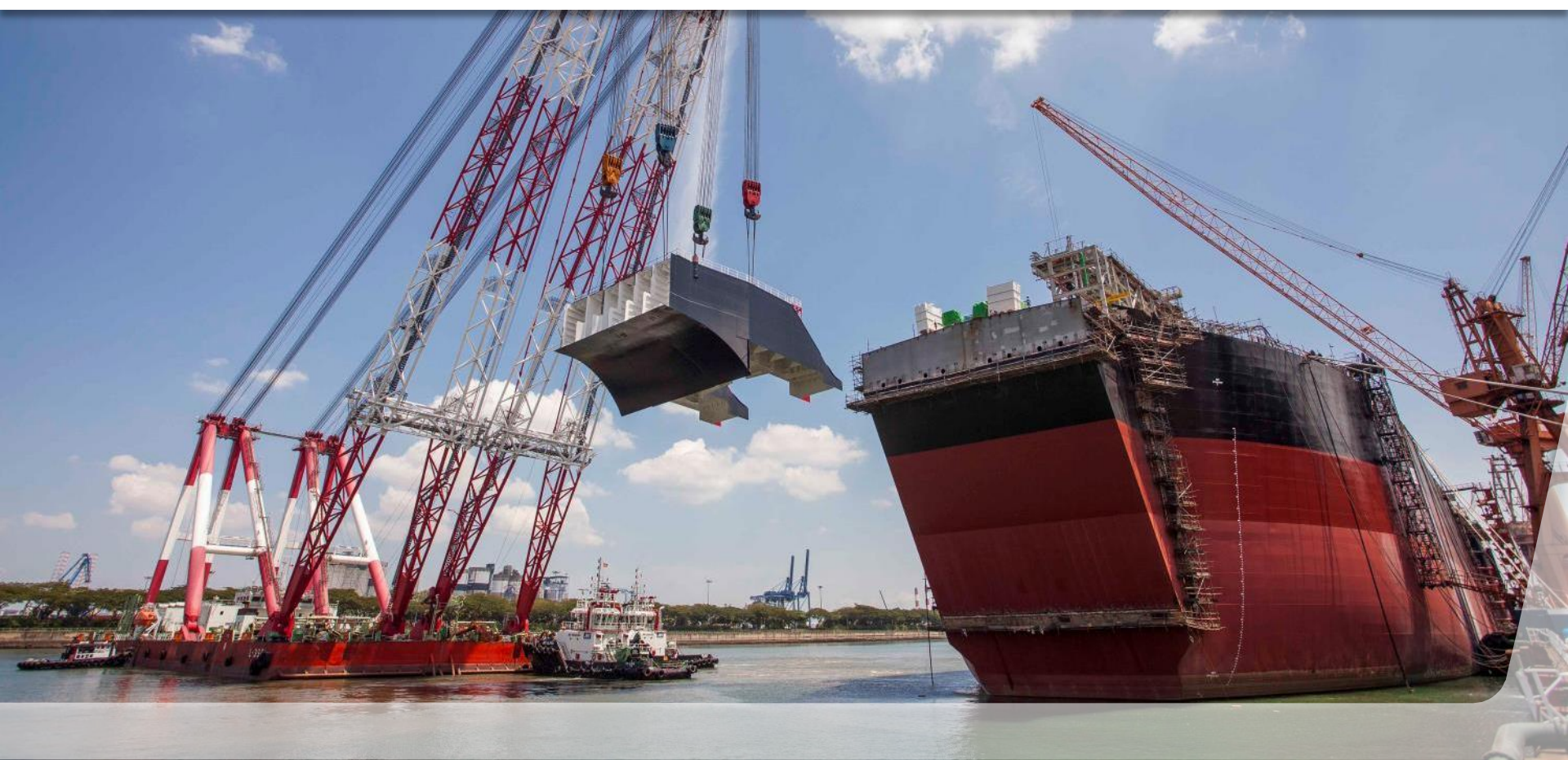


Tullow Oil plc

# ANNUAL GENERAL MEETING

30 April 2015



This presentation contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with the oil and gas exploration and production business.

Whilst Tullow believes the expectations reflected herein to be reasonable in light of the information available to them at this time, the actual outcome may be materially different owing to factors beyond the Group's control or within the Group's control where, for example, the Group decides on a change of plan or strategy.

The Group undertakes no obligation to revise any such forward-looking statements to reflect any changes in the Group's expectations or any change in circumstances, events or the Group's plans and strategy. Accordingly no reliance may be placed on the figures contained in such forward looking statements.

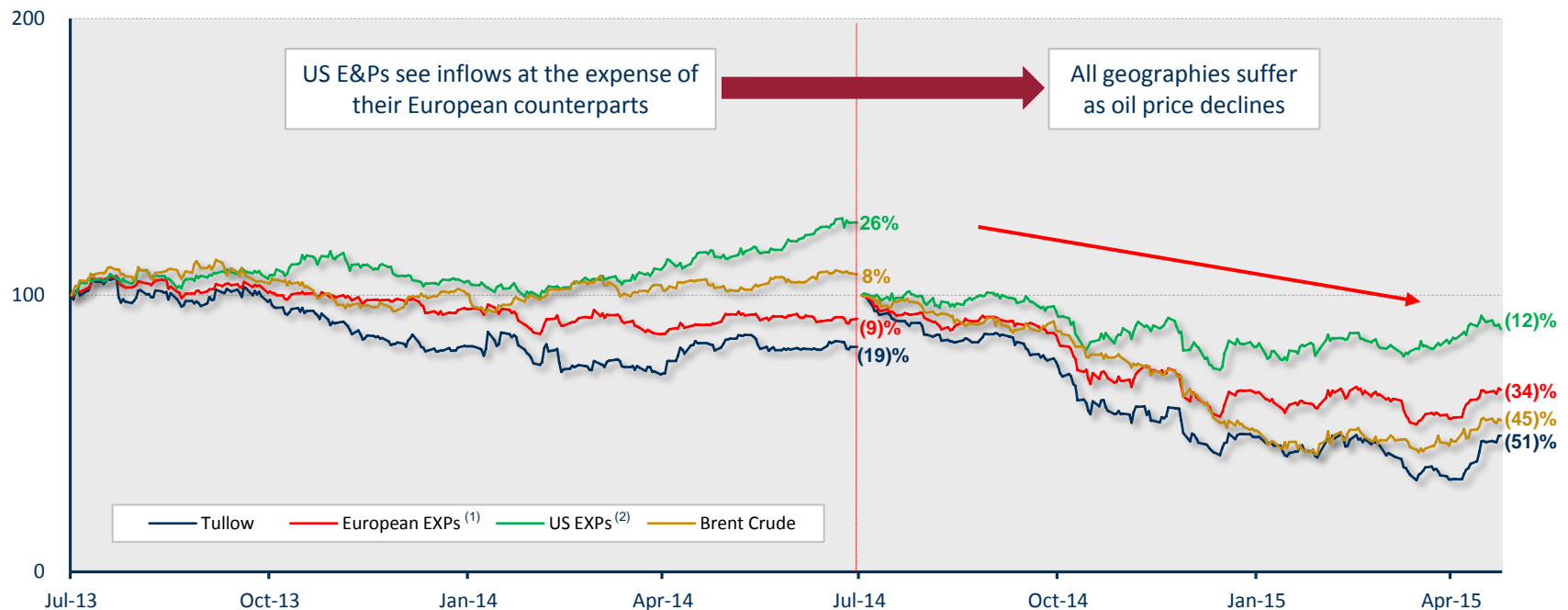
# Challenging market for Oil & Gas companies

## 1. Emerging US shale industry

- Changed investor focus
- Effect on oil supply / demand balance

## 2. OPEC decision and market reaction in H2 2014

- Significant fall in oil prices in 2014
- Effect on share prices especially in E&P sector



Source Capital IQ as at 24-Apr-2015

Notes: 1. European E&Ps are: Ophir Energy, Enquest, Premier Oil, Soco International, Tullow Oil, Nostrum, Exillon Energy, Cairn, Genel, Lundin  
2. US E&Ps are the S&P 500 E&P constituents

# 2014 Full year financial results

	2014	2013
Sales revenue	\$2,213m	\$2,647m
Gross profit	\$1,096m	\$1,493m
<i>Administrative expenses</i>	<i>(\$192m)</i>	<i>(\$219m)</i>
<i>(Loss)/profit on disposal</i>	<i>(\$482m)</i>	<i>\$30m</i>
<i>Goodwill impairment</i>	<i>(\$133m)</i>	<i>-</i>
<i>Exploration costs written off <sup>1</sup></i>	<i>(\$1,657m)</i>	<i>(\$871m)</i>
<i>Impairment of property, plant and equipment</i>	<i>(\$596m)</i>	<i>(\$53m)</i>
Operating (loss)/profit	(\$1,965m)	\$381m
(Loss)/profit after tax	(\$1,640m)	\$216m
Basic (loss)/earnings per share	(170.9c)	18.6c
Dividend per share	4.0p	12.0p
Capital investment <sup>2</sup>	\$2,020m	\$1,800m
Cash generated from operations <sup>3</sup>	\$1,545m	\$1,901m
Net debt <sup>4</sup>	\$3,103m	\$1,909m

<sup>1</sup> Before tax refunds   <sup>2</sup> 2013 excludes Spring acquisition and includes Norway capex on an after tax refund basis   <sup>3</sup> Before working capital movements

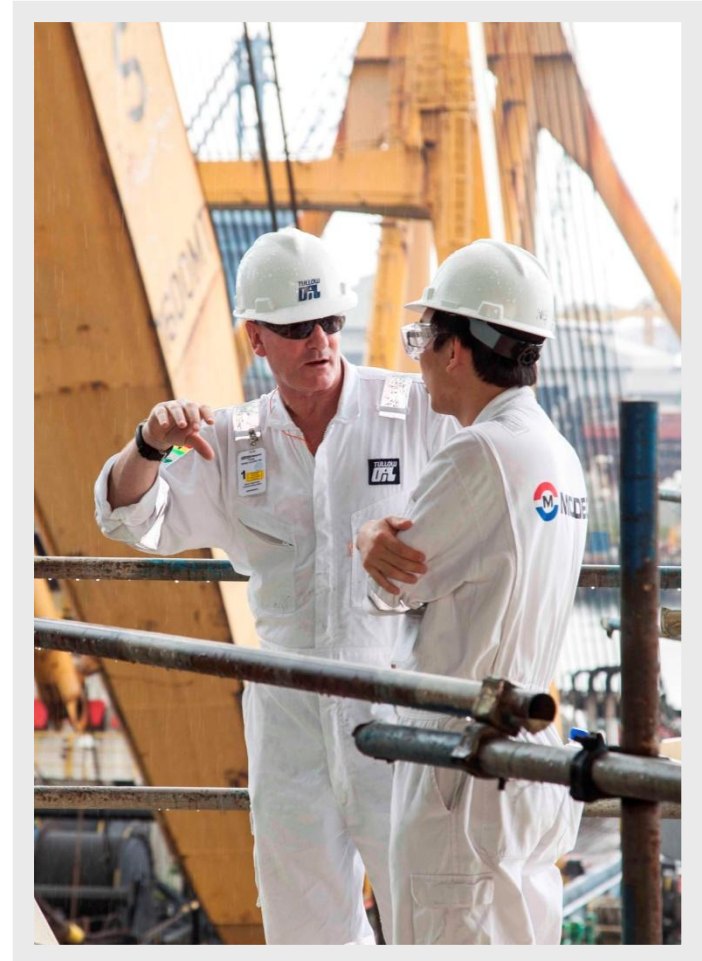
<sup>4</sup> Net debt is financial liabilities less cash and cash equivalents

2014 revenue and cash flow underpinned by strong West Africa oil production;  
Oil price decline and lower production; including impact of gas asset sales;  
Net Income impacted by significantly increased non cash charges

## Business reset for current market conditions

- Strong production and development business
- Reduced exploration budget focusing on low cost plays and long term options
- Reducing costs and dividend suspension provides increased flexibility
- Funded through TEN first oil
- Focused on delivering our projects, increased efficiency and positioning for future growth

Took prudent and proactive steps to position the business for a lower oil price





# West & North Africa

7

Countries

26

Licences

29

Years experience

71,300

Sq km  
Acreage

63,400

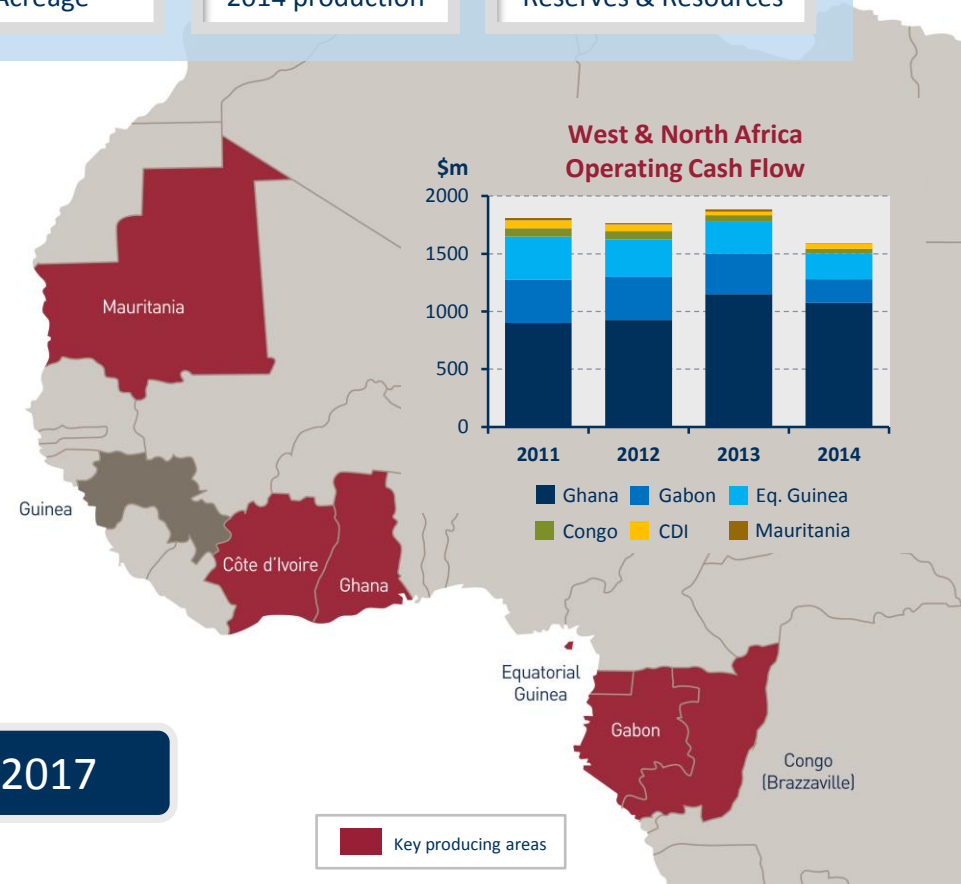
boepd  
2014 production

580

mmboe  
Reserves & Resources

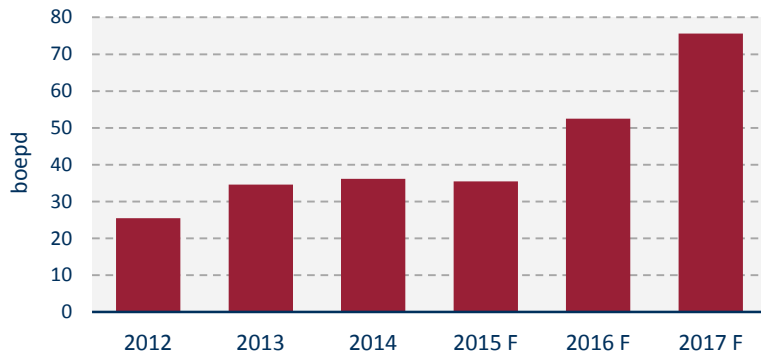
- Material business with potential to generate material cash flow
- Rising production base to over 100,000 boepd in 2017; significant future value growth
- Balanced fiscal regimes which encourage investment
- Strong relationships with key stakeholders
- Deep regional experience and footprint

Over 100,000 boepd net production in 2017

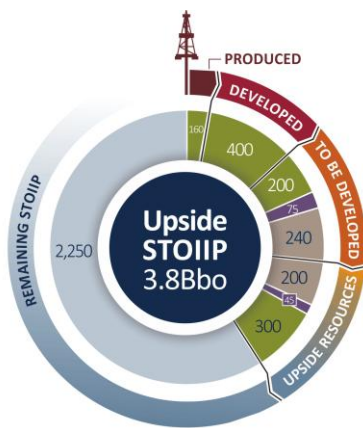


# Ghana: at the heart of Tullow

Tullow's production in Ghana



Ghana Resources



## Strong 2015 Jubilee production and cost performance

- Jubilee exceeded production guidance in Q1 at 103,000 bopd
- High FPSO operating efficiency underpinned 2014 performance
- Low operating cost ~\$10/bbl and cash break-even c.\$15-20/bbl
- Onshore gas processing facility online in November 2014

## TEN Project base case development

- 300 mmboe reserves being developed – 80% oil
- 24 well development – 10 wells on-stream at start up
- Gross development capex of \$4.9 billion
- Leased FPSO with facility capacity of 80,000 bopd
- Significant progress towards first oil; project over 55% complete
- ITLOS ruling clears the way towards first oil in mid-2016

# Progressing East Africa regional development

**3**

Countries

**10**

Licences

**10+**

Years experience

**85,000**

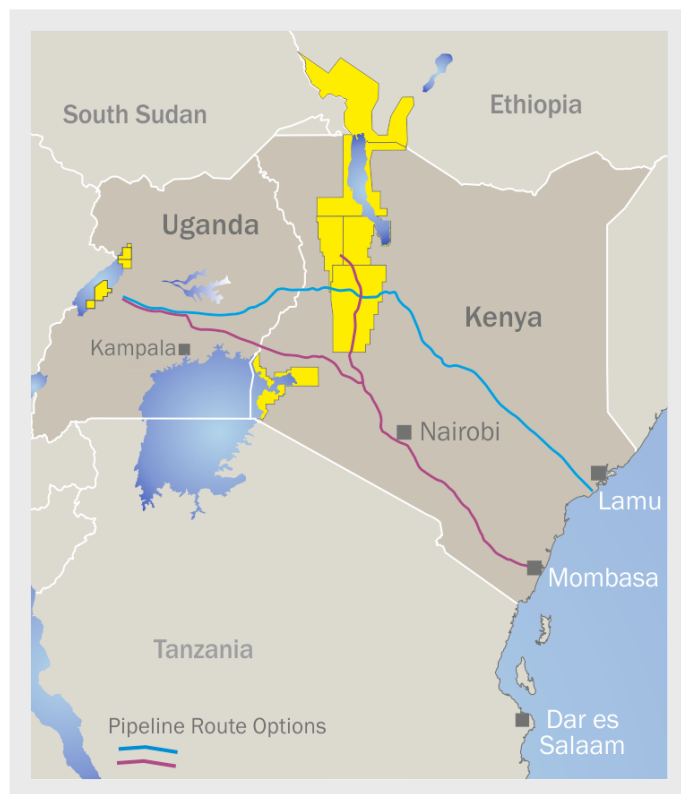
Sq Km  
Acreage

**2.3 Bbo**

Discovered  
Resources (Gross)

**1 to 5 Bbo**

Risked Yet to Find  
Resources (gross)



## East Africa upstream developments

- Good progress on development studies & resource base
- Uganda and South Lokichar gross oil resources – 2.3 billion barrels
- Kenya appraisal drilling & EWT ongoing
- Focused on development capex reductions
- Progressing towards option to sanction project by end 2016

## Key regional pipeline project progressing

- Upstream partners completed pipeline pre-FEED
- All parties working to align on optimal pipeline routing
- Commercial and tariff structure discussions under way
- GoU and GoK appointed technical pipeline advisor
- Significant focus on optimisation of pipeline capex c.\$4 billion
- Gross oil export rate from current resources c.300,000 bopd

Governments of Uganda & Kenya fully committed to export pipeline to unlock value of region's oil



# Low-cost exploration options

## Caribbean-Guyanas

### *Atlantic Margin Plays*

#### 1. Licence activity

- Prospecting & farming down

#### 2. Frontier wildcatting

- Spari in Suriname

#### 3. De-risked Core E&A

- Pending well results

## Norway

### *Atlantic Margin Plays*

#### 1. Licence activity

- Johan Sverdrup charge fairway (APA 2014)

#### 2. Frontier wildcatting

- Zumba & Hagar

#### 3. Core E&A

- Bjaaland in Wisting cluster

## Africa

### *Atlantic Margin Plays*

#### 1. Licence activity

- Prospecting & farming down

#### 2. Frontier wildcatting

- Evaluating new plays

#### 3. De-risked Core E&A

- Realising Ghana Upside

## East Africa

### *Onshore Rift Plays*

#### 1. Licence activity

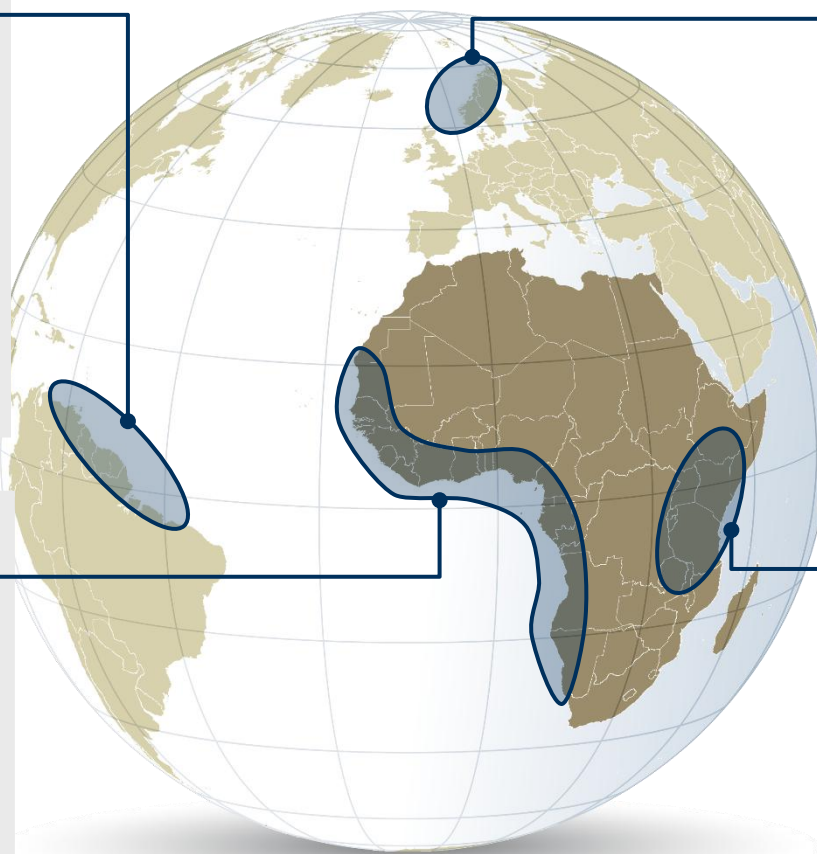
- Regional evaluation & prospecting

#### 2. Frontier wildcatting

- New basin testing & new basin axis play

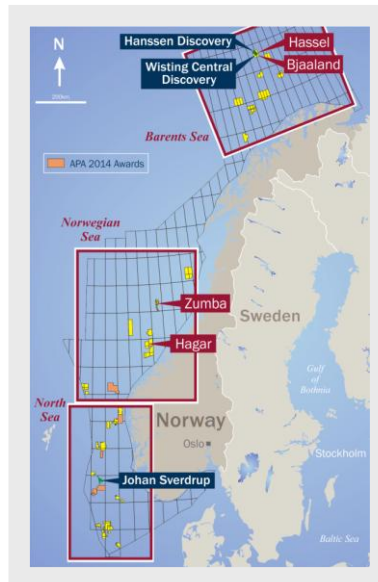
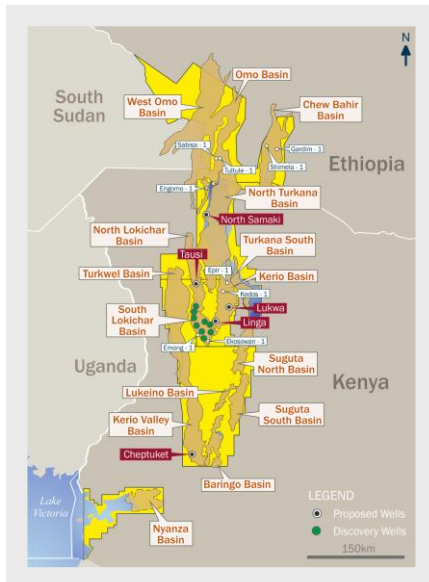
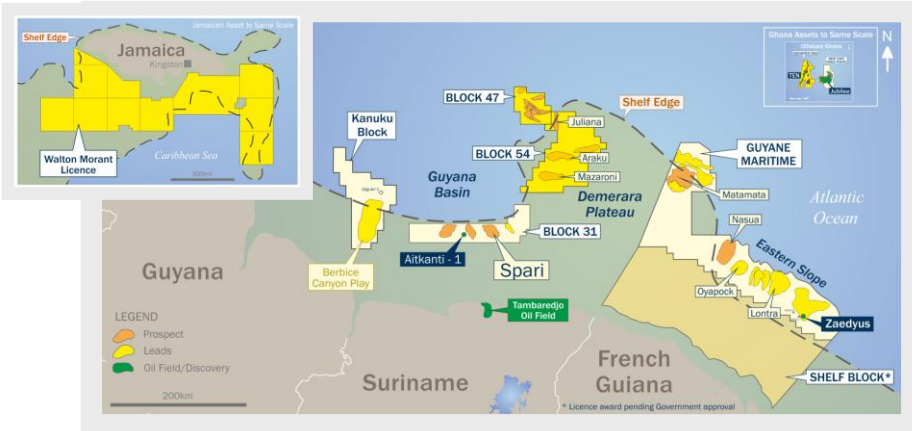
#### 3. De-risked Core E&A

- South Lokichar Basin



**Priority Exploration**

# Exploration remains at the heart of the business



## 18

Countries with  
expl activities

## 320,000

sq km

Expl acreage

## \$200m

2015 Expl  
Budget

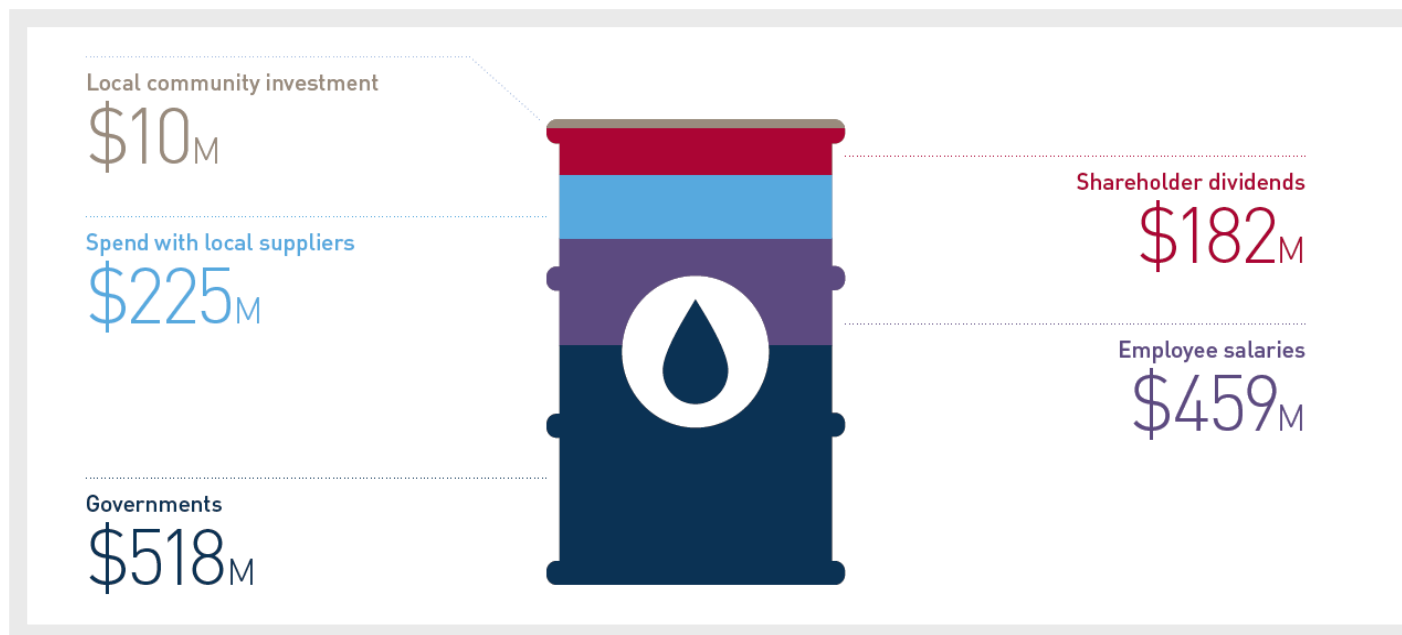
- Ambitious campaigns in Kenya, Norway and South America
- Building prospect inventory to drill once market conditions improve
- Key wells: Cheptuket (Kenya), Bjaaland and Zumba (Norway) and Spari (Suriname)
- Major exploration acreage positions in Namibia, Ethiopia, Kenya, Norway, Mauritania, Uruguay, Guyana, Madagascar, Guinea, Suriname, French Guiana

# Shared prosperity: transparency

## Transparency

- 2014 is the third year we have reported payments to governments
- Payments to governments were lower in 2014 due to a reduction in payments in kind caused by lower production entitlements per barrel in West and North Africa and lower income taxes as a result of higher Norwegian tax rebates.

### 2014 Total socio-economic contribution - \$1.4 billion



# Shared prosperity: Invest in Africa

- A cross-sector group of companies (local & international) working together to support investment into 5 key sectors across Sub Sahara Africa: Infrastructure, extractives, telecommunications, financial services & agribusiness
- IIA works with...



- ...and supports Local Content, builds SMEs capabilities and creates in country value through two major initiatives: the African Partner Pool and a \$1m grant from the African Development Bank



## Summary: action taken to enhance long term performance

### **Restructuring the business for the current challenging environment**

- Organisational changes will generate savings of c.\$500m of cost savings over three years
- Focused on delivering TEN and maintaining ongoing high margin West Africa production
- Secured additional funding capacity and amendment debt covenants
- Exploration teams focussed on cost efficient high-grading of asset portfolio
- Dividend suspended as part of overall measures to strengthen funding position
- Cash flows significantly enhanced by end 2016 with growing West Africa production

**Tullow is in a strong position to benefit as the sector recovers**

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