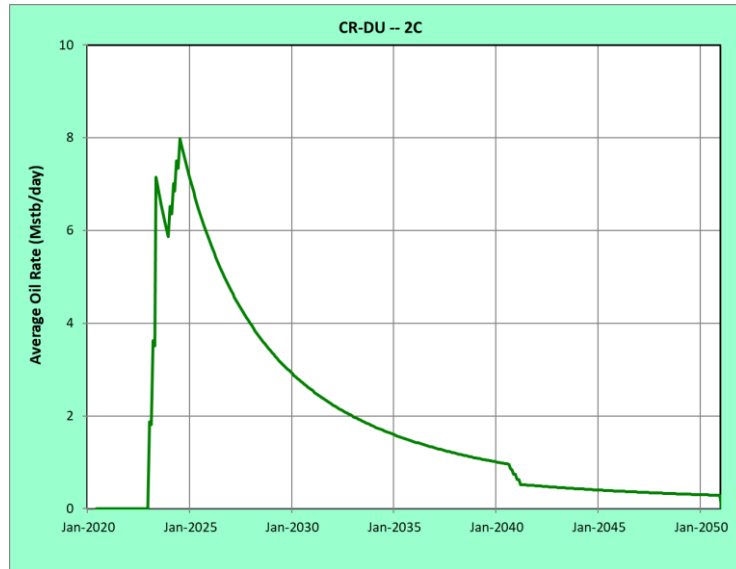
**Table 5-9 Range of CR for Okume Complex CR-DU projects**

#### 5.4.2.2.1 Production forecasts

A production forecast was generated for the mid (2C) CR-DU case only.

For the Elon wells the Operator/Tullow forecast was scaled with the TRACS mid case CR estimate. For the Oveng and Ebano infill wells. Initial oil rates of 200 bpd were estimated for each well and declines fitted to generate the estimated recoverable volumes. A 95% uptime factor was applied to the forecast.

The resulting mid case production forecast for CR-DU is shown in Figure 5-12.



**Figure 5-12 Mid case production forecast for CR-DU, Okume Complex**

#### 5.4.2.3 Contingent Resources Development not Viable (DnV)

Additional recovery potential has been identified in two main areas:

- Additional infill campaigns: the Operator continues to look for possible infill opportunities and plans to undertake further studies to firm up these opportunities. Potential has been identified on Elon and Ebano
- Recoverable volumes beyond Reserves COP: this captures volumes beyond the reserves COP dates (see Table 5-3) until end 2050. The volumes are estimated using the profiles created for reserves (see Section 5.3.2).

These CR volumes are classified as Development not Viable as there are no current plans for development (infill wells) or are currently shown to be commercially not viable (extension volumes).

There is potential for further infill drilling in the Elon field beyond what has been planned already. To assess the overall Elon recovery factor TRACS has applied a range of recovery factors by facies to the range of STOIIP by facies.

Combining the range of recovery factors with the range of STOIIP by facies results in the range of ultimate recoveries presented in Table 5-10. To generate these the low recovery factors are combined with the low STOIIP, mid with mid and high with high. This is considered reasonable given the large uncertainties associated with the ultimate recovery of the Elon field. The resulting range of ultimate recovery (UR) for the Elon field is presented in Table 5-10.

| Elon Field                         | Low<br>(MM bbls) | Mid<br>(MM bbls) | High<br>(MM bbls) |
|------------------------------------|------------------|------------------|-------------------|
| <b>STOIIP (MM bbls)</b>            | 517              | 750              | 1045              |
| <b>Recovery factor</b>             | 28%              | 31%              | 36%               |
| <b>Ultimate recovery (MM bbls)</b> | 145.4            | 236.2            | 375.7             |

**Table 5-10 Elon Field – Range of ultimate recoverable volumes**



To generate the range of remaining recovery (CR-DnV) associated with further Elon infill drilling the total low, mid and high recoverable volumes associated with all reserves and CR-DP and CR-DU categories have been subtracted from the respective UR volumes (low with low etc.) in Table 5-10.

The TRACS estimates for CR-DnV are presented in Table 4-4. The recoverable volumes are estimated out to 2050.

| Project Area          | CR Category                   | Oil Recovery (MMstb) |             |              |
|-----------------------|-------------------------------|----------------------|-------------|--------------|
|                       |                               | 1C                   | 2C          | 3C           |
| Elon Infill wells     | <b>Development not Viable</b> | 11.6                 | 62.6        | 169.7        |
| <b>Life Extension</b> |                               | 6.6                  | 19.1        | 49.7         |
| <b>Total</b>          |                               | <b>18.2</b>          | <b>81.7</b> | <b>219.4</b> |

**Table 5-11 Range of CR for Okume Complex CR-DnV projects**

#### 5.4.2.4 Chance of Commerciality

The results presented in Section 5.4.2.1 to 5.4.2.3 are unrisks results. In this section a Chance of Commerciality (CoC) is estimated for the CR Resources. The relevant CoCs are then applied to the unrisks numbers to generate risks Resources (see Section 5.4.3).

The projects associated with Development Pending CR are well advanced in terms of planning and are likely to go ahead. These are given a CoC of 75%.

The projects associated with Development Unclarified CR are less advanced and there is the possibility that these projects are replaced with other (more economically attractive) projects as further work is done. These projects are given a CoC of 50%.

In the case of CR DnV projects the commercial viability is considered to be more challenging than the other CR categories. For the DnV Resources a CoC of 25% has been estimated.

An overview of the CoCs by category are presented in Table 5-12.

| Category                       | CoC |
|--------------------------------|-----|
| <b>Development Pending</b>     | 75% |
| <b>Development Unclarified</b> | 50% |
| <b>Development not Viable</b>  | 25% |

**Table 5-12 Summary of Okume Complex CoCs**

### 5.4.3 Contingent Resource summary

The total Unrisked Contingent Resources for the Okume Complex are presented by CR category in Table 5-13 together with the Chance of Commerciality for each category as presented in Section 5.4.2.4. Note all Resources are estimated to 1/1/2050.

The risked Contingent Resources for Okume Complex generated by applying the COCs to the unrisked CR are presented in Table 5-14.

| CR Oil                         | Gross (MMbbls) |              |              | Tullow WI (MMbbls) |             |             | CoC |
|--------------------------------|----------------|--------------|--------------|--------------------|-------------|-------------|-----|
|                                | 1C             | 2C           | 3C           | 1C                 | 2C          | 3C          |     |
| <b>Development Pending</b>     | 1.6            | 4.3          | 6.8          | 0.2                | 0.6         | 1.0         | 75% |
| <b>Development Unclarified</b> | 8.8            | 20.9         | 32.6         | 1.3                | 3.0         | 4.6         | 50% |
| <b>Development not Viable</b>  | 18.2           | 81.7         | 219.4        | 2.6                | 11.7        | 31.3        | 25% |
| <b>Total All CR Categories</b> | <b>28.6</b>    | <b>106.9</b> | <b>258.8</b> | <b>4.1</b>         | <b>15.3</b> | <b>36.9</b> |     |

**Table 5-13 Okume Complex field unrisked Contingent Resource summary**

| CR Oil                         | Gross (MMbbls) |             |             | Tullow WI (MMbbls) |            |             |
|--------------------------------|----------------|-------------|-------------|--------------------|------------|-------------|
|                                | 1C             | 2C          | 3C          | 1C                 | 2C         | 3C          |
| <b>Development Pending</b>     | 1.2            | 3.3         | 5.1         | 0.2                | 0.5        | 0.7         |
| <b>Development Unclarified</b> | 4.4            | 10.5        | 16.3        | 0.6                | 1.5        | 2.3         |
| <b>Development not Viable</b>  | 4.6            | 20.4        | 54.9        | 0.7                | 2.9        | 7.8         |
| <b>Total All CR Categories</b> | <b>10.2</b>    | <b>34.1</b> | <b>76.3</b> | <b>1.5</b>         | <b>4.9</b> | <b>10.9</b> |

**Table 5-14 Okume Complex field risked Contingent Resource summary**

## 6 Glossary of Terms

|         |  |        |   |
|---------|--|--------|---|
| \$      | US Dollars                                     | GR     | Gamma Ray log                                     |
| %       | percent  | GRV    | Gross Rock Volume                                 |
| °C      | Degrees Celcius                                | GUT    | Gas Up To   |
| 2D      | Two Dimensional                                | GWC    | Gas Water Contact                                 |
| 3D      | Three Dimensional                              | HCDT   | Hydro-Carbon Down To                              |
| AD      | Approved for Development                       | HCWC   | Hydro-Carbon Water Contact                        |
| AFE     | Authorised for Expenditure                     | IRR    | Internal Rate of Return (from MOD cashflows)      |
| API     | American Petroleum Institute                   | JD     | Justified for Development                         |
| AVO     | Amplitude Variation with Offset                | K      | Permeability                                      |
| Av Phi  | Average Porosity (from log evaluation)         | m      | metre   |
| Av Sw   | Average water Saturation (from log evaluation) | Mbbls  | thousand barrels of oil (unless otherwise stated) |
| bbls    | Barrels  | Mboe   | thousand barrels of oil equivalent                |
| Bscf    | Billion standard cubic feet of natural gas     | Mbopd  | thousand barrels of oil per day                   |
| bfpd    | Barrels of fluid per day                       | Mcf    | thousand cubic feet                               |
| boe     | barrels of oil equivalent                      | Mcfd   | thousand cubic feet per day of natural gas        |
| boepd   | barrels of oil equivalent per day              | MD     | Measured Depth                                    |
| bopd    | barrels oil per day                            | mD     | milli Darcies                                     |
| bpd     | barrels per day                                | MM     | million   |
| bwpd    | barrels of water per day                       | MMbbls | million barrels of oil                            |
| Capex   | capital expenditure                            | MMstb  | million stock-tank barrels of oil                 |
| CGR     | Condensate Gas Ratio                           | MMbo   | million barrels of oil                            |
| COP     | Cessation of Production                        | MMboe  | million barrels of oil equivalent                 |
| CPI     | Computer Processed Interpretation (of logs)    | MMcf   | million cubic feet of natural gas                 |
| CT      | Corporation Tax                                | MMscfd | million cubic feet of natural gas per day         |
| DCA     | Decline Curve Analysis                         | MOD    | Money Of the Day                                  |
| Den     | Density log                                    | N/G    | Net to Gross                                      |
| D res   | Deep resistivity log (deep investigation)      | Neu    | Neutron log                                       |
| DST     | Drill Stem Test                                | NFA    | No Further Activity                               |
| DT      | Sonic log                                      | NPV    | Net Present Value                                 |
| E & A   | Exploration & Appraisal                        | OBC    | Ocean Bottom Cable                                |
| ELT     | Economic Limit Test                            | ODT    | Oil Down To                                       |
| ESP     | Electric Submersible Pump                      | OML    | Oil Mining Licence                                |
| ft      | feet   | Opex   | operating expenditure                             |
| FTHP    | Flowing Tubing Head Pressure                   | OPL    | Oil Prospecting Lease                             |
| FWL     | Free Water Level                               | OUT    | Oil Up To   |
| FVF     | Formation Volume Factor                        | OWC    | Oil Water Contact                                 |
| G & G   | Geological and Geophysical                     | P & A  | Plugged and Abandoned                             |
| Gas sat | Gas saturation                                 | p.a.   | per annum   |
| GDT     | Gas Down To                                    | P10    | 10% probability of being exceeded                 |
| GIIP    | Gas Initially In Place                         | P50    | 50% probability of being exceeded                 |
| GOR     | Gas to Oil Ratio                               | P90    | 90% probability of being exceeded                 |
|         |  | PLT    | Production Logging Tool                           |
|         |  | POS    | Possibility Of Success                            |
|         |  | ppm wt | Parts per million by weight                       |

|         |   |        |   |
|---------|---|--------|---|
| PRMS    | Petroleum Resource Management System    | S res  | Short resistivity log (shallow investigation) |
| PV      | Present Value                           | ss     | subsea  |
| PVT     | Pressure Volume Temperature             | STOIIP | Stock Tank Oil Initially In Place             |
| RF      | Recovery Factor                         | Sw     | water Saturation                              |
| RFT     | Repeat Formation Tester                 | Swavg  | average water Saturation                      |
| RROR    | Real Rate of Return (from RT cashflows) | TD     | Total Depth                                   |
| RT      | Real Terms                              | tvd    | true vertical depth                           |
| SG      | Specific Gravity                        | TVDSS  | true vertical depth subsea                    |
| SMT     | a PC-based interpretation workstation   | tvt    | true vertical thickness                       |
| Kingdom |   | TWT    | Two-Way Time                                  |
| SPE     | Society of Petroleum Engineers          | WI     | Working Interest                              |
| sq km   | square kilometres                       |        |   |

## Appendix A Production Forecast (for Reserves)

| Year | 1P    | 2P    | 3P    |
|------|-------|-------|-------|
|      | Oil   | Oil   | Oil   |
|      | Mstbd | Mstbd | Mstbd |
| 2020 | 4.9   | 5.2   | 5.4   |
| 2021 | 16.1  | 19.0  | 20.0  |
| 2022 | 12.0  | 16.6  | 18.4  |
| 2023 | 8.9   | 14.4  | 17.0  |
| 2024 | 6.7   | 12.6  | 15.8  |
| 2025 | 5.0   | 11.0  | 14.8  |
| 2026 | 3.7   | 9.7   | 13.9  |
| 2027 | 2.7   | 8.5   | 13.1  |
| 2028 | 2.0   | 7.5   | 12.4  |
| 2029 | 1.5   | 6.6   | 11.7  |
| 2030 | 1.1   | 5.8   | 11.2  |
| 2031 | 0.8   | 5.1   | 10.6  |
| 2032 | 0.6   | 4.5   | 10.2  |
| 2033 | 0.1   | 4.0   | 9.7   |
| 2034 | 0.0   | 2.4   | 6.3   |

**Table A-1 Okume Complex -- Developed Producing Production Forecasts**

Note: Annual rate in 2020 based on oil production from 01/10/2020 to 31/12/2020 divided by 366 days

| Year | 1P    | 2P    | 3P    |
|------|-------|-------|-------|
|      | Oil   | Oil   | Oil   |
|      | Mstbd | Mstbd | Mstbd |
| 2020 | 5.6   | 6.4   | 7.2   |
| 2021 | 18.0  | 22.5  | 25.2  |
| 2022 | 13.5  | 19.6  | 22.9  |
| 2023 | 10.0  | 16.9  | 20.7  |
| 2024 | 7.4   | 14.6  | 19.0  |
| 2025 | 5.5   | 12.7  | 17.5  |
| 2026 | 4.1   | 11.1  | 16.2  |
| 2027 | 3.0   | 9.7   | 15.1  |
| 2028 | 2.3   | 8.5   | 14.2  |
| 2029 | 1.7   | 7.5   | 13.4  |
| 2030 | 1.2   | 6.6   | 12.6  |
| 2031 | 0.9   | 5.8   | 12.0  |
| 2032 | 0.7   | 5.2   | 11.4  |
| 2033 | 0.2   | 4.6   | 10.8  |
| 2034 | 0.0   | 2.8   | 6.9   |

**Table A-2 Okume Complex -- Developed Producing + Approved for Development Production Forecasts**

Note: Annual rate in 2020 based on oil production from 01/10/2020 to 31/12/2020 divided by 366 days

| Year | 1P    | 2P    | 3P    |
|------|-------|-------|-------|
|      | Oil   | Oil   | Oil   |
|      | Mstbd | Mstbd | Mstbd |
| 2020 | 5.6   | 6.4   | 7.2   |
| 2021 | 21.1  | 29.7  | 36.2  |
| 2022 | 18.3  | 31.0  | 40.6  |
| 2023 | 12.8  | 24.5  | 34.8  |
| 2024 | 9.5   | 20.1  | 29.9  |
| 2025 | 7.1   | 17.1  | 26.2  |
| 2026 | 5.4   | 14.7  | 23.3  |
| 2027 | 4.2   | 12.8  | 21.0  |
| 2028 | 3.3   | 11.2  | 19.2  |
| 2029 | 2.6   | 9.7   | 17.6  |
| 2030 | 2.0   | 8.5   | 16.4  |
| 2031 | 1.6   | 7.5   | 15.3  |
| 2032 | 1.3   | 6.7   | 14.3  |
| 2033 | 0.7   | 5.9   | 13.5  |
| 2034 | 0.4   | 3.6   | 8.5   |

**Table A-3 Okume Complex -- Developed Producing + Approved for Development + Justified for Development Production Forecasts**

Note: Annual rate in 2020 based on oil production from 01/10/2020 to 31/12/2020 divided by 366 days

| Year | 1P    | 2P    | 3P    |
|------|-------|-------|-------|
|      | Oil   | Oil   | Oil   |
|      | Mstbd | Mstbd | Mstbd |
| 2020 | 2.5   | 3.0   | 3.4   |
| 2021 | 8.4   | 10.4  | 12.2  |
| 2022 | 6.4   | 8.6   | 10.5  |
| 2023 | 5.0   | 7.3   | 9.3   |
| 2024 | 4.0   | 6.2   | 8.3   |
| 2025 | 3.2   | 5.4   | 7.5   |
| 2026 | 2.5   | 4.8   | 6.9   |
| 2027 | 2.1   | 4.2   | 6.3   |
| 2028 | 1.7   | 3.8   | 5.9   |
| 2029 | 1.4   | 3.4   | 5.5   |

**Table A-4 Ceiba -- Developed Producing Production Forecasts**

Note: Annual rate in 2020 based on oil production from 01/10/2020 to 31/12/2020 divided by 366 days



| Year | 1P    | 2P    | 3P    |
|------|-------|-------|-------|
|      | Oil   | Oil   | Oil   |
|      | Mstbd | Mstbd | Mstbd |
| 2020 | 2.8   | 3.4   | 4.0   |
| 2021 | 10.7  | 13.6  | 16.5  |
| 2022 | 8.3   | 11.6  | 14.7  |
| 2023 | 6.2   | 9.5   | 12.7  |
| 2024 | 4.8   | 7.9   | 11.1  |
| 2025 | 3.8   | 6.7   | 9.8   |
| 2026 | 2.9   | 5.7   | 8.7   |
| 2027 | 2.4   | 5.0   | 7.9   |
| 2028 | 1.9   | 4.4   | 7.2   |
| 2029 | 1.5   | 3.9   | 6.6   |

**Table A-5 Ceiba -- Developed Producing + Approved for Development Production Forecasts**

Note: Annual rate in 2020 based on oil production from 01/10/2020 to 31/12/2020 divided by 366 days

## Appendix B Production Profiles for 2C Contingent Resources

| Year | Okume Complex Incremental 2C Oil (Mstb/d) |       |          |
|------|---|-------|----------|
|      | CR-DP                                     | CR-DU | Total CR |
| 2020 | 0.0                                       | 0.0   | 0.0      |
| 2021 | 0.7                                       | 0.0   | 0.7      |
| 2022 | 2.5                                       | 0.0   | 2.5      |
| 2023 | 1.6                                       | 5.2   | 6.8      |
| 2024 | 1.2                                       | 7.3   | 8.4      |
| 2025 | 0.9                                       | 6.4   | 7.3      |
| 2026 | 0.7                                       | 5.2   | 5.9      |
| 2027 | 0.6                                       | 4.3   | 4.9      |
| 2028 | 0.5                                       | 3.7   | 4.1      |
| 2029 | 0.4                                       | 3.1   | 3.6      |
| 2030 | 0.4                                       | 2.7   | 3.1      |
| 2031 | 0.3                                       | 2.4   | 2.7      |
| 2032 | 0.3                                       | 2.1   | 2.4      |
| 2033 | 0.2                                       | 1.9   | 2.1      |
| 2034 | 0.1                                       | 1.1   | 1.3      |

**Table B-1 Okume Complex 2C incremental oil forecasts**

| Year        | Ceiba Incremental 2C Oil (Mstb/d) |       |          |
|-------------|-----------------------------------|-------|----------|
|             | CR-DP                             | CR-DU | Total CR |
| <b>2020</b> | 0.0                               | 0.0   | 0.0      |
| <b>2021</b> | 0.0                               | 0.0   | 0.0      |
| <b>2022</b> | 1.7                               | 0.0   | 1.7      |
| <b>2023</b> | 2.9                               | 2.9   | 5.8      |
| <b>2024</b> | 2.5                               | 5.2   | 7.7      |
| <b>2025</b> | 2.2                               | 4.6   | 6.8      |
| <b>2026</b> | 1.9                               | 4.0   | 6.0      |
| <b>2027</b> | 1.7                               | 3.6   | 5.3      |
| <b>2028</b> | 1.6                               | 3.2   | 4.8      |
| <b>2029</b> | 1.4                               | 2.9   | 4.3      |

**Table B-2 Ceiba 2C incremental oil forecasts**

## Appendix C Summary of 2018 SPE Petroleum Resources Classification

The following table has paragraphs that are quoted from the 2018 SPE PRMS Guidance Notes and summarise the key resources categories, while Figure B-2 shows the recommended resources classification framework

| Class/Sub-class           | Definition  |
|---------------------------|---|
| Reserves                  | Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.   |
| On Production             | The development project is currently producing and selling petroleum to market.   |
| Approved for Development  | All necessary approvals have been obtained, capital funds have been committed, and implementation of the development project is under way.  |
| Justified for Development | Implementation of the development project is justified on the basis of reasonable forecast commercial conditions at the time of reporting, and there are reasonable expectations that all necessary approvals/contracts will be obtained.                           |
| Contingent Resources      | Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. |
| Development Pending       | A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.   |
| Development on Hold       | A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay.  |
| Development Unclassified  | A discovered accumulation where project activities are under evaluation and where justification as a commercial development is unknown based on available information.  |
| Development Not Viable    | A discovered accumulation for which there are no current plans to develop or to acquire additional data at the time due to limited production potential.  |
| Prospective Resources     | Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.   |
| Prospect                  | A project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target.   |
| Lead                      | A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation to be classified as a Prospect.  |
| Play                      | A project associated with a prospective trend of potential prospects, but that requires more data acquisition and/or evaluation to define specific Leads or Prospects.  |

**Table C-1 Summary of 2018 SPE Petroleum Resources Classification**



## PART IX—DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

|  |   |
|--|---|
| <b>“2022 Senior Notes”</b>                 | has the meaning given to it in Section 7.1(j) of Part VII ( <i>Additional Information</i> )   |
| <b>“2025 Senior Notes”</b>                 | has the meaning given to it in Section 7.1(l) of Part VII ( <i>Additional Information</i> )   |
| <b>“Agents”</b>                            | has the meaning given to it in Section 7.1(k) of Part VII ( <i>Additional Information</i> )   |
| <b>“Announcement”</b>                      | the announcement of the Transaction and the Dussafu Transaction made by the Company on 9 February 2021  |
| <b>“ARA”</b>                               | has the meaning given to it in Section 7.1(f) of Part VII ( <i>Additional Information</i> )   |
| <b>“Articles”</b>                          | the articles of association of the Company  |
| <b>“Bangladesh Government”</b>             | has the meaning given to it in Section 8.1(d) of Part VII ( <i>Additional Information</i> )   |
| <b>“bbl”</b>                               | standard barrel, being the equivalent of 42 US gallons  |
| <b>“bcf”</b>                               | billions of cubic feet  |
| <b>“Board”</b>                             | the board of Directors of the Company   |
| <b>“Bond Guarantors”</b>                   | has the meaning given to it in Section 7.1(k) of Part VII ( <i>Additional Information</i> )   |
| <b>“Bond Issuer”</b>                       | has the meaning given to it in Section 7.1(k) of Part VII ( <i>Additional Information</i> )   |
| <b>“Business Day”</b>                      | a day, other than a Saturday or a Sunday, on which banks are open for ordinary banking business in London, United Kingdom and New York, USA   |
| <b>“BW Energy”</b>                         | BW Energy Gabon SA  |
| <b>“BW Transfer Agreement”</b>             | Transfer Agreement of Cost Recovery Entitlement under the Dussafu PSC between BW Energy, Gabon Oil Company, Pan Gabon and Tullow Gabon  |
| <b>“Calculation Agent”</b>                 | has the meaning given to it in Section 7.1(k) of Part VII ( <i>Additional Information</i> )   |
| <b>“Capital Markets Day”</b>               | has the meaning given to it in Section 3 of Part I ( <i>Letter from the Non-Executive Chair of Tullow</i> )   |
| <b>“CGT”</b>                               | has the meaning given to it in Section 3 of Part II ( <i>Risk Factors</i> )   |
| <b>“Commitment Letter”</b>                 | the commitment letter between Panoro and Trafigura Ventures dated 9 February 2021 in respect of an up to US\$90 million fully underwritten debt facility for the financing of the Transaction and the Dussafu Transaction |
| <b>“Completion”</b>                        | completion of the Transaction in accordance with the provisions of the Sale and Purchase Agreement  |
| <b>“Consolidated EBITDA”</b>               | has the meaning given to it in Section 7.1(f) of Part VII ( <i>Additional Information</i> )   |
| <b>“Conversion Right”</b>                  | has the meaning given to it in Section 7.1(k) of Part VII ( <i>Additional Information</i> )   |
| <b>“Convertible Bond Agency Agreement”</b> | has the meaning given to it in Section 7.1(k) of Part VII ( <i>Additional Information</i> )   |

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|--|---|
| <b>“Convertible Bond Calculation Agency Agreement”</b> . . . . . | has the meaning given to it in Section 7.1(k) of Part VII ( <i>Additional Information</i> )   |
| <b>“Convertible Bond Deed Poll”</b> . . . . .                    | has the meaning given to it in Section 7.1(k) of Part VII ( <i>Additional Information</i> )   |
| <b>“Convertible Bonds”</b> . . . . .                             | has the meaning given to it in Section 7.1(k) of Part VII ( <i>Additional Information</i> )   |
| <b>“Convertible Bond Subordination Agreement”</b> . . . . .      | has the meaning given to it in Section 7.1(k) of Part VII ( <i>Additional Information</i> )   |
| <b>“Convertible Bond Subscription Agreement”</b> . . . . .       | has the meaning given to it in Section 7.1(k) of Part VII ( <i>Additional Information</i> )   |
| <b>“Convertible Bond Terms and Conditions”</b> . . . . .         | has the meaning given to it in Section 7.1(k) of Part VII ( <i>Additional Information</i> )   |
| <b>“Convertible Bond Trust Deed”</b> . . . . .                   | has the meaning given to it in Section 7.1(k) of Part VII ( <i>Additional Information</i> )   |
| <b>“Corporate Facility”</b> . . . . .                            | has the meaning given to it in Section 7.1(h) of Part VII ( <i>Additional Information</i> )   |
| <b>“Corporate Facility Agreement”</b> . . . . .                  | has the meaning given to it in Section 7.1(h) of Part VII ( <i>Additional Information</i> )   |
| <b>“Covenanted Net Debt”</b> . . . . .                           | has the meaning given to it in Section 7.1(f) of Part VII ( <i>Additional Information</i> )   |
| <b>“CREST”</b> . . . . .   | the UK-based system for the paperless settlement of trades in listed securities, of which Euroclear UK & Ireland Limited is the operator in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755)   |
| <b>“CREST Manual”</b> . . . . .                                  | the manual, as amended from time to time, produced by Euroclear UK & Ireland Limited describing the CREST system, and supplied by Euroclear UK & Ireland Limited to users and participants thereof  |
| <b>“CREST Proxy Instruction”</b> . . . . .                       | has the meaning given to it in Part X ( <i>Notice of General Meeting</i> )  |
| <b>“Deloitte”</b> . . . . .                                      | Deloitte LLP, 2 New St Square, London, EC4A 3BZ   |
| <b>“DGH”</b> . . . . .   | Direction Générale des Hydrocarbures, the government entity responsible for the upstream sector in Gabon  |
| <b>“Directors”</b> . . . . .                                     | the Executive Directors and Non-Executive Directors of the Company  |
| <b>“Disclosure and Transparency Rules”</b> . . . . .             | the Disclosure Guidance and Transparency Rules made by the FCA for the purposes of Part VI of FSMA  |
| <b>“DSBP”</b> . . . . .  | has the meaning given to it in Section 10.3 of Part VII ( <i>Additional Information</i> )   |
| <b>“Dussafu Assets”</b> . . . . .                                | the entirety of Tullow’s (i) 10 per cent. undivided legal and beneficial interests in the Dussafu PSC, comprising all of the petroleum interests of Tullow related to Dussafu, as identified in the Dussafu Sale and Purchase Agreement and (ii) Tullow’s interest in and under the Dussafu Documents; (iii) the right to |

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|  | take and receive a consequent share of all petroleum attributable to Tullow's interest in subparagraph (i) and (ii) and (subject to tax) the gross proceeds from the sale or other disposition thereon and after the Effective Date; and (iv) a consequent share of Tullow's right, title and interest in and to jointly owned funds, Dussafu Joint Property and all other assets which are attributable to Tullow's interest in subparagraph (i) and (ii)  |
| <b>"Dussafu Completion"</b> . . .                | Completion of the Dussafu Transaction in accordance with the provisions of the Dussafu Sale and Purchase Agreement  |
| <b>"Dussafu Documents"</b> . . .                 | together (i) the Dussafu PSC, (ii) the Dussafu JOA; (iii) the Crude Oil Amended and Restated Lifting and Entitlement Agreement in respect of the Dussafu PSC No. G4-209, Offshore Gabon between BW Energy, Pan Gabon, Gabon Oil Company and Tullow Gabon dated 19 August 2019, as amended, novated and supplemented from time to time and (iv) the BP Crude Oil Sale and Purchase Agreement between BP International Limited, Tullow Gabon, BW Energy and Pan Gabon dated 25 October 2019, as amended, novated and supplemented from time to time |
| <b>"Dussafu JOA"</b> . . . . .                   | the Joint Operating Agreement in respect of the Dussafu Block, offshore Gabon between BW Energy, Pan Petroleum Gabon BV, Gabon Oil Company and Tullow Gabon dated 28 May 2003 as amended, novated and supplemented from time to time  |
| <b>"Dussafu Joint Property"</b> .                | at any point in time, all wells, facilities, equipment, materials, information, funds and property (other than hydrocarbons, including crude oil and natural gas) held for use in those operations and activities carried out by the operator of the Dussafu Assets from time to time pursuant to the Dussafu JOA   |
| <b>"Dussafu PSC"</b> . . . . .                   | the Exploration and Production Sharing Contract in respect of Dussafu Marin Permit (No. G4-209) Offshore Gabon between the State of Gabon, Sasol Petroleum West Africa Limited and premier Oil Gabon BV dated 28 May 2003 as amended, novated and supplemented from time to time;   |
| <b>"Dussafu Sale and Purchase Agreement"</b> . . | the sale and purchase agreement dated 9 February 2021 entered into between Tullow Gabon, the Company, Panoro and Pan Gabon in connection with the sale of the Dussafu Assets, as described in more detail in Section 7 of Part VII ( <i>Additional Information</i> ) of this document   |
| <b>"Dussafu Tranche"</b> . . . . .               | the up to US\$35 million funding tranche for the Dussafu Transaction being fully underwritten by Trafigura Ventures and referred to in the Commitment Letter  |
| <b>"Dussafu Transaction"</b> . . .               | the sale of the Dussafu Assets pursuant to the Dussafu Sale and Purchase Agreement  |
| <b>"EACOP System"</b> . . . . .                  | the East African Crude Oil Pipeline System  |
| <b>"Effective Date"</b> . . . . .                | 1 July 2020   |
| <b>"ESAP"</b> . . . . .                          | has the meaning given to it in Section 10.2 of Part VII ( <i>Additional Information</i> )   |
| <b>"EY"</b> . . . . .                            | Ernst & Young LLP, 1 More London Place, London, SE1 2AF   |
| <b>"ESIA"</b> <sup>v</sup>                       | Environmental and Social Impact Assessment  |
| <b>"ESOP"</b> . . . . .                          | has the meaning given to it in Section 10.3 of Part VII ( <i>Additional Information</i> )   |
| <b>"Equatorial Guinea Tranche"</b> . . . . .     | the up to US\$55 million funding tranche for the Transaction being fully underwritten by Trafigura Ventures and referred to in the Commitment Letter  |
| <b>"Euronext Dublin"</b> . . . . .               | The Irish Stock Exchange plc, trading as Euronext Dublin  |



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| <b>“Executive Directors”</b> . . .  | the executive Directors of the Company, being currently Rahul Dhira and Les Wood   |
| <b>“FCA”</b> . . . . .  | the Financial Conduct Authority of the UK, its predecessors or its successors from time to time, including, as applicable, in its capacity as the competent authority for the purposes of Part VI of FSMA  |
| <b>“Form of Proxy”</b> . . . . .  | the form of proxy in connection with the General Meeting, which accompanies this document  |
| <b>“FPSO”</b> . . . . .   | floating production storage and offloading   |
| <b>“FPSO Contractor”</b> . . . . .  | has the meaning given to it in Section 7.1(o) of Part VII ( <i>Additional Information</i> )  |
| <b>“Free Shares”</b> . . . . .  | has the meaning given to it in Section 10.3(a) of Part VII ( <i>Additional Information</i> )   |
| <b>“FSMA”</b> . . . . .   | the Financial Services and Markets Act 2000, as amended  |
| <b>“General Meeting”</b> . . . . .  | the general meeting of the Company, notice of which is set out in the Notice of General Meeting in Part X ( <i>Notice of General Meeting</i> ) of this document  |
| <b>“Global Commitments”</b> . . .   | has the meaning given to it in Section 7.1(f) of Part VII ( <i>Additional Information</i> )  |
| <b>“Good Leaver Reasons”</b> . . .  | has the meaning given to it in Section 10.1 of Part VII ( <i>Additional Information</i> )  |
| <b>“GRA”</b> . . . . .  | Ghana Revenue Authority  |
| <b>“GRA Assessments”</b> . . . . .  | has the meaning given to it in Section 8.1(b) of Part VII ( <i>Additional Information</i> )  |
| <b>“Group” or “Tullow Group”</b> . . . . .                                | the Company and its consolidated subsidiaries and subsidiary undertakings as at the date of this document  |
| <b>“Guarantee Subordination Agreement”</b> . . . . .                      | has the meaning given to it in Section 7.1(m) of Part VII ( <i>Additional Information</i> )  |
| <b>“Hedging Banks”</b> . . . . .  | has the meaning given to it in Section 7.1(m) of Part VII ( <i>Additional Information</i> )  |
| <b>“Hitec”</b> . . . . .  | HitecVision V, a Norwegian private equity company  |
| <b>“ICC”</b> . . . . .  | the International Chamber of Commerce  |
| <b>“IFC Senior Secured Revolving Credit Facility Agreement”</b> . . . . . | has the meaning given to it in Section 7.1(g) of Part VII ( <i>Additional Information</i> )  |
| <b>“IFRS”</b> . . . . .   | the International Financial Reporting Standards, as adopted by the European Union  |
| <b>“Interest Documents”</b> . . . .                                       | together (i) the PSC and (ii) the JOA  |
| <b>“Interests”</b> . . . . .  | the entirety of Tullow’s interests in Tullow EG as identified in the Sale and Purchase Agreement and the undivided 14.25 per cent. participating interest of Tullow EG in and under the Interest Documents |
| <b>“Irish Listing Rules”</b> . . . . .                                    | Book I: Harmonised Rules of the Euronext Rule Book and Book II: Listing Rules of Euronext Dublin, taken together   |
| <b>“Irish SIP”</b> . . . . .  | has the meaning given to it in Section 10.3 of Part VII ( <i>Additional Information</i> )  |

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| <b>“JOA”</b> . . . . .                                      | joint operating agreement dated 1 June 1999 currently in force between Triton Equatorial Guinea Inc, Kosmos Equatorial Guinea Inc and Tullow EG relating to offshore Block G, Equatorial Guinea, as amended                        |
| <b>“Joint Property”</b> . . . . .                           | all wells, facilities, equipment, materials, information, funds and property held for us in those operations and activities carried out by the operator of offshore Block, Equatorial Guinea from time to time pursuant to the JOA |
| <b>“J.P. Morgan Cazenove”</b> . . . . .                     | J.P. Morgan Securities plc (which conducts its UK investment banking business as J.P. Morgan Cazenove)   |
| <b>“KrisEnergy”</b> . . . . .                               | has the meaning given to it in Section 8.1(d) of Part VII ( <i>Additional Information</i> )  |
| <b>“Lake Albert Development Project”</b> . . . . .          | the Upstream Segment and the Midstream Segment   |
| <b>“Latest Practicable Date”</b> . . . . .                  | 26 February 2021   |
| <b>“LC Exposure”</b> . . . . .                              | has the meaning given to it in Section 7.1(f) of Part VII ( <i>Additional Information</i> )  |
| <b>“Liquidity Forecast Test”</b> . . . . .                  | has the meaning given to it in Section 18 of Part I ( <i>Letter from the Non-Executive Chair of Tullow</i> )   |
| <b>“Listing Rules”</b> . . . . .                            | the Listing Rules made by the FCA for the purposes of Part VI of FSMA  |
| <b>“London Stock Exchange”</b> . . . . .                    | London Stock Exchange PLC, of 10 Paternoster Square, London, EC4M 7LS  |
| <b>“Long Stop Date”</b> . . . . .                           | has the meaning given to it in Section 3 of Part I ( <i>Letter from the Non-Executive Chair of Tullow</i> )  |
| <b>“Matching Shares”</b> . . . . .                          | has the meaning given to it in Section 10.3(c) of Part VII ( <i>Additional Information</i> )   |
| <b>“Maximum Available Amount”</b> . . . . .                 | has the meaning given to it in Section 7.1(f) of Part VII ( <i>Additional Information</i> )  |
| <b>“Midstream Segment”</b> . . . . .                        | has the meaning given to it in 7.1(d) of Part VII ( <i>Additional Information</i> )  |
| <b>“Ministry Condition”</b> . . . . .                       | has the meaning given to it in Section 3 of Part I ( <i>Letter from the Non-Executive Chair of Tullow</i> )  |
| <b>“mmbbl”</b> . . . . .                                    | standard millions of barrels (a barrel being the equivalent of 42 US gallons)  |
| <b>“mmboe”</b> . . . . .                                    | standard millions of barrels of oil equivalent (a barrel being the equivalent of 42 US gallons)  |
| <b>“NBR”</b> . . . . .                                      | has the meaning given to it in Section 8.1(d) of Part VII ( <i>Additional Information</i> )  |
| <b>“Net Debt”</b> . . . . .                                 | has the meaning given to it on page 5  |
| <b>“New Business Plan and Operating Strategy”</b> . . . . . | has the meaning given to it in Section 3 of Part I ( <i>Letter from the Non-Executive Chair of Tullow</i> )  |
| <b>“Non-Executive Chair”</b> . . . . .                      | Dorothy Thompson CBE, the non-executive chair of the Company   |
| <b>“Non-Executive Directors”</b> . . . . .                  | the non-executive Directors of the Company, being currently Jeremy Wilson, Mike Daly, Sheila Khama, Genevieve Sangudi, Martin Greenslade and Mitchell Ingram   |
| <b>“Notes Creditors”</b> . . . . .                          | has the meaning given to it in Section 7.1(m) of Part VII ( <i>Additional Information</i> )  |
| <b>“Notes Guarantee Liabilities”</b> . . . . .              | has the meaning given to it in Section 7.1(m) of Part VII ( <i>Additional Information</i> )  |

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| <b>“Notice”</b> . . . . .                               | has the meaning given to it in Part X ( <i>Notice of General Meeting</i> )  |
| <b>“Notice of Dispute”</b> . . . . .                    | has the meaning given to it in Section 8.1(b) of Part VII ( <i>Additional Information</i> )   |
| <b>“Notice of General Meeting”</b> . . . . .            | the notice of the General Meeting, as set out in Part X ( <i>Notice of General Meeting</i> ) of this document   |
| <b>“O&amp;M Period”</b> . . . . .                       | has the meaning given to it in Section 7.1(o) of Part VII ( <i>Additional Information</i> )   |
| <b>“Pan Gabon”</b> . . . . .                            | Pan Petroleum Gabon B.V.  |
| <b>“Panoro”</b> . . . . .                               | Panoro Energy ASA   |
| <b>“Panoro Equity Financing Arrangements”</b> . . . . . | the proposed issuance by Panoro of new ordinary shares in the capital of Panoro comprising US\$70 million in aggregate to certain existing and other investors on a non-pre-emptive basis in connection with the financing of the Equatorial Guinea Transaction and/or the Dussafu Transaction  |
| <b>“Panoro General Meeting”</b>                         | the Extraordinary General Meeting of Panoro to be held on or around 3 March 2021 at which the Panoro Resolutions will be put to Panoro Shareholders for approval  |
| <b>“Panoro Netherlands”</b> . . .                       | Panoro Energy Holding B.V.  |
| <b>“Panoro Placing Shares”</b> .                        | has the meaning given to it in Section 3 of Part I ( <i>Letter from the Non-Executive Chair of Tullow</i> )   |
| <b>“Panoro Resolutions”</b> . . . .                     | the resolutions being proposed at the Panoro General Meeting in order to approve the Panoro Equity Financing Arrangements   |
| <b>“Panoro Shareholders”</b> . . .                      | the holders of the ordinary share capital of Panoro from time to time   |
| <b>“Parent Bond Guarantor”</b>                          | has the meaning given to it in Section 7.1(k) of Part VII ( <i>Additional Information</i> )   |
| <b>“Partnership Shares”</b> . . . .                     | has the meaning given to it in Section 10.3(b) of Part VII ( <i>Additional Information</i> )  |
| <b>“Payment Demand”</b> . . . . .                       | has the meaning given to it in Section 8.1(d) of Part VII ( <i>Additional Information</i> )   |
| <b>“PB”</b> . . . . .                                   | has the meaning given to it in Section 8.1(d) of Part VII ( <i>Additional Information</i> )   |
| <b>“PL537”</b> . . . . .                                | has the meaning given to it in Section 8.1(c) of Part VII ( <i>Additional Information</i> )   |
| <b>“PRA”</b> . . . . .                                  | the Prudential Regulation Authority   |
| <b>“Preference Shareholder”</b> .                       | has the meaning given to it in Section 7.1(k) of Part VII ( <i>Additional Information</i> )   |
| <b>“Preference Shares”</b> . . . .                      | has the meaning given to it in Section 7.1(k) of Part VII ( <i>Additional Information</i> )   |
| <b>“PR Regulation”</b> . . . . .                        | Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 |
| <b>“PRMS”</b> . . . . .                                 | Petroleum Resources Management System   |

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| <b>“PSC”</b> . . . . .                                | the production sharing contract dated 26 March 1997 between Triton Equatorial Guinea Inc and the Republic of Equatorial Guinea relating to offshore Block G, Equatorial Guinea, as amended   |
| <b>“RBL Creditors”</b> . . . . .                      | has the meaning given to it in Section 7.1(m) of Part VII ( <i>Additional Information</i> )  |
| <b>“RBL Facility”</b> . . . . .                       | has the meaning given to it in Section 7.1(d) of Part VII ( <i>Additional Information</i> )  |
| <b>“RBL Facility Agreement”</b>                       | has the meaning given to it in Section 7.1(d) of Part VII ( <i>Additional Information</i> )  |
| <b>“RBL Gearing Covenant”</b>                         | has the meaning given to it in Section 0 of Part I ( <i>Letter from the Non-Executive Chair of Tullow</i> )  |
| <b>“RBL Lender Intercreditor Agreement”</b> . . . . . | has the meaning given to it in Section 7.1(i) of Part VII ( <i>Additional Information</i> )  |
| <b>“Registrars”</b> . . . . .                         | Computershare Investor Services plc and The Central Securities Depository (Ghana) Limited  |
| <b>“Remuneration Committee”</b> . . . . .             | has the meaning given to it in Section 10.1 of Part VII ( <i>Additional Information</i> )  |
| <b>“Resolution”</b> . . . . .                         | the resolution being proposed at the General Meeting to approve the Transaction and to grant the Directors authority to implement the Transaction  |
| <b>“Retained Group”</b> . . . . .                     | the Group following Completion   |
| <b>“RIS”</b> . . . . .                                | a Regulatory Information Service that is approved by the FCA and that is on the list of Regulatory Information Services maintained by the FCA  |
| <b>“Sale and Purchase Agreement”</b> . . . . .        | the sale and purchase agreement dated 9 February 2021 entered into between Tullow Netherlands, the Company, Panoro and Panoro Netherlands in connection with the sale of the Interests, as described in more detail in Part VI ( <i>Summary of the Principal Terms of the Transaction</i> ) of this document |
| <b>“Senior Creditors”</b> . . . . .                   | has the meaning given to it in Section 7.1(m) of Part VII ( <i>Additional Information</i> )  |
| <b>“Senior Discharge Date”</b> .                      | has the meaning given to it in Section 7.1(k) of Part VII ( <i>Additional Information</i> )  |
| <b>“Senior Liabilities”</b> . . . . .                 | has the meaning given to it in Section 7.1(m) of Part VII ( <i>Additional Information</i> )  |
| <b>“Shareholders”</b> . . . . .                       | the holders of Tullow Shares from time to time   |
| <b>“SIP”</b> . . . . .                                | has the meaning given to it in Section 10.3 of Part VII ( <i>Additional Information</i> )  |
| <b>“Sponsor”</b> . . . . .                            | J.P. Morgan Cazenove, in its capacity as sponsor to Tullow in relation to the Transaction  |
| <b>“Spring”</b> . . . . .                             | Spring Energy Norway AS  |
| <b>“Spring SPA”</b> . . . . .                         | has the meaning given to it in Section 8(c) of Part VII ( <i>Additional Information</i> )  |
| <b>“Subordinated Guarantee”</b>                       | has the meaning given to it in Section 7.1(k) of Part VII ( <i>Additional Information</i> )  |
| <b>“Subsidiary Bond Guarantors”</b> . . . . .         | has the meaning given to it in Section 7.1(k) of Part VII ( <i>Additional Information</i> )  |

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| <b>“TBL”</b> . . . . .   | has the meaning given to it in Section 8.1(d) of Part VII ( <i>Additional Information</i> )   |
| <b>“TEN FPSO”</b> . . . . .  | has the meaning given to it in Section 7.1(o) of Part VII ( <i>Additional Information</i> )   |
| <b>“TEN FPSO Contract”</b> . . . . .   | has the meaning given to it in Section 7.1(o) of Part VII ( <i>Additional Information</i> )   |
| <b>“TEN O&amp;M Contract”</b> . . . . .  | has the meaning given to it in Section 7.1(o) of Part VII ( <i>Additional Information</i> )   |
| <b>“Term Sheet”</b> . . . . .  | has the meaning given to it in Section 3 of Part I ( <i>Letter from the Non-Executive Chair of Tullow</i> )   |
| <b>“TIP”</b> . . . . .   | has the meaning given to it in Section 10.1 of Part VII ( <i>Additional Information</i> )   |
| <b>“TOH”</b> . . . . .   | has the meaning given to it in Section 8.1(c) of Part VII ( <i>Additional Information</i> )   |
| <b>“TOIL”</b> . . . . .  | has the meaning given to it in Section 8.1(d) of Part VII ( <i>Additional Information</i> )   |
| <b>“Total”</b> . . . . .   | Total SA  |
| <b>“Total Uganda”</b> . . . . .  | Total E&P Uganda B.V.   |
| <b>“TRACS”</b> . . . . .   | TRACS International Limited   |
| <b>“TRACS Report”</b> . . . . .  | has the meaning given to it on page 4   |
| <b>“Trafigura Guarantee”</b> . . . . .   | has the meaning given to it in Section 3 of Part I ( <i>Letter from the Non-Executive Chair of Tullow</i> )   |
| <b>“Trafigura Ventures”</b> . . . . .  | Trafigura Ventures V B.V.   |
| <b>“Transaction”</b> . . . . .   | the sale of the Interests pursuant to the Sale and Purchase Agreement   |
| <b>“Tullow” or “Company”</b> . . . . .   | Tullow Oil plc, incorporated in England and Wales with registered number 03919249 and whose registered office is at 9 Chiswick Park, 566 Chiswick High Road, London, W4 5XT |
| <b>“Tullow Convertible Bonds and Senior Notes”</b> . . . . .                     | has the meaning given to it in Section 3 of Part I ( <i>Letter from the Non-Executive Chair of Tullow</i> )   |
| <b>“Tullow Convertible Bonds and Senior Notes Guarantee Condition”</b> . . . . . | has the meaning given to it in Section 3 of Part I ( <i>Letter from the Non-Executive Chair of Tullow</i> )   |
| <b>“Tullow EG Convertible Bonds and Senior Notes Guarantee”</b> . . . . .        | has the meaning given to it in Section 1 of Part II ( <i>Risk Factors</i> )   |
| <b>“Tullow EG”</b> . . . . .   | Tullow Equatorial Guinea Limited  |
| <b>“Tullow Gabon”</b> . . . . .  | Tullow Oil Gabon SA   |
| <b>“Tullow Ghana”</b> . . . . .  | Tullow Ghana Limited  |
| <b>“Tullow Netherlands”</b> . . . . .  | Tullow Overseas Holdings B.V.   |
| <b>“Tullow Profit Estimate”</b> . . . . .  | has the meaning given to it in Part V ( <i>Profit Estimate</i> )  |
| <b>“Tullow Shares”</b> . . . . .   | the ordinary shares of 10 pence each in the capital of the Company  |
| <b>“Tullow Uganda”</b> . . . . .   | Tullow Uganda Limited and Tullow Uganda Operations Pty Ltd.   |
| <b>“Ugandan Interests”</b> . . . . .   | the entirety of Tullow’s interests in each of the assets comprising the Lake Albert Development Project in Uganda, comprising: (i) a 33.3334 per cent.                      |

interest in the production sharing agreements for each of Block 1, 1A, 2 and 3A in Uganda and the licences and certain other contracts related thereto; and (ii) its interests in the proposed EACOP System, in each case as identified in the Ugandan Sale and Purchase Agreement

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| <b>“Ugandan Sale and Purchase Agreement”</b> | ..    | the sale and purchase agreement entered into between the Company, Tullow Uganda and Total Uganda on 23 April 2020 in relation to the transfer of the Ugandan Interests to Total |
| <b>“Ugandan Transaction”</b>                 | ..    | the sale of the Ugandan Interests pursuant to the Ugandan Sale and Purchase Agreement   |
| <b>“UK”</b>                                  | ..... | the United Kingdom of Great Britain and Northern Ireland  |
| <b>“Upstream Segment”</b>                    | ....  | has the meaning given to it in Section 7.1(d) of Part VII ( <i>Additional Information</i> )   |
| <b>“URA”</b>                                 | ..... | Uganda Revenue Authority  |
| <b>“Vallourec”</b>                           | ..... | Vallourec Oil and Gas France  |
| <b>“VAT”</b>                                 | ..... | has the meaning given to it in Section 3 of Part II ( <i>Risk Factors</i> )   |
| <b>“Working Capital Period”</b>              |       | has the meaning given to it in Section 12 of Part VII ( <i>Additional Information</i> )   |

## **PART X—NOTICE OF GENERAL MEETING**

**Tullow Oil plc** (the “Company”) (*Company number 03919249*)

### **NOTICE OF GENERAL MEETING**

Notice is hereby given that a General Meeting of the Company will be held at the offices of Tullow Oil plc, at 9 Chiswick Park, 566 Chiswick High Road, London, W4 5XT on 18 March 2021 at 12 noon (London time) to consider and, if thought fit, to pass the resolution set out below, which shall be proposed as ordinary resolution, in connection with the proposed sale of the Interests (the “Transaction”), as described in the circular to Tullow Shareholders dated 2 March 2021 (the “Circular”).

Capitalised terms used in this Notice of General Meeting (the “Notice”) which are not defined herein shall have the meanings given to them in the Circular of which this Notice forms part.

### **Ordinary Resolution**

#### **THAT:**

The proposed sale by Tullow Overseas Holdings B.V. of the entire issued share capital of Tullow Equatorial Guinea Limited, as described in the Circular and substantially on the terms and subject to the conditions of the agreement for the sale and purchase of Tullow Equatorial Guinea Limited dated 9 February 2021 between Tullow Oil plc, Tullow Overseas Holdings B.V. and Panoro Energy Holding B.V. (the “SPA”) and all other agreements and ancillary documents contemplated by the SPA, be and are hereby approved for the purposes of Chapter 10 of the Listing Rules and the Directors (or any duly authorised committee thereof) be and are hereby authorised to take all necessary, expedient or desirable steps and to do all necessary, expedient or desirable things to implement, complete or to procure the implementation or completion of the Transaction and any matters incidental to the Transaction and to give effect thereto with such modifications, variations, revisions, waivers or amendments (not being modifications, variations, revisions, waivers or amendments of a material nature by reference to Listing Rule 10.5.2) as the Directors (or any duly authorised committee thereof) may deem necessary, expedient or desirable in connection with the Transaction and any matters incidental to the Transaction.

*By Order of the Board*

Adam Holland  
Company Secretary  
2 March 2021

*Registered Office:*  
9 Chiswick Park  
566 Chiswick High Road  
London  
W4 5XT

## Notes

### Attending the General Meeting in person

In light of the social distancing measures aimed at reducing the transmission of the COVID-19 virus in the United Kingdom, please note that attendance at the General Meeting in person is not possible. The General Meeting will be a closed meeting. Shareholders should not attempt to attend the General Meeting in person. **Any Shareholders who attempt to attend in person will be refused entry. Shareholders should instead vote in advance by proxy** by appointing the Chair of the General Meeting as their proxy in respect of all of their shares to vote on their behalf.

### Audio cast and General Meeting website

Continued Shareholder engagement remains very important to the Company and Shareholders will therefore be able to listen to a live audio-cast of the General Meeting and submit questions remotely throughout, as was possible for the Company's 2020 Annual General Meeting (please see detailed instructions below). Shareholders may also submit questions in advance via [ir@Tullowoil.com](mailto:ir@Tullowoil.com).

Shareholders can listen to the live audio-cast of the General Meeting as well as ask questions remotely by accessing the General Meeting website, <http://web.lumiagm.com>, on the day of the General Meeting using most well-known internet browsers such as Internet Explorer (version 11) or the latest versions of Chrome, Firefox, Edge and Safari on a PC, laptop or internet-enabled device such as a tablet or smartphone. Please ensure your browser is compatible.

You will be asked to enter a meeting ID which is 125-730-268. You will then be prompted to enter your unique Shareholder Reference Number (SRN) and PIN. Your PIN and your Shareholder Reference Number, which starts with a C or G and is 10 digits long, is available on the email broadcast sent to you if you are an online user or on the Form of Proxy if you elected for hard copy mailing. Access to the General Meeting via the website, and the ability to submit questions, will be available from 11.00 a.m. (London time) on 18 March 2021. The meeting will formally start at 12 noon (London time).

The process of asking questions and accessing the General Meeting audio casting will be further explained on the information page of the website.

Please contact Computershare Investor Services PLC before 11.00 a.m. (London time) on 18 March 2021 on the shareholder helpline number: + 44 (0) 370 703 6242 (UK and other Shareholders) for your Shareholder Reference Number (SRN) and PIN. Lines are open 8.30 a.m. to 5.30 p.m. Monday to Friday (excluding UK public holidays). Shareholders should note that electronic entry to the General Meeting will open at 11.00 a.m. (London time) on 18 March 2021, and the meeting will formally start at 12 noon (London time).

### Appointment of proxies

Members are entitled under the Company's articles of association to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote at general meetings. However, as the General Meeting will be a closed meeting in light of the social distancing measures aimed at reducing the transmission of the COVID-19 virus in the United Kingdom, members should appoint the Chair of the Meeting as their proxy rather than any other individual(s). Due to the restrictions on physical attendance at the General Meeting, any other individual(s) will not be able to attend, speak or vote on members' behalf.

To be validly appointed, a proxy must be appointed using the procedures set out in these notes and in the notes to the accompanying Form of Proxy. A member may instruct their proxy to abstain from voting on any resolution to be considered at the General Meeting by marking the 'Vote Withheld' option when appointing their proxy. It should be noted that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes 'For' or 'Against' a resolution. A person who is not a member of the Company but who has been nominated by a member to enjoy information rights does not have a right to appoint any proxies under the procedures set out in these notes and should read the 'Nominated persons' paragraph below.

### Appointment of a proxy online

As an alternative to appointing a proxy using the Form of Proxy or CREST, members can appoint a proxy online at: [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). In order to appoint a proxy using this website, members will need their Control Number, Shareholder Reference Number and PIN. This information is printed on the Form of Proxy. If for any reason a member does not have this information, they will need to contact the Registrar in the



UK by telephone on +44 (0) 370 703 6242 or by logging on to [www.investorcentre.co.uk/contactus](http://www.investorcentre.co.uk/contactus) (UK and other Shareholders) or the Registrar in Ghana by telephone on +233 302 906 576 or via [info@csd.com.gh](mailto:info@csd.com.gh). Members must appoint a proxy using the website no later than 48 hours (excluding any part of a day that is not a working day) before the time of the General Meeting or any adjournment of that meeting.

### **Appointment of a proxy using a Form of Proxy**

A Form of Proxy for use in connection with the General Meeting is enclosed. To be valid, a Form of Proxy or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be returned to Tullow's Registrars: (i) in the UK, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, as soon as possible and, in any event, so as to be received by no later than 48 hours (excluding any part of a day that is not a working day) before the time appointed for the holding of the General Meeting or any adjournment of that meeting; or (ii) in Ghana, The Central Securities Depository (Ghana) Limited, 4th Floor, Cedi House, P.M.B CT 465 Cantonments, Accra, Ghana, as soon as possible and, in any event, so as to be received by no later than 72 hours (excluding any part of a day that is not a working day) before the time appointed for the holding of the General Meeting or any adjournment of that meeting. If you do not have a Form of Proxy and believe that you should have one, or you require additional Forms of Proxy, please contact the Registrar in the UK by telephone on +44 (0) 370 703 6242 or by logging on to [www.investorcentre.co.uk/contactus](http://www.investorcentre.co.uk/contactus) (UK and other Shareholders) or the Registrar in Ghana by telephone on +233 302 906 576 or via [info@csd.com.gh](mailto:info@csd.com.gh).

### **Appointment of a proxy through CREST**

CREST members who wish to appoint a proxy through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the following website: [www.euroclear.com](http://www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Computershare Investor Services PLC (ID 3RA50) no later than 48 hours (excluding any part of a day that is not a working day) before the time of the General Meeting or any adjournment of that meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which Computershare Investor Services PLC is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions.

It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed (a) voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

### **Appointment of proxy through Proximity**

Members who are institutional investors may be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by the Company and approved by Computershare Investor Services PLC. For further information regarding Proximity, please visit [www.proximity.io](http://www.proximity.io). Members must appoint a proxy via Proximity by no later than 48 hours (excluding any part of a day that is not a working day)

before the time of the General Meeting or any adjournment of that meeting. Before appointing a proxy via Proxymity, members will need to agree to Proxymity's associated terms and conditions. Members should read such terms and conditions carefully as they will be bound by such terms and conditions, which will govern the electronic appointment of their proxy.

### **Appointment of proxy by joint holders**

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the purported appointment submitted by the most senior holder will be accepted. Seniority shall be determined by the order in which the names of the joint holders stand in the Company's register of members in respect of the joint holding.

### **Corporate representatives**

Any corporation which is a member can appoint one or more corporate representatives. Members can only appoint more than one corporate representative where each corporate representative is appointed to exercise rights attached to different shares. Members cannot appoint more than one corporate representative to exercise the rights attached to the same share(s).

### **Entitlement to vote**

To be entitled to vote at the General Meeting (and for the purpose of determining the votes they may cast), members must be registered in the Company's register of members at 6.00 p.m. (London time) on 16 March 2021 (or, if the General Meeting is adjourned, at 8.00 p.m. (London time) on the day which is two days (excluding non-working days) prior to the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the rights of any person to vote at the General Meeting.

### **Votes to be taken by a poll**

At the General Meeting all votes will be taken by a poll. It is intended that the results of the poll votes will be announced to the London Stock Exchange and published on the Company's website as soon as possible after the conclusion of the General Meeting, and no later than 8.00 p.m. (London time) on 16 March 2021.

### **Nominated persons**

Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 ("the Act") to enjoy information rights (a "Nominated Person") may, under an agreement between them and the member by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting.

If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

### **Website giving information regarding the General Meeting**

Information regarding the General Meeting, including information required by section 311A of the Act, and a copy of this Notice of General Meeting is available from [www.Tullowoil.com](http://www.Tullowoil.com).

### **Voting rights**

As at 26 February 2021, being the latest practicable date prior to the publication of this Notice, the Company's issued share capital consisted of 1,417,678,163 Tullow Shares, carrying one vote each. No shares are held by the Company in treasury. Therefore, the total voting rights in the Company as at 26 February 2021 were 1,417,678,163 votes.

### **Notification of shareholdings**

Any person holding three per cent. or more of the total voting rights of the Company who appoints a person other than the Chair of the General Meeting as their proxy will need to ensure that both they, and their proxy, comply with their respective disclosure obligations under the UK Disclosure Guidance and Transparency Rules. As at 26 February 2020, being the latest practicable date prior to the publication of this Notice, no notifications in respect of substantial shareholdings had been received other than as set out in Section 6 of Part VII (*Additional Information*) of the Circular.

**Further questions and communication**

Under section 319A of the Act, the Company must cause to be answered any question relating to the business being dealt with at the General Meeting put by a member attending the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, or the answer has already been given on a website in the form of an answer to a question, or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered. Members who have any queries about the General Meeting should contact the Company Secretary by email at [TullowCompanySecretary@Tulloil.com](mailto:TullowCompanySecretary@Tulloil.com). Members may not use any electronic address or fax number provided in this Notice or in any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.

**Documents available for inspection**

The documents listed in Section 14 of Part VII (*Additional Information*) of the Circular will be available for inspection on the date of the General Meeting at the London offices of Tullow Oil plc at 9 Chiswick Park, 566 Chiswick High Road, London, W4 5XT from the date of this document up to and including the date of the General Meeting.

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