

Tullow Oil plc

2016 HALF YEAR RESULTS

27 July 2016



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TULLOW OIL PLC – 2016 HALF YEAR RESULTS

INTRODUCTION

AIDAN HEAVEY



Well-positioned for growth

Decisive action taken

Re-set to deal with low oil prices:

Moved early and decisively; cut capex, costs, headcount, dividend

Focused on low cost West African production

Maintained strong hedging programme

Retain strong banking relationships and liquidity

2014 / 15

Financially robust

Step change for Tullow with TEN first oil:

Increase in oil production and revenue with TEN start-up on budget and on schedule

Profitable in 1H 2016 despite challenging environment

Free cash flow generated from Q4 2016 even at low oil prices

Long-term solution identified at Jubilee; insurers notified

2016

Fit for new oil era

Flexible portfolio with major growth potential:

Profitable, low cost cashflow from West Africa

Low cost development options across Africa

Attractive exploration opportunities in Africa/S.America

Ability to match capex to oil price environment

Diversified balance sheet with a range of deleveraging options

2017+



TULLOW OIL PLC – 2016 HALF YEAR RESULTS

FINANCE

IAN SPRINGETT



Proactive financial management

Realising the benefits of early actions

Significant cost savings	<ul style="list-style-type: none"> • Gross G&A of \$215m, down 32% from 1H 2015 • Net admin expenses of \$69m, down 31% from 1H 2015 • Good progress on underlying operating costs
Capex reductions	<ul style="list-style-type: none"> • Capex c.\$1.0bn forecast for 2016 (down 41% vs FY 2015); significantly lower run rate post TEN completion

Financial resilience despite low oil price and operational challenges

A profitable period	<ul style="list-style-type: none"> • \$30m profit after tax despite lower oil prices and reduced Jubilee production
New production	<ul style="list-style-type: none"> • TEN Project first oil on 18 August, ramping up in 2H 2016
Hedge & Insurance protection	<ul style="list-style-type: none"> • Continued benefits of long-term hedging programme; Mark-to-Market position of \$322m at 30 June 2016 • Insurance in place for Jubilee turret

Capex flexibility and liquidity management

Capex flexibility	<ul style="list-style-type: none"> • Base capex of less than \$300m in 2017
Bank facilities	<ul style="list-style-type: none"> • Successful RBL redetermination 1H 2016; RCF facility extended to 2018
Convertible bond	<ul style="list-style-type: none"> • Further debt diversification with \$300m convertible bond

Decisive actions taken to manage costs, hedge volatility and to further diversify sources of funding and increase liquidity; Headroom plus free cash of \$1.0bn (\$1.3bn including the convertible bond)

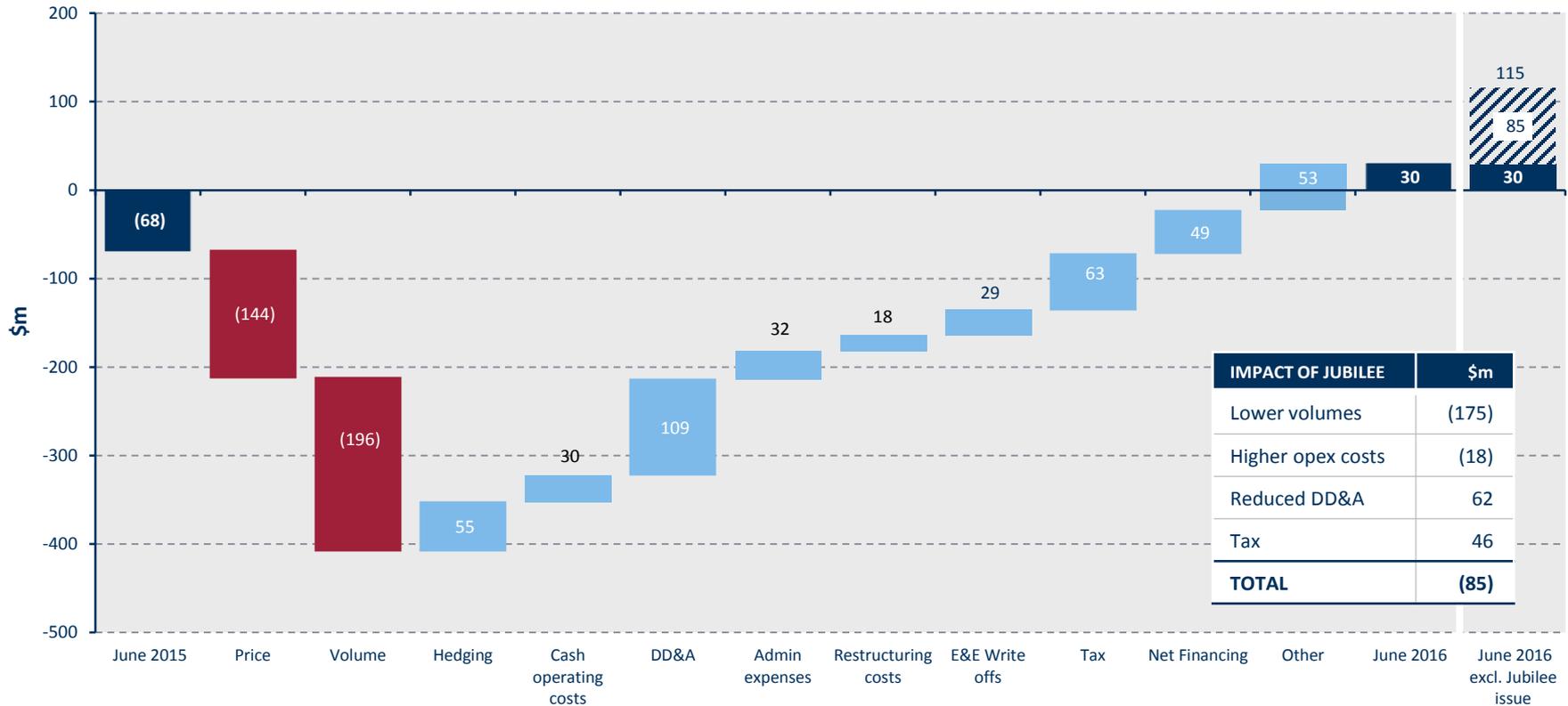
2016 Half Year Results Summary

	1H 2016 (\$m)	1H 2015 (\$m)
Sales revenue	541	820
Gross profit	182	342
<i>Administrative expenses</i>	(69)	(100)
<i>Restructuring costs</i>	(7)	(25)
<i>Loss on disposal</i>	(3)	(44)
<i>Exploration costs written off¹</i>	(59)	(88)
<i>Impairment of property, plant and equipment</i>	-	11
<i>Provision for onerous contracts</i>	(17)	-
Operating profit	27	97
Profit/(loss) before tax	24	(10)
<i>Uganda CGT charge</i>	-	(108)
<i>Other tax credits</i>	6	50
Profit/(loss) after tax	30	(68)
Capital investment	589	783
Cash generated from operations²	256	515
Net debt³	4,721	3,610

¹ Before tax refunds ²Before working capital movements ³Net debt is financial liabilities less cash and cash equivalents

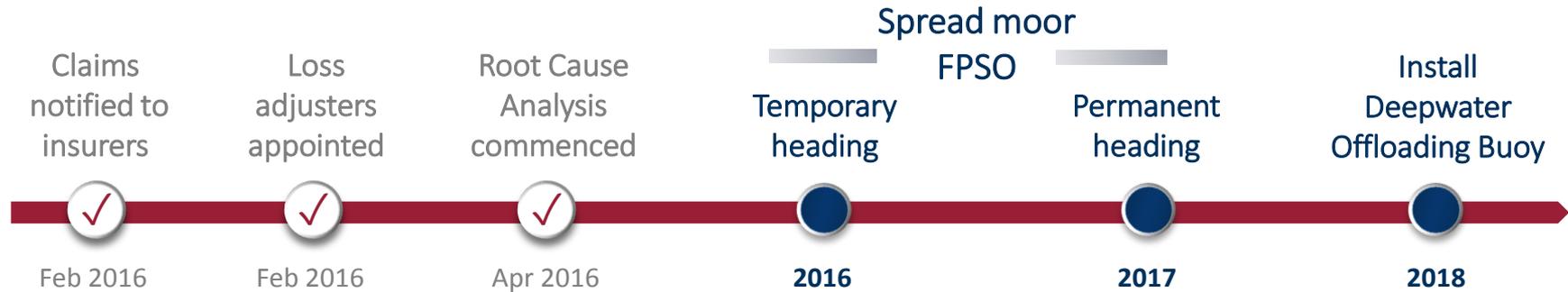
Tullow profitable despite lower prices and reduced Jubilee production

Generated first half profit in a challenging environment



Profit after tax for 1H 2016 despite lower realised prices and reduced production. Performance supported by reduced costs / DD&A plus hedging and FX gains.

Jubilee turret insurance expectations



Costs (Tullow net) – Hull & Machinery cover

Capex + Opex indicative claim	c.\$75m	c.\$115m	c.\$30m
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Business Interruption cover*

Shut-in	3 weeks @ ~50% prodn	8 – 12 weeks	4 – 6 weeks
Average gross production forecast (bopd)	c.74,000	c.70,000	c.93,000

Insurance Recovery Process

Expected timing of insurance receipts	2H 2016	As costs / losses are incurred
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Financial impact expected to be covered by comprehensive insurance programme

* Business Interruption cover:
 A) Includes the above estimated shut-down periods plus impact of revised operating procedures
 B) Claim from end May 2016, post 60 day deductible period

Industry leading hedge position

Hedge strategy unchanged

- Tullow has proactively hedged production to protect revenues over the last 10 years
- Significant liquidity benefit through protecting future revenues and generating RBL debt capacity
- Prudent during periods of higher development spend, allows business time to adjust to market volatility

Current oil hedge portfolio

- MTM value as at 30 June 2016: \$322m
- 70% of 2016 oil entitlement volumes hedged at c.\$74/bbl
- Hedge by purchasing a mix of Dated Brent options (puts, collars, 3-way collars)
- Tullow further differentiated by 2017 hedging position

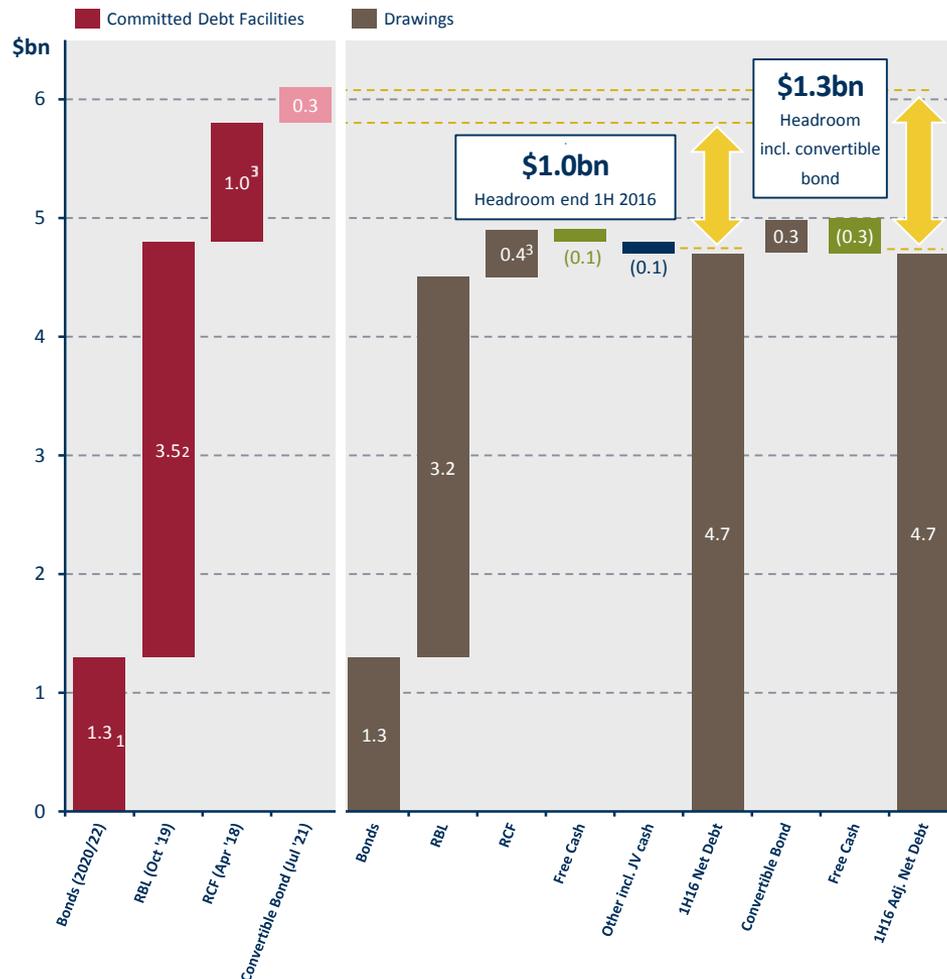
Hedge Position (as at 30 June 2016)	2H 2016	2017	2018
Oil Volume (bopd)	38,500	31,000	10,500
Average floor price protected (\$/bbl)	74.28	65.30	60.47
MTM value at 30 June 2016 (\$m)	150	146	26

Significantly mitigated lower oil prices during the TEN development; forward cover also in place

Managing balance sheet, debt diversification and liquidity

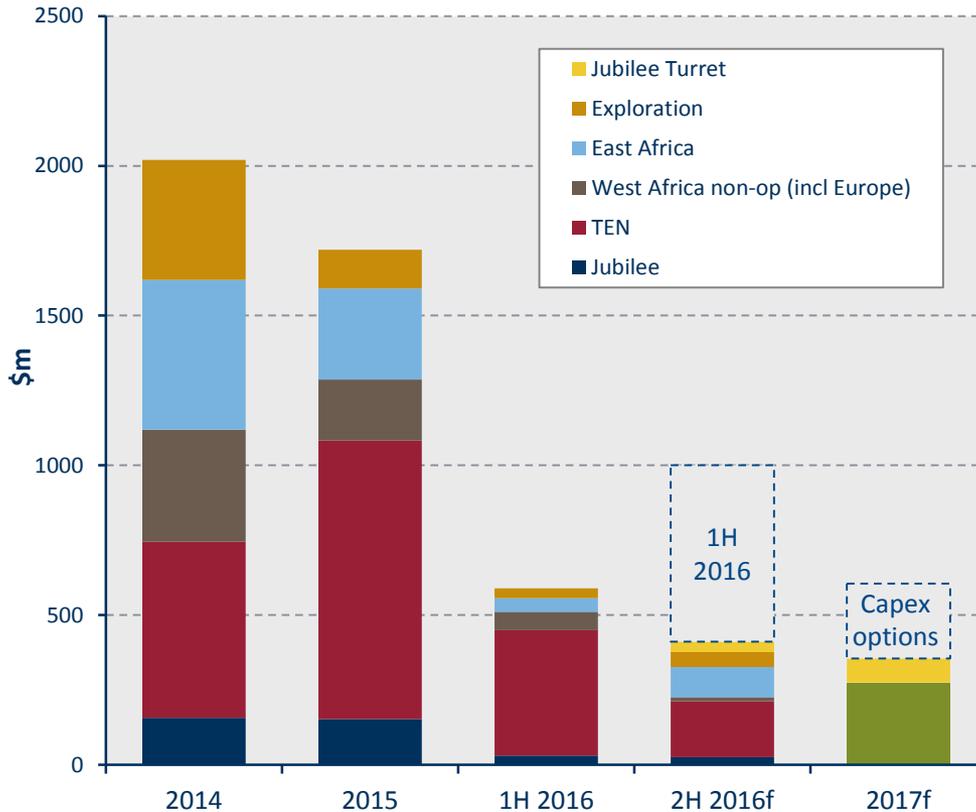
Overall liquidity	<ul style="list-style-type: none"> • \$1.0bn facility headroom plus free cash at mid-year 2016 (\$1.3bn including the \$300m convertible bond)
RBL	<ul style="list-style-type: none"> • Successful March 2016 semi-annual redetermination • c.\$200m excess commitments cancelled in April, Commitment amortisation c.\$250m in October • Refinancing expected ahead of further commitment amortisations from April 2017
Corporate Facility	<ul style="list-style-type: none"> • 12 month extension of maturity to April 2018 • Commitments reduce to \$800m from April 2017 • \$200m accordion feature agreed
Covenants	<ul style="list-style-type: none"> • Further amendment to the financial covenant on the RBL / RCF agreed in April 2016
Public debt	<ul style="list-style-type: none"> • \$300m convertible bond issued, tactical diversification; further strengthens balance sheet and extends debt maturity profile

Balance sheet and liquidity underpinned by diversified debt capital structure and long-standing bank relationships



(1) Two High Yield Bonds each at \$650m (Nov 2020, April 2022);
 (2) Reserve Based Lend facility, 6 monthly amortisation from Oct 2016
 (3) Revolving Corporate Facility, reduces to \$800m in April 2017; \$200m accordion feature agreed

Significant Capex reduction in 2017 post TEN project



2016 Capex of c.\$1bn

- Includes Jubilee turret project c.\$35m
- Final year of TEN first oil capex of c.\$600m

2017 Capex reduction

- Low oil price, near term cash flow management scenario c.\$275m
 - West Africa c.\$100m
 - East Africa c.\$100m
 - Exploration c.\$75m
- Jubilee turret project estimated at c.\$80m
- Additional Capex options of up to c.\$250m
 - Jubilee infill drilling c.\$75m
 - Progressing East Africa c.\$100m
 - Exploration c.\$75m
- Expectation of positive FCF in 2017 at \$50/bbl using higher additional capex scenario

Notes:
 i) Exploration expenditure is net of Norwegian tax refund
 ii) Capital costs exclude decommissioning costs and onerous rig contracts

Ability to adjust future capex to reflect oil price and market conditions

Financial strategy provides flexibility for future growth

Financial resilience

- Continuing to drive down Opex and G&A
- Significant hedging in place for 2H 2016 and 2017
- Capex flexibility post TEN; 2017 potential below c.\$300m
- Jubilee turret project being managed; insurance in place
- TEN field first oil on 18 August 2016

Prioritising deleveraging

- Free cash flow positive from 4Q 2016
- Continuing to pursue portfolio management options
- Target NET DEBT / EBITDA <2.5X over time

Managing liquidity

- \$1.0bn headroom plus free cash end 1H 2016 (\$1.3bn including the convertible bond)
- Quality assets and diversified debt capital structure
- Supportive relationships with banks and bond holders



TULLOW OIL PLC – 2016 HALF YEAR RESULTS

DEVELOPMENT & OPERATIONS

PAUL McDADE



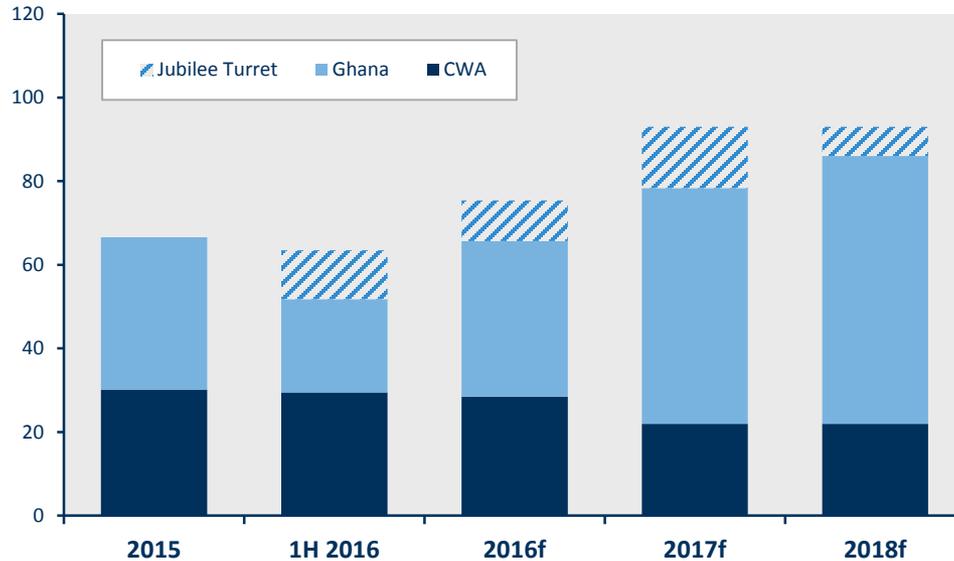
Significant West African oil production growth post TEN

1H 2016 West Africa oil production: 51,800 bopd

FY 2016 guidance: 62-68,000 bopd

- *Jubilee turret project impacting physical production*

West Africa Oil Production

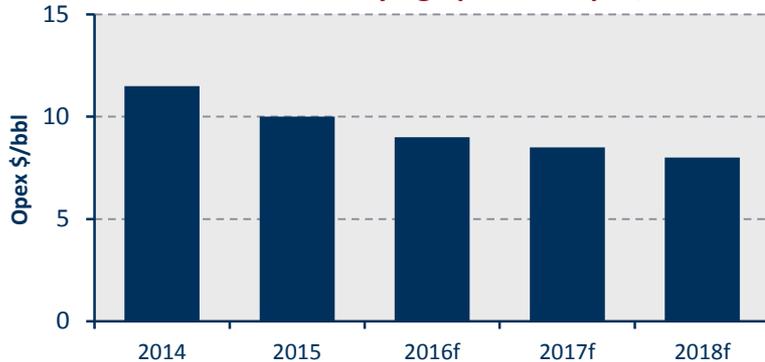


1H 2016 Europe gas production: 6,600 bopd

FY 2016 guidance: 6-7,000 bopd

West Africa portfolio: low underlying opex and flexible capex

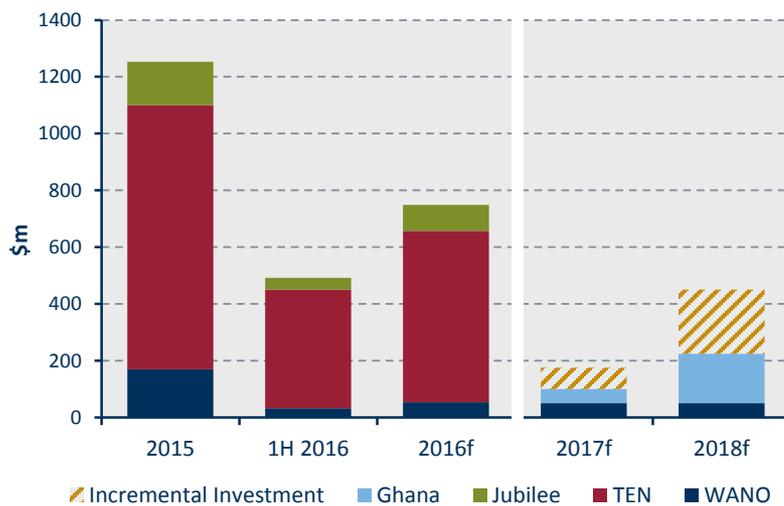
Ghana underlying operated Opex/bbl



Strong underlying opex performance in Ghana

- Underlying Ghana opex reduced to ~\$9/bbl in 1H 2016
 - Contract renegotiations and efficiency improvements
- Targeting underlying Ghana opex in 2018 of ~\$8/bbl
 - Synergies of operating 2 fields
- Insurance claim covers Jubilee Turret incremental opex

Tullow West Africa net development capex



West Africa capex flexibility post TEN

Non-operated:

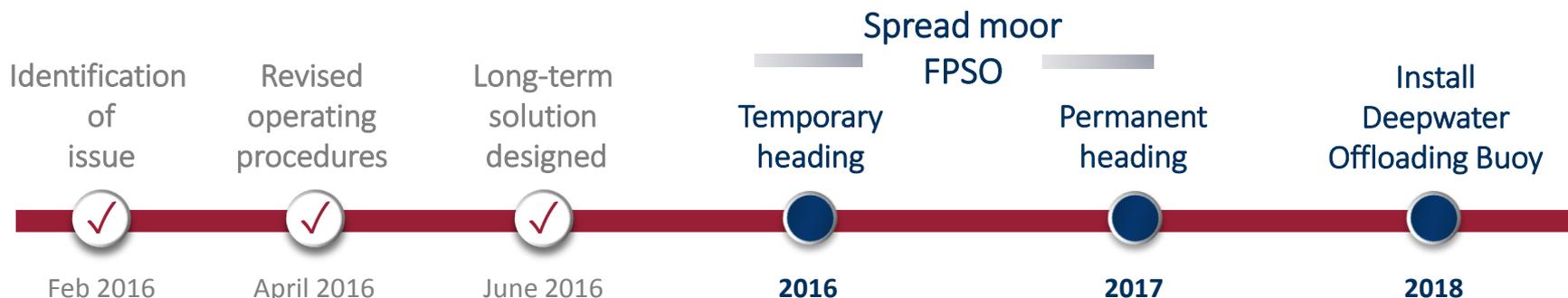
- 2016 portfolio capex reduced from \$100m to ~\$50m
- Investment opportunities exist to manage production decline

Ghana:

- TEN capex:
 - 1H2016 – c.\$400m; 2H2016 – c.\$200m
 - 2017 TEN limited due to ITLOS
- Jubilee capex
 - 1H 2017 limited due to turret
 - 2H 2017 potential to restart infill drilling
- 2018+ significant investment opportunities across TEN/Jubilee

Note: Underlying Opex and Capex data excludes impact of Jubilee Turret project

Jubilee turret project under way



Costs

Gross Capex	c.\$85m	c.\$200m	c.\$50m
Gross Opex	c.\$115m	c.\$105m	c.\$35m

Tullow net paying capex/opex equity: 39.61% / 35.48%

Production Impact

Shut-in	3 weeks @ ~50% prodn	8 – 12 weeks	4 – 6 weeks
Temporary capacity constraint (bopd)	~100,000	~100 – 110,000	~110 – 120,000
Average gross production forecast (bopd)	c.74,000	c.70,000	c.93,000

- Experienced project team in place, leveraging TEN team and processes
- Spread moor solution supported by Government of Ghana; approvals being progressed
- Opportunity being taken to pursue upgrades to FPSO; reservoir and well performance unaffected
- Working to return to normal production levels post permanent spread moor installation

Jubilee – long-term asset with flexible investment opportunities

Performance in 2016

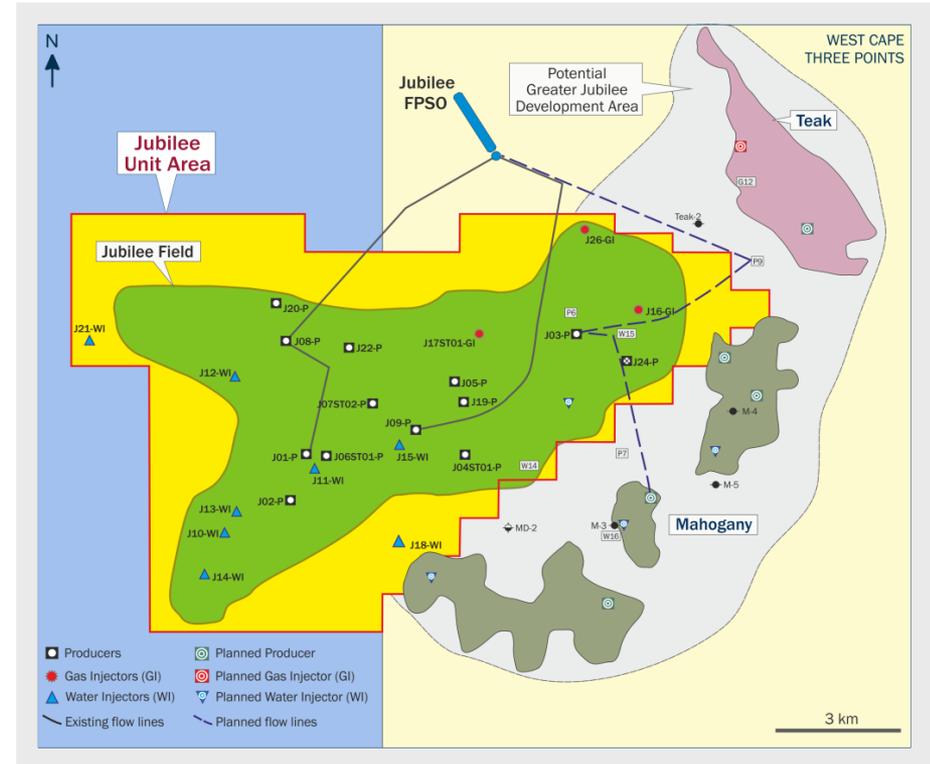
- 1H 2016 average gross production: 63 kbopd
- FY 2016 guidance: 74 kbopd (2H 2016: 85 kbopd)
- Gas exports continue to onshore processing facility

Greater Jubilee Full Field Development

- GJFFD plan submitted to Government of Ghana Dec 2015
 - Development redesigned for current environment
 - Extends production plateau and increases reserves
 - External market increases flexibility on investment timing
- Targeting GJFFD plan approval mid-2017

Ghana exploration opportunities

- Near-field Jubilee and TEN exploration potential to extend production plateau
- Broader exploration potential in Ghanaian acreage



TEN Project – industry leading project execution

First Oil achieved on 18 August 2016

- Production steadily ramping up
- Project delivered on time and within budget

Exceptional project delivery

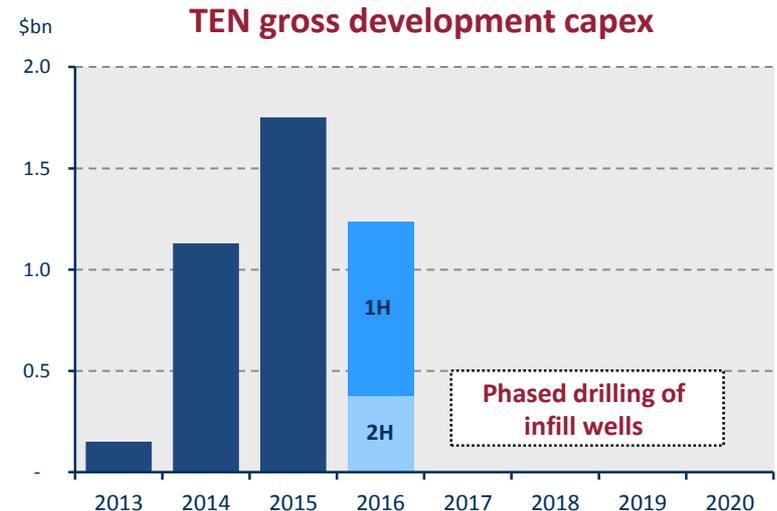
- Focused and empowered Tullow project team
- Robust project execution and contract plan at sanction
- Strong Government support and alignment
- Benchmarking data shows industry leading execution

Production ramp up to FPSO capacity ~80 kbopd by around the end of 2016

- 23 kbopd average gross annualised production in 2016
- 65 kbopd average gross production in 2017
- Drilling to recommence post ITLOS decision in late 2017



Successfully delivered our 2nd major operated deepwater development



Firming-up Kenya's oil resources ahead of development

Appraisal to continue

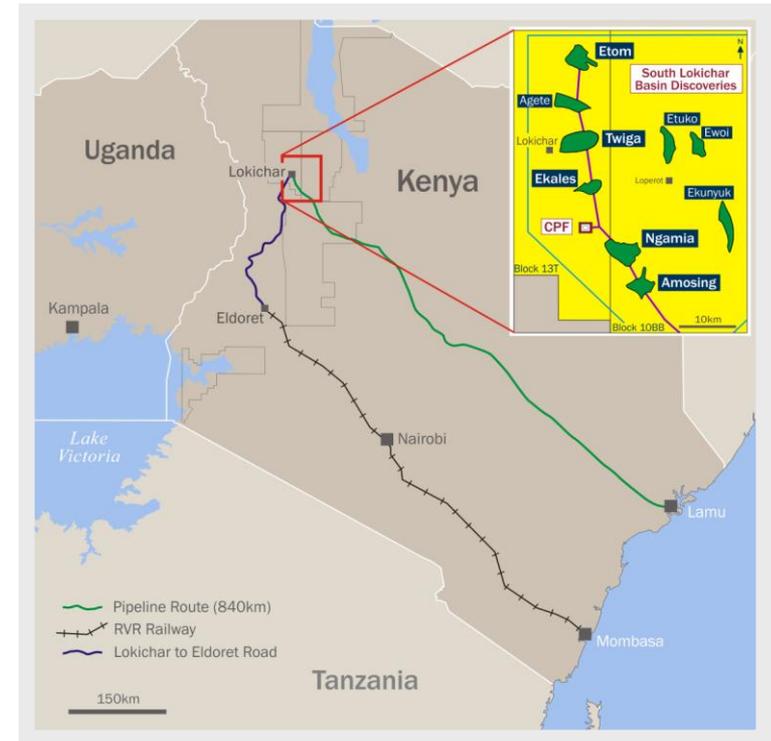
- South Lokichar resource - 750 mmbo; 1 bnbo upside
- Successful extended well tests in Amosing & Ngamia
- Water injection testing 3Q 2016
- 3D seismic highlights additional upside in Amosing & Ngamia
- Restart of Exploration and Appraisal drilling 4Q 2016

Early Oil Pilot Scheme (EOPS)

- GoK support for c.2,000bopd pilot 2H 2017; road export
- Conventional low-cost, self-funding onshore production utilising existing infrastructure
- Provides valuable dynamic reservoir data
- Implementation experience will assist planning for FFD

Full Field Development

- Targeting 80-120,000 bopd gross production via pipeline
- Environmental and Social Impact Assessment studies under way
- Expect to commence FEED in early 2017; FID 2018
- Full cycle cost \$25 to \$30 / bbl (capex, opex & tariff)



Pursuing upside volumes through E&A, de-risking FFD through EOPS and progressing FFD of low cost oil opportunity

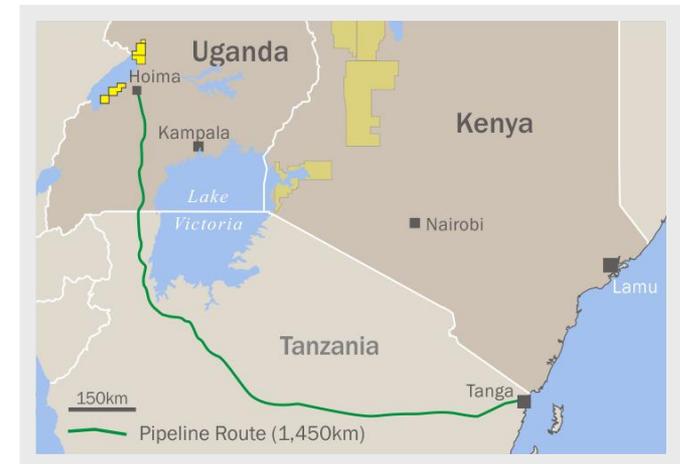
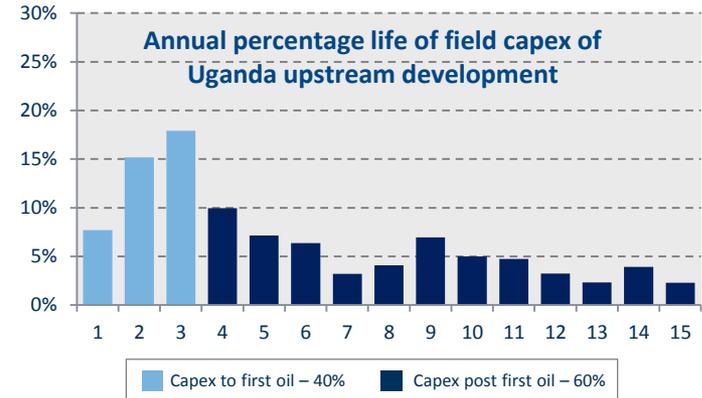
Progressing Uganda's Lake Albert basin development

Upstream developments progressing towards FEED

- Project definition is mature; de-risked resource of 1.7 billion barrels
- Targeting 200 to 230 kbopd production through pipeline
- Approval of Field Development Plans and award of production licences expected shortly
- Environmental and Social Impact Assessment under way
- Expect to commence FEED in early 2017; FID 2018
- Competitive low full cycle cost of c.\$25/bbl (capex, opex & tariff)

Uganda – Tanzania pipeline

- Pipeline route from Hoima to Tanga port agreed
- Total & Governments of Uganda and Tanzania leading pipeline project
- Tariff cost to Tullow estimated to be \$10-12/bbl
- Good progress being made on pipeline development:
 - Pipeline corridor fieldwork under way
 - Legal advisors appointed
 - Commercial framework discussion under way
- Governments supporting land access and favourable fiscal framework
- Expect to commence FEED in early 2017



Robust development making good progress following pipeline route decision

Portfolio with significant future production potential

TEN Project delivery

Industry leading project execution, first oil on 18 August 2016

Ghana upside options

Significant resource upside, low cost incremental investment options across Jubilee and TEN

Jubilee Turret project

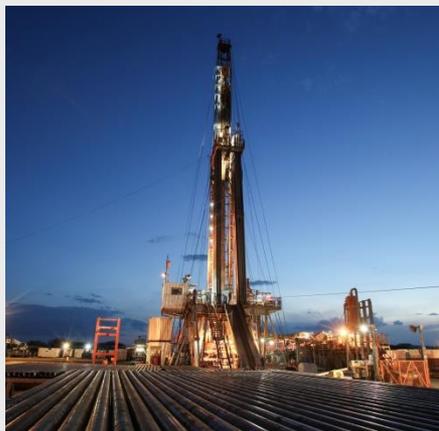
Experienced project team implementing long-term solution

West Africa non-op

Portfolio currently being run at minimum capex, flexible investment options to offset production decline

Opportunities in East Africa

World class oil province, resilient to low oil prices, potential to benefit from low cost environment, significant upside potential



TULLOW OIL PLC – 2016 HALF YEAR RESULTS

EXPLORATION & APPRAISAL

ANGUS McCOSS



Exploring in the current environment

Strategy steadily evolves

- Exploration continues to be central to Tullow's value growth strategy
- Strong portfolio & attractive programmes adapted for current environment & long-term upside

Focus on material low-cost oil plays

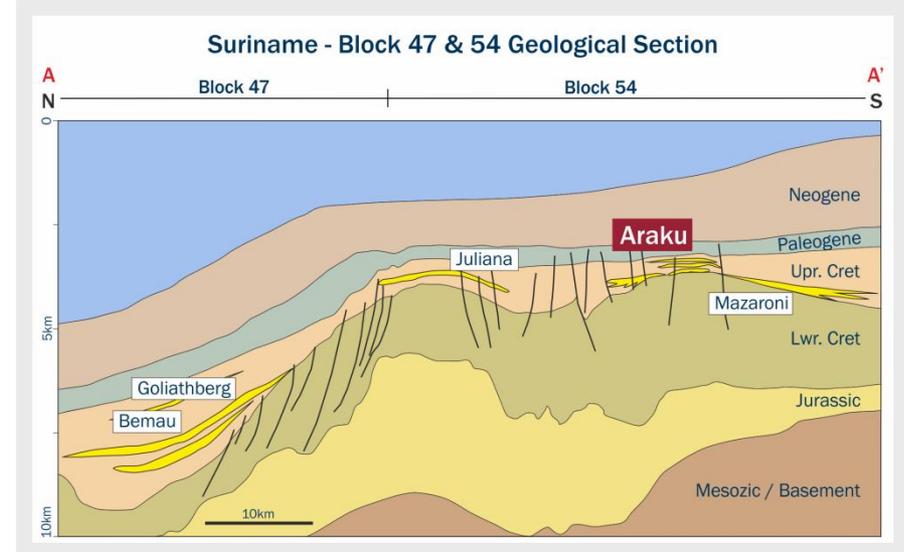
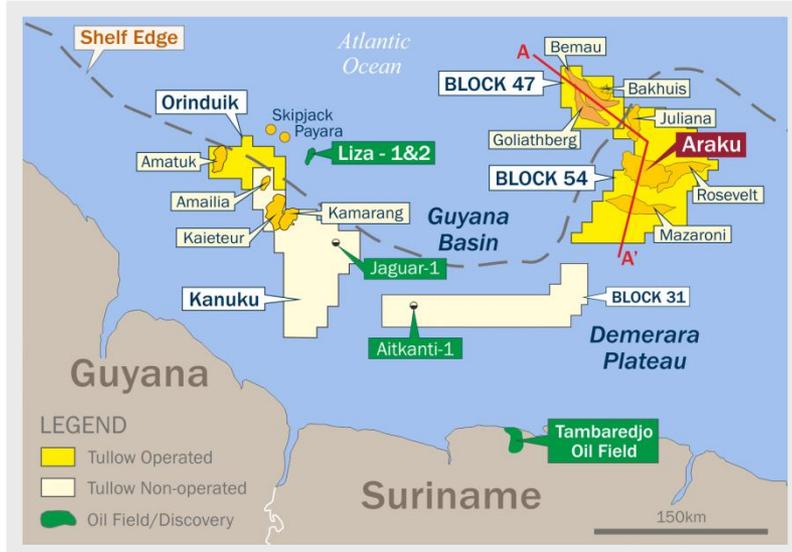
- Exciting programme launched in Guyana-Suriname
- Drilling to commence on high-ranking prospects in Kenya, Q4 2016

Mature & replenish our portfolio

- Generating high-impact drillable prospects for future growth
- Adding attractive exploration acreage suited to low oil price

Leveraging minimal spend for maximum impact

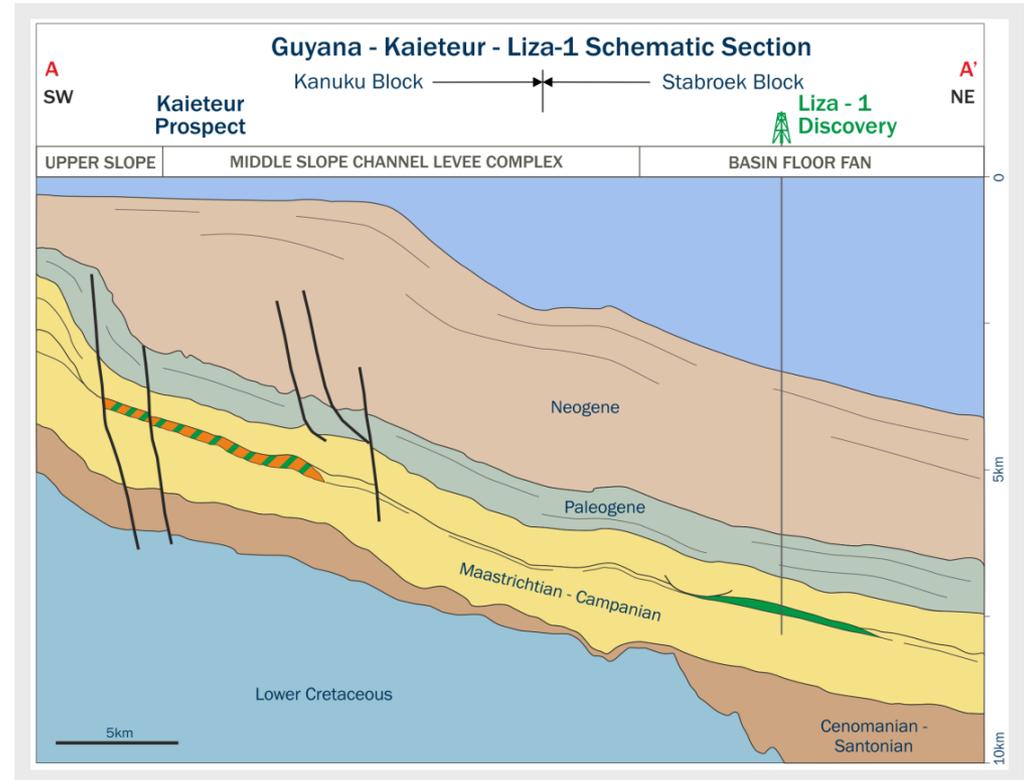
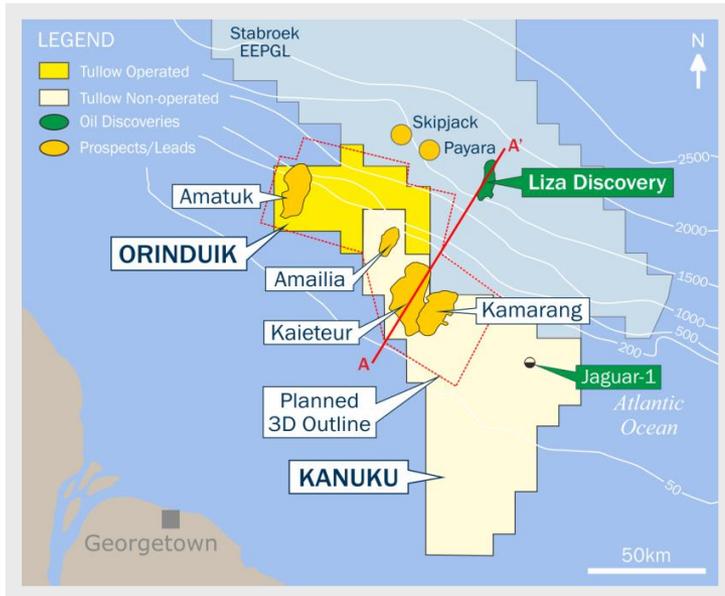
Guyana-Suriname: excellent position in new oil province



- Liza-1 deepwater oil discovery significantly de-risks the basin & Tullow’s regional acreage
- Araku: 500mmbo prospect in four-way closure, good seismic amplitude support
- Araku estimated well cost of c.\$14 million net to Tullow (Operator 30%)
- Multiple high-quality prospects identified for follow-up drilling in 2018+

Game-changing low-cost prospects with multiple follow-up potential

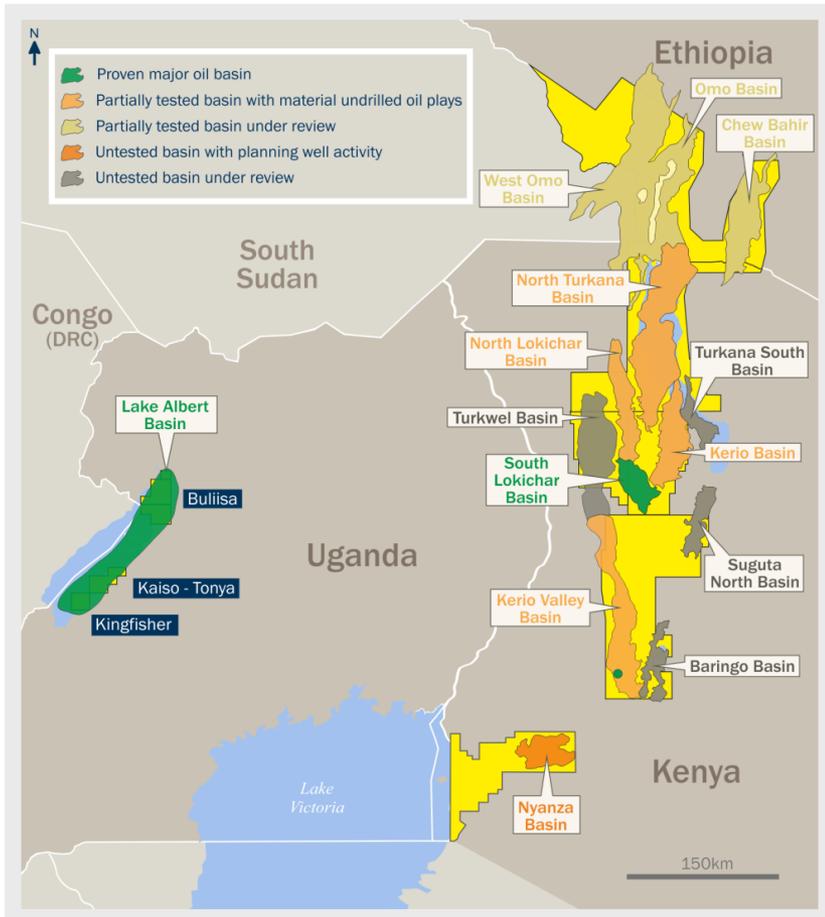
Guyana: prospects up-dip of Liza-1 discovery, in shallow water



Exploration activity commenced

- Preparing to acquire 3D seismic
- Jubilee-like setting up-dip of Liza oil discovery
- Kaieteur estimated well cost of c.\$15 million net to Tullow (non-op 30%)
- Shallow water concept engineering
- Up-dip leads paired with deepwater prospects

Onshore East Africa: exploring regional oil play



Location	Activity
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Uganda

Lake Albert Basin	<ul style="list-style-type: none"> • 17+ oil fields discovered (90% success) • 1.7 billion barrels of oil discovered
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Kenya

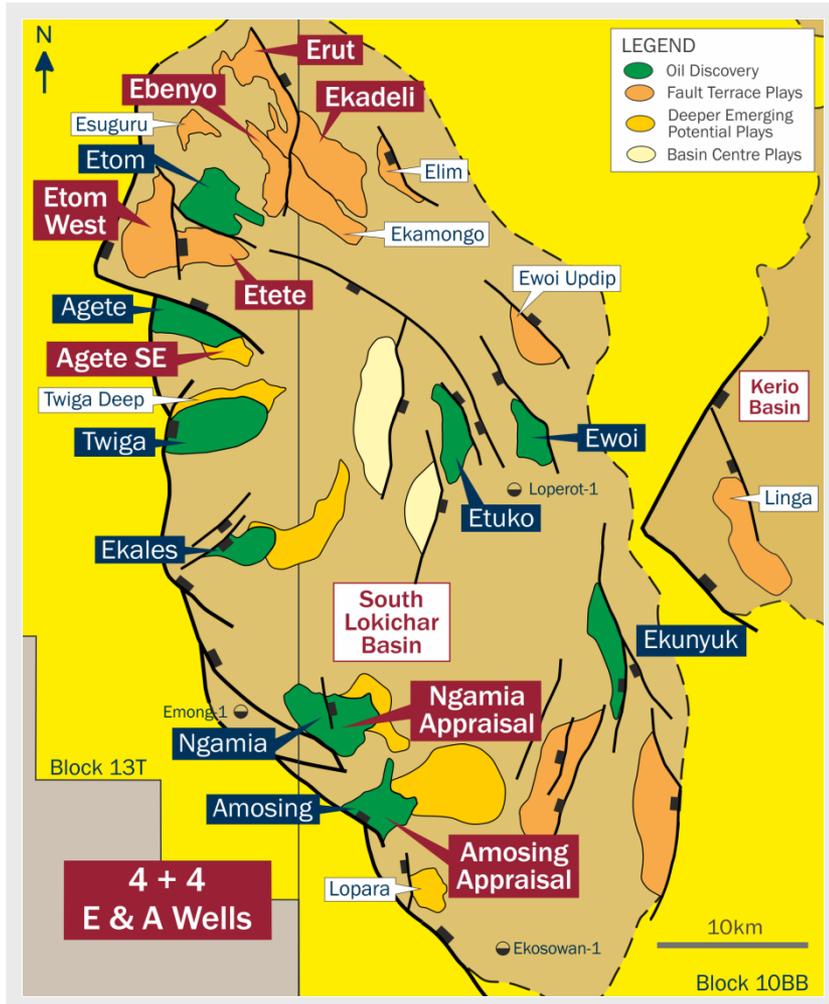
North Turkana Basin	<ul style="list-style-type: none"> • Basin margin play unsuccessful at Engomo-1 • Independent plays away from basin margin untested
North Lokichar Basin	<ul style="list-style-type: none"> • No commercial accumulation at Emesek-1 • Post well analysis in progress
South Lokichar Basin	<ul style="list-style-type: none"> • 9 oil accumulations (750 mmbo resource base) • + 2 technical discoveries (tight oil plays) • 1 billion barrel upside potential in basin • New northern oil play domain established by Etom-2 • Additional plays & prospects still to be tested
Kerio Basin	<ul style="list-style-type: none"> • Basin margin play unsuccessful at Kodos-1 • Epir-1 established a working oil system • Independent plays in main basin untested
Kerio Valley Basin	<ul style="list-style-type: none"> • Cheptuket-1: 700m of oil shows • FTG currently being acquired

New basin testing wildcats

Nyanza basin	<ul style="list-style-type: none"> • Still to be tested. FTG planned.
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Opportunity to open one or two more basins

Kenya: E&A drilling programme in South Lokichar Basin



Material proven oil basin

- 9 oil accumulations discovered
- 750mmbo resource base confirmed by tests

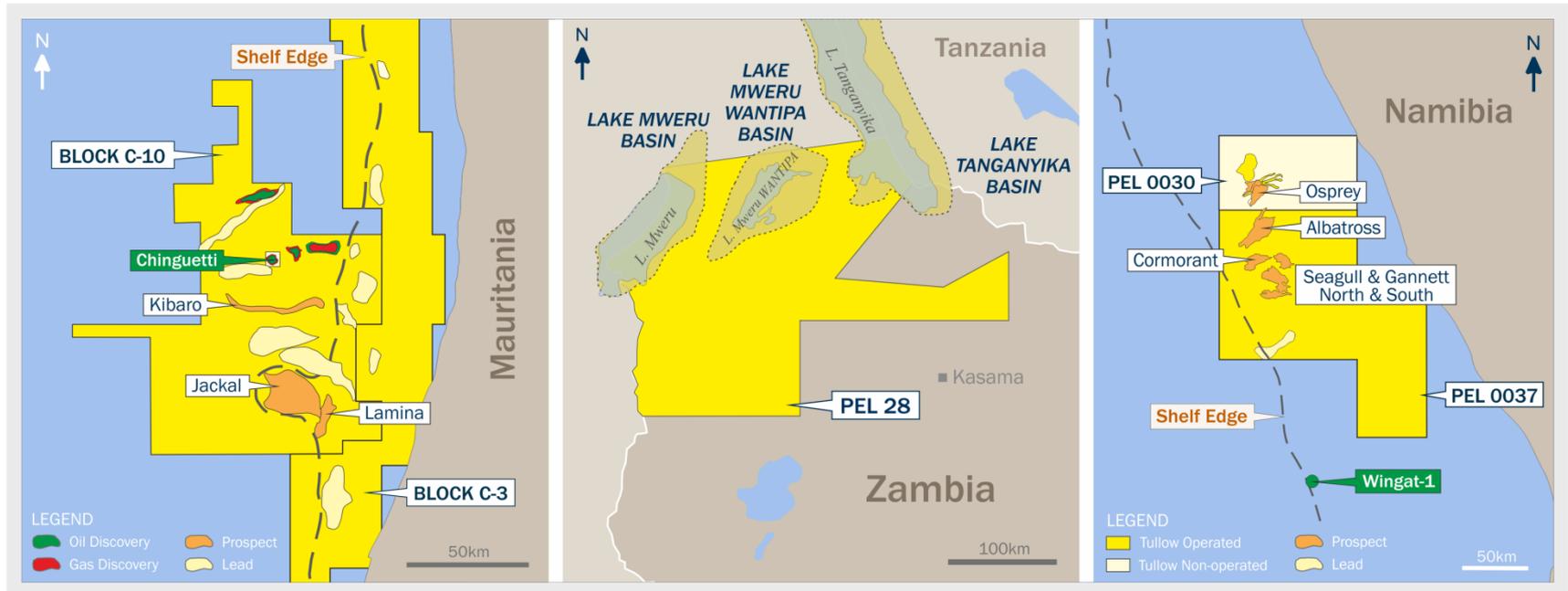
Significant upside potential

- Billion barrel basin potential
- 20 oil prospects & leads yet to drill
- Further new plays being targeted

Programme to commence Q4 2016

- Campaign of 4 firm and 4 contingent E&A wells
- Discover new oil: Etete, Erut, Etom W, Agete SE
- \$4-6 million per well net to Tullow (Operator 50%)
- Support development: Ngamia & Amosing appraisal

Africa: Long-term future upside & portfolio replenishment



- Mauritania: exploration shifted to low-cost shelf-edge oil plays
- Zambia: extension of East African Rift Basin Play; reconnaissance started
- Namibia: material turbidite oil play in low-cost shallow water setting
- Ghana: near field & exploration potential to extend production plateau

Material acreage positions in well-known plays

Exploration is central to our growth

Game-changing opportunities

Guyana-Suriname: low-cost, multiple prospect potential

Africa: Growth options

Oil prone acreage in Namibia, Mauritania and Zambia

Kenya: Discovering more oil

South Lokichar new E&A campaign starts Q4 2016

Ghana: Extending oil fields

Jubilee and TEN near field prospects in 3D/4D seismic

Driving for value growth

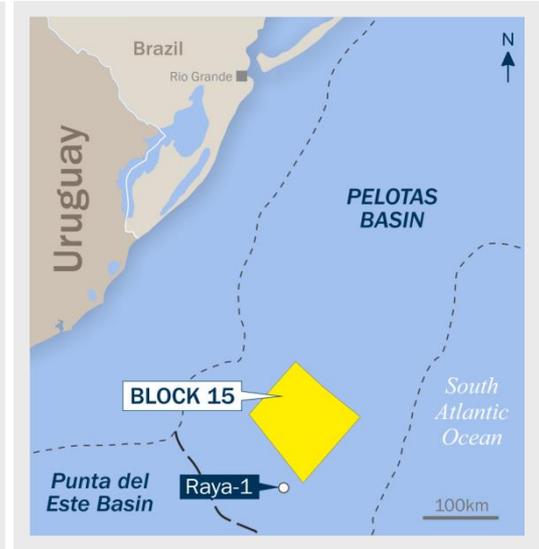
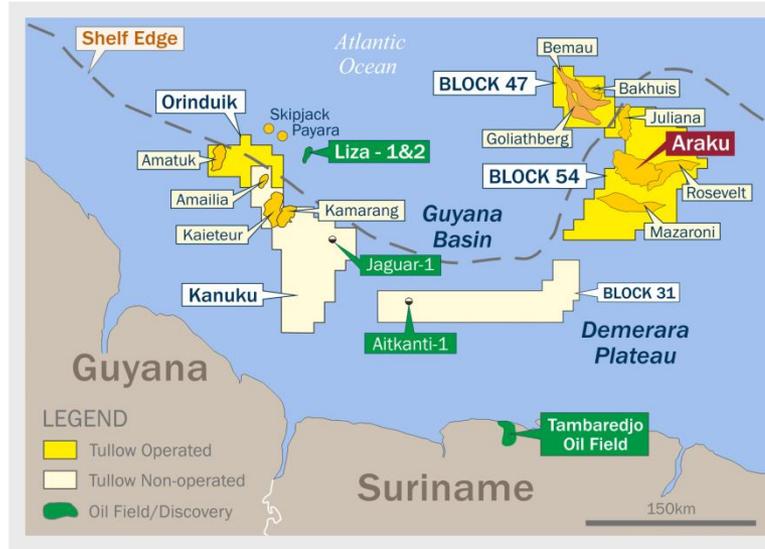
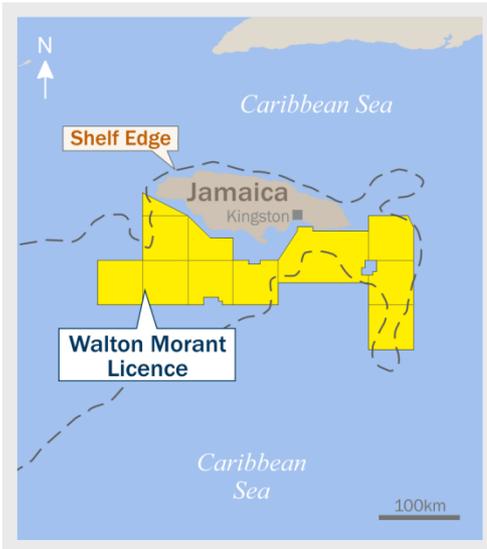
Leveraging minimal spend for maximum impact

TULLOW OIL PLC – 2016 HALF YEAR RESULTS

APPENDIX



Latin America: Long-term future upside



- Jamaica: early stage of frontier exploration, interpreting new 2D seismic data
- Guyana: attractive acreage up-dip of material Liza-1 oil discovery
- Suriname: amplitude-supported low-cost offshore oil plays
- Uruguay: material exploration potential at southern end of Pelotas Basin

Strong acreage positions established early in under-explored region

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