Tullow Oil plc

INVESTOR FORUM

14 May 2013

Disclaimer

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

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

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.

Substantially strengthened the business in 2012

- Basin-opening exploration success in Kenya
- Five new country entries (4 x Atlantic Margin, 1 x East Africa)
- Successful and cost-effective remediation of Jubilee
- Development plans presented in Ghana and Uganda
- $2.9bn farm-down in Uganda
- Refinancing of main debt facility; final maturity 2019
- Ongoing asset sales in Europe and Asia; Norway acquisition
- Total dividend for 2012 of 12p / share

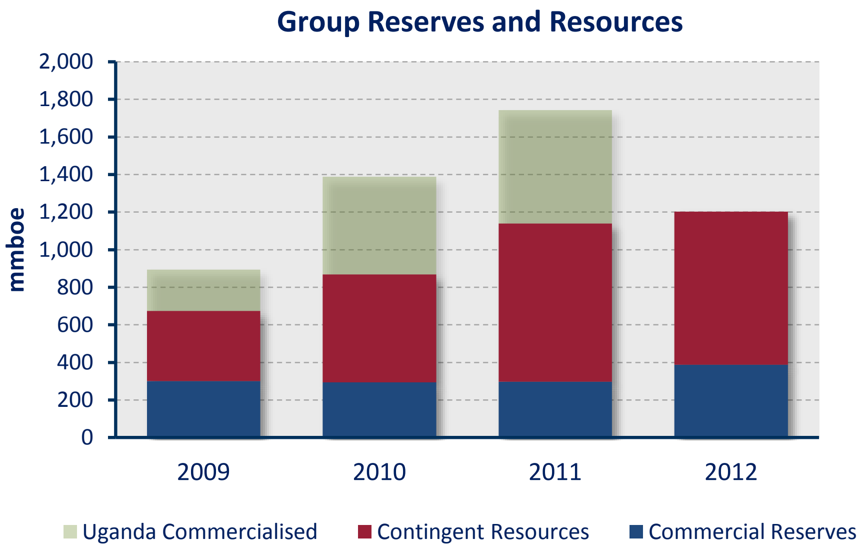
2012 financial summary

	2012	2011	Change
Sales revenue	$2,344m	$2,304m	**+2%**
Operating profit	$1,185m	$1,132m	**+5%**
Profit after tax	$666m	$689m	**-3%**
Basic earnings per share	68.8c	72.5c	**-5%**
Full year dividend per share	12.0p	12.0p	**0%**
Capital investment[1]	$1,870m	$1,432m	**+31%**
Cash generated from operations[2]	$1,777m	$1,832m	**-3%**
Net debt[3]	$989m	$2,845m	**-65%**

[1] 2011 excludes Nuon acquisition
[2] Before working capital movements
[3] Net of all cash balances

Balance sheet transformed in 2012; well positioned for 2013

Reserves and Resources

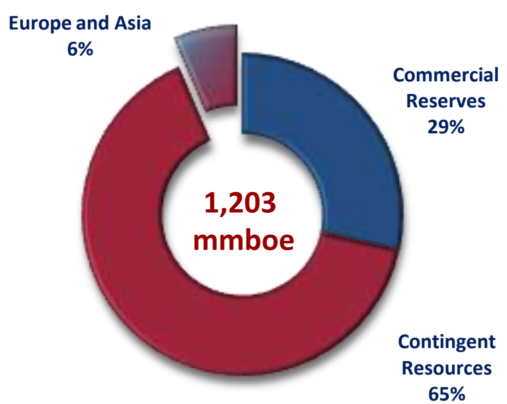


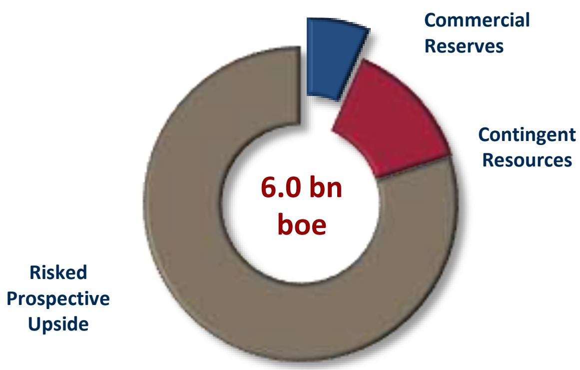
Reserves and Resources 1,203 mmboe

- Commercial Reserves - 388 mmboe
  - TEN transferred to Reserves - 112 mmbo
- Contingent Resources - 815 mmboe
  - Uganda Resources commercialised - 604 mmboe
  - Additions to Resources - 71 mmboe

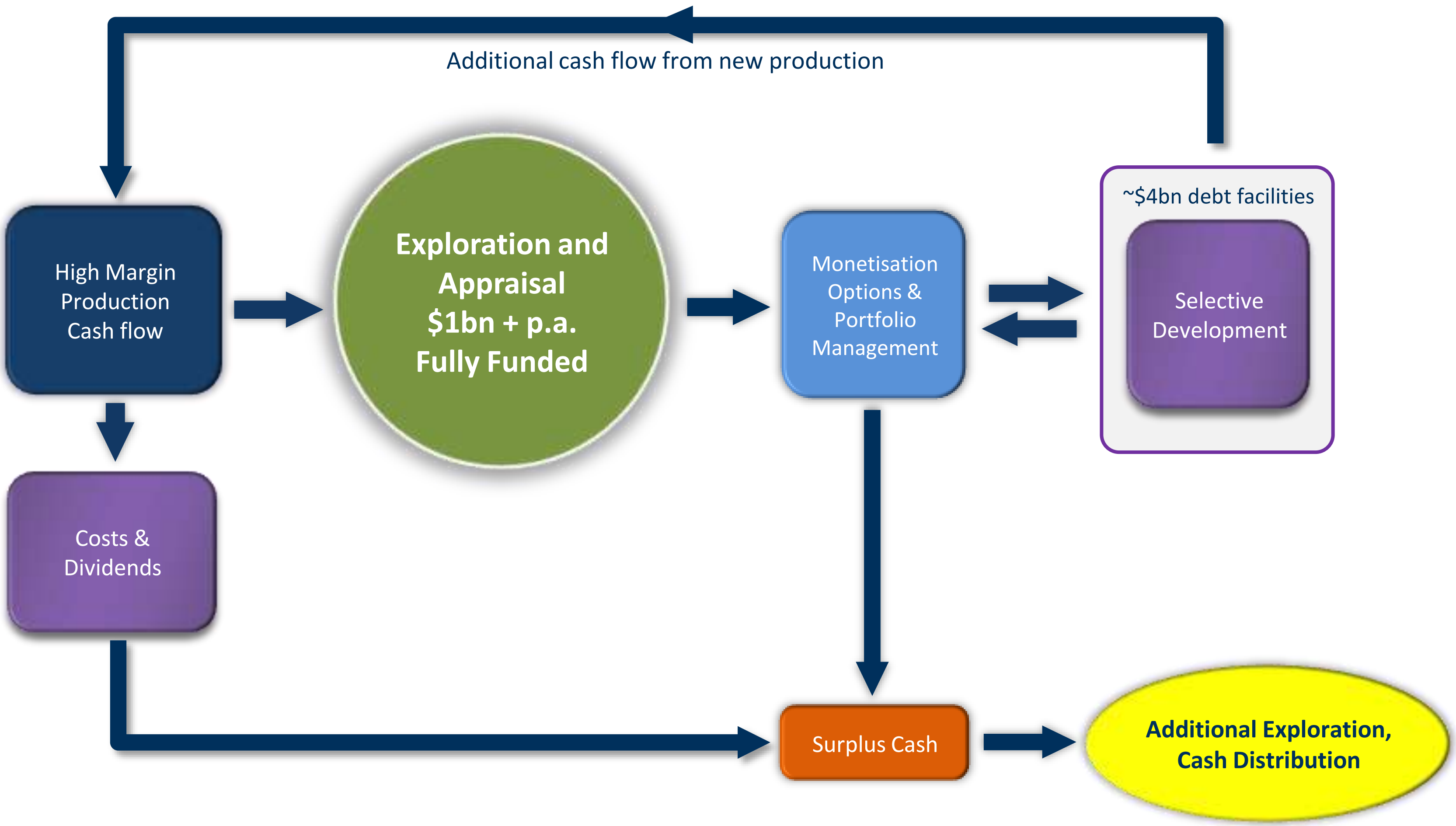
Total Resource potential 6.0 billion boe

- Commercial Reserves - 6% of total
- Reserve and Contingent Resource life ~37 years
- Risked Prospective upside c.4.8bn boe - 60% increase

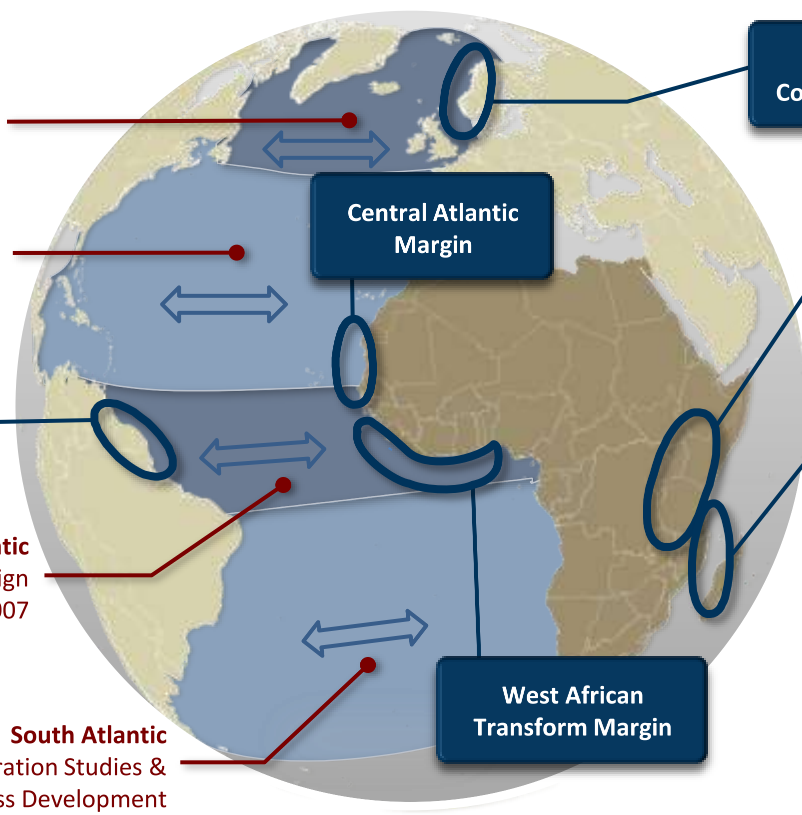




Tullow's exploration-led strategy



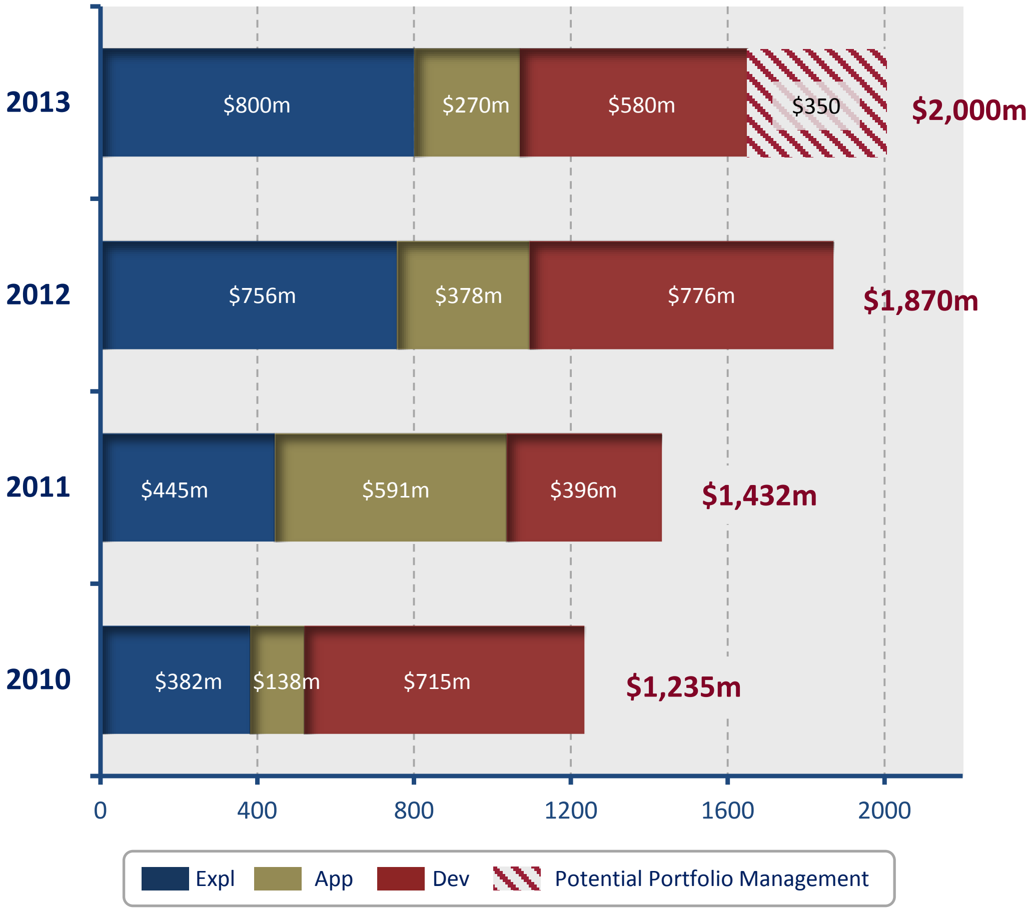
Exploration strategy is focused on Africa & Atlantic Margins



Success Ratios
74% in 2012
74% in 2011
83% in 2010
87% in 2009
77% in 2008

Core Plays

Capital expenditure for 2013

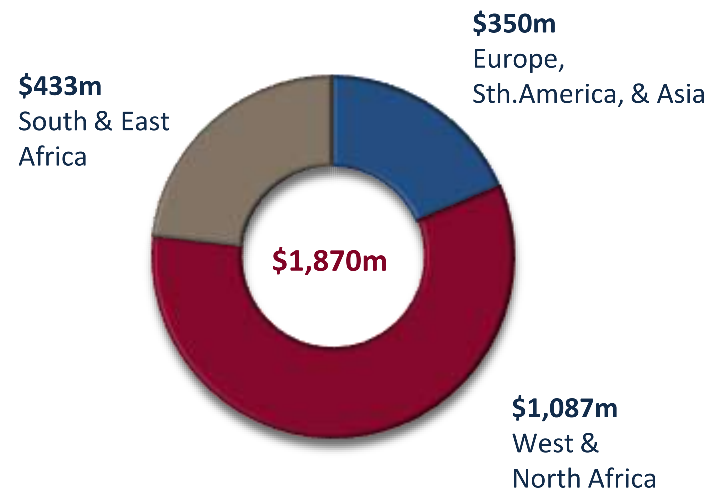


$2,000m for full year 2013

- Ghana: Jubilee phase 1A & TEN development
- Uganda: Continuing appraisal and development
- Other Africa: Maintaining mature production & high-impact exploration
- ROW: French Guiana appraisal and selected high-impact exploration

2012 capital split:

- >50% Ghana & Uganda; >80% Africa



Notes:
i) 2013 Capital expenditure excludes the Spring acquisition ($372 million).
ii) 2011 Capital Expenditure excludes the Nuon ($404 million) and Ghana EO ($98 million) acquisition.
iii) 2010 Capital Expenditure excludes the Heritage acquisition ($1.45 billion).

West & North Africa

Strong production & high-impact exploration & development

- 57,850 boepd production
  - Exceptional performance from Jubilee
  - Jubilee well issues resolved
- 647 mmboe total reserves and resources
- Major exploration campaigns in 2013
  - Mauritania, Côte d'Ivoire, Gabon
- Major development projects
  - Jubilee Phase 1A
  - TEN
  - Jubilee Full Field Development

Key: **E** Exploration **D** Development **P** Production

South & East Africa

Key: **E** Exploration **D** Development **P** Production

Significant milestones reached & new basin opened

- 441.6 mmboe total reserves and resources (post-Uganda sale)
- $433 million investment in 2012
  - E&A in Kenya, Uganda and Ethiopia

Uganda

- $2.9 billion Uganda farm-down deal completed
- Partners and Government of Uganda making good progress towards an agreed development

Kenya and Ethiopia

- New basin opened with discoveries in Kenya
  - Ngamia-1 and Twiga-1 positive flow tests
  - More potential from Lokichar 'string of pearls'

Europe, South America & Asia

New ventures & asset sales

- 21, 350 boepd production
- On-going French Guiana exploration campaign
  - Limited success this year, but oil in all three wells
- Acquisition of Spring Energy in Norway
  - Access to superb exploration prospects
- Non-operated licence in Greenland; no decision to drill in this highly prospective region until end 2014
- Divestment of assets in UK and Asia proceeding as planned
  - $42m sale of Tullow Bangladesh agreed

Key: **E** Exploration **D** Development **P** Production

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Tullow in Ghana

The Jubilee field

Jubilee production stable

- Strong production in 2013
- Average of 104,000 bopd year to date

Well capacity of over 120,000 boepd

- All Phase 1A wells completed by end Q3 2013
- Phase 1A project delivery on schedule and within budget

FPSO debottlenecking underway

- Oil capacity proven >120,000 bopd
- Gas capacity constraining oil production at ~110,000bopd
- Increased gas capacity in Q3 2013

Jubilee full field development plan

- Supports P50 Reserves of 700 mmboe, with upside
- ~ 20 infill well locations already identified
- Currently discussing plan with Government

TEN development – progressing to sanction

PoD submitted November 2012

- Discussions with GoG progressing towards approval
- FPSO and Subsea award decisions being finalised
- West Leo rig contract extended to 5 years
- First oil still targeted 32-36 months after PoD approval

Development Optimisation

- Base plan of c.23 injection and production wells
- Initial development recovers c.300mmboe (80% oil)
- Optimised for value at ~80,000bopd plateau rate
- Flexible design to manage potential future expansion
- Gross development capex of ~$4.5bn + leased FPSO
- Tullow net capex of ~$1.5bn pre-first oil

Tullow in Ghana

Investment

$669m invested by Tullow in Ghana in 2012

Supply chain

Tullow alone spent $114m with Ghanaian registered supply and service companies in 2012. Of this, $69.2m was placed with supply and service companies that were /are Ghanaian owned

Tax

Corporate tax of $40m in 2012; $39m paid in April for Q1 2013

Other taxes of $52.8m (VAT, PAYE, withholding tax etc)

People

89% of our local workforce are Ghanaian

Scholarships

50 scholarships awarded to Ghanaians for industry-related studies for 2012; 50 more to be awarded in 2013 /14

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Corporate Responsibility

How we do business

- We manage our business in a responsible way to maximise sustainable development opportunities for host nations.
- We are committed to ensuring long-term benefits to local people and economies where we operate.
- The foundation of shared prosperity is to be a successful and profitable company, so we can meet our obligations to governments, employees and suppliers and generate returns.
- Stakeholder engagement is critical for our operations and our approach to elements such as local content or EHS, directly affects our ability to run our business successfully.

Creating Shared Prosperity

Open, transparent disclosure

- We are committed to transparent disclosure of payments to governments and other stakeholders in the countries in which we operate
- Revenue transparency and disclosure enables a country's citizens to hold their government and Tullow to account
- Increased transparency helps to manage expectations of the impact the discovery of oil can have and over what timeframe
- We are taking the lead in our support for disclosure of payments to government and acting ahead of regulatory changes
- In our 2012 CR Report we are disclosing our payments to major stakeholders, including all payments and taxes to governments, monetary or in kind.

Full details in the 2012 CR Report, due out at the end of May.

 

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Conclusions

Conclusions

- Strong production base to fund industry-leading exploration
- Major developments making good progress securing revenue over the medium-term
- Strong and well-balanced financial position
- Major exploration campaigns throughout 2013 in Kenya, Ethiopia, Mozambique, Côte D'Ivoire, Mauritania, Norway and French Guiana
- Sales of assets in UK, Bangladesh and Pakistan on-going
- Strategy remains focused on exploring for light oil in Africa and the Atlantic Margins

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Questions and Answers

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