

Tullow Oil plc

2016 FULL YEAR RESULTS

8 February 2017



Disclaimer

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

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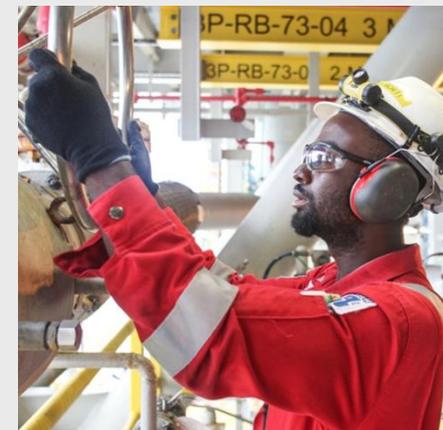
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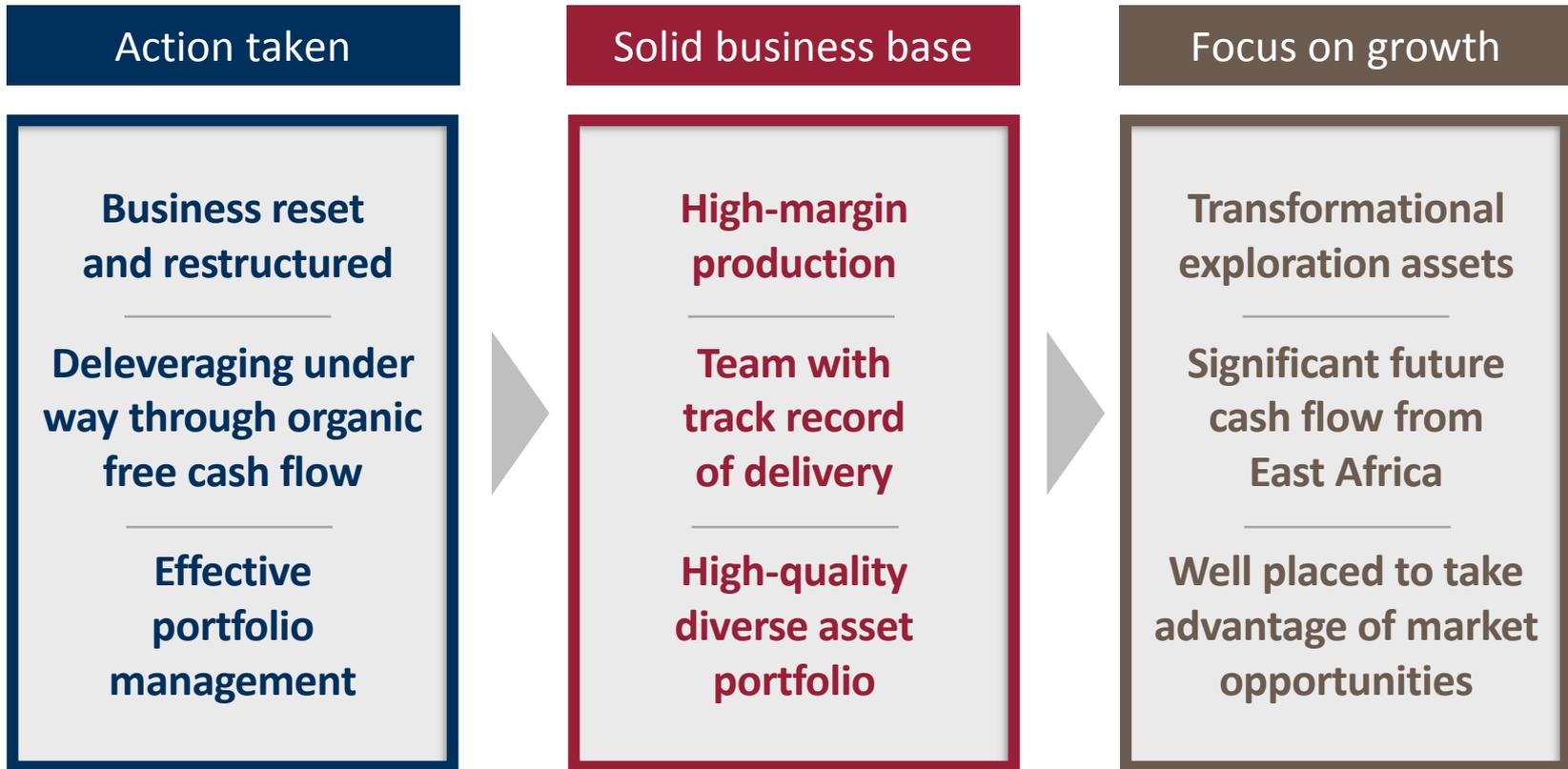
TULLOW OIL PLC – 2016 FULL YEAR RESULTS

INTRODUCTION

AIDAN HEAVEY



High-quality portfolio with major growth potential



Disciplined, full-cycle, low-cost business



TULLOW OIL PLC – 2016 FULL YEAR RESULTS

FINANCE

LES WOOD



Proactive financial management

Self-help delivery

Cash cost savings

Significant G&A cash savings
Underlying op costs down 5%
More efficient organisation

Disciplined capital investment

2016: \$0.9bn down 50% YoY
2017: total forecast \$0.5bn
2017: E&A forecast \$125m

Deleveraging started

Free cash flow in 2017

TEN production onstream
Hedging underpins cashflow
Gearing policy of <2.5x Net Debt/adjusted EBITDAX

Successful portfolio management

Uganda farm-down - \$0.9bn
Norway exit - up to \$0.2bn
Further portfolio monetisation options available

Prudent financing

Liquidity headroom

\$345m RBL accordion secured
\$300m Convertible Bonds
RCF extended to April 2019

Positioned to refinance in 2017

High quality asset base
Self-help actions taken
Growing production outlook

Balance sheet positioned for deleveraging despite low oil prices

2016 Full Year Results summary

Income statement

	2016 (\$m)	2015 (\$m)
Sales revenue	1,270	1,607
Other operating income - lost production insurance proceeds	90	-
Gross profit	547	591
<i>Administrative expenses</i>	(116)	(194)
<i>Restructuring costs</i>	(12)	(41)
<i>Loss on disposal</i>	(3)	(56)
<i>Goodwill impairment</i>	(164)	(54)
<i>Exploration costs written off</i> ¹ (Uganda farm-down \$330m, Norway disposals \$205m, exploration activity \$188m)	(723)	(749)
<i>Impairment of property, plant and equipment, net</i>	(168)	(406)
<i>Provision for onerous service contracts, net</i>	(115)	(185)
Operating loss	(755)	(1,094)
Loss before tax	(908)	(1,297)
<i>Income tax credit</i>	311	260
Loss after tax	(597)	(1,037)

¹ Pre-tax write-offs

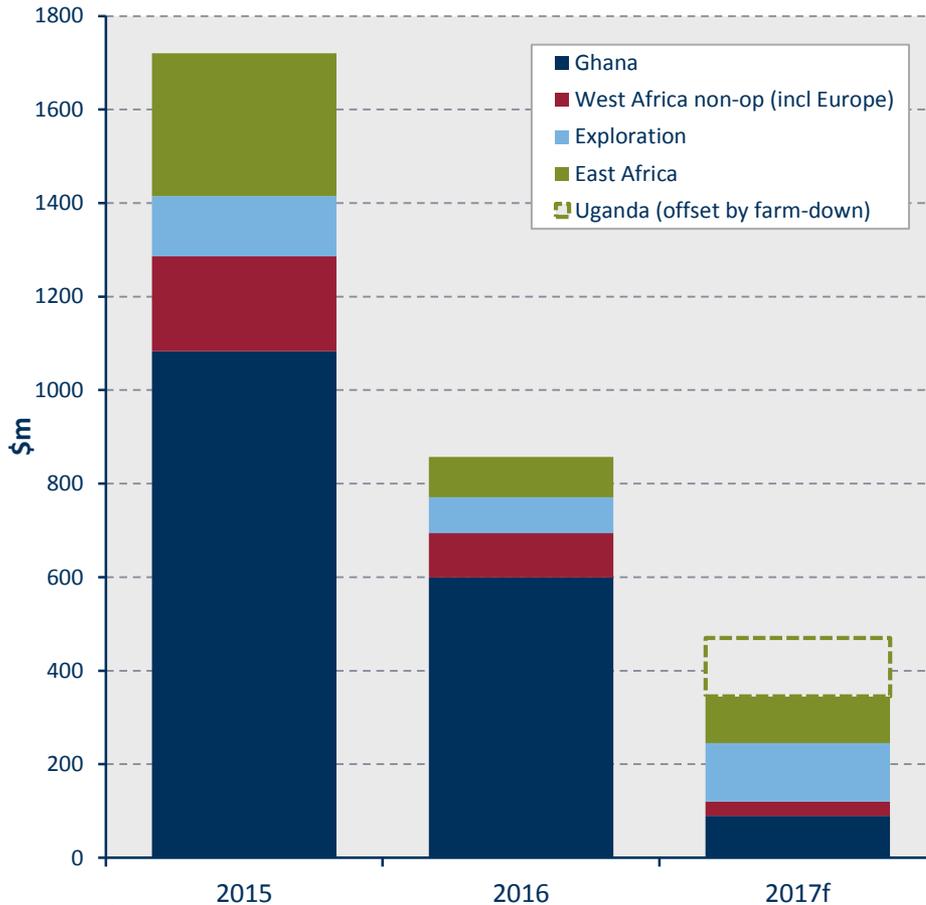
Other key data

	2016 (\$m)	2015 (\$m)
Cash generated from operations ²	774	967
Capital investment	857	1,720
Net debt	4,782	4,019

² Before working capital movements

Generating free cash flow from end 2016

Disciplined capital allocation targeting areas of future growth



2016 Capex of c.\$0.9bn

- c.20% down from initial forecast of \$1.1bn

2017 Capex of c.\$0.5bn

- Significantly reduced capex following completion of TEN Project
- Targeted capital allocation to suit balance sheet and market conditions
- Uganda capex expected to be offset after completion of farm-down
- Exploration and Appraisal spend focused on high-impact activities
- Portfolio positioned for future growth

Notes:

- i) Exploration expenditure is net of Norwegian tax refund
- ii) Capital expenditure excludes decommissioning costs; onerous service contracts; and are net of Jubilee turret remediation costs
- iii) 2017 Capital expenditure includes: Ghana c.\$90m, Kenya pre-development c.\$100m, West Africa non-op c.\$30m; Exploration c.\$125m, Uganda c.\$125m (offset by asset farm-down)
- iv) Going forwards, Uganda capex will continue to be shown as part of Group capex, but is expected to be offset by deferred consideration following completion of asset farm-down to Total

Hedging strategy provides protection to oil price volatility

Prudent approach provides significant benefits to the business

- Tullow has proactively hedged production to protect revenues over the last 10 years
- Significant liquidity benefit through protecting future revenues and preserving RBL debt capacity
- Cumulative realised revenue of \$728m¹ from hedging during 2015 and 2016
- Disciplined approach to continue, even in stabilising oil prices

Current hedge portfolio

- MTM value as at 31 December 2016: \$91m
- c.60%² of 2017 oil entitlement volumes hedged at c.\$60/bbl

Hedge Position (as at 31 December 2016)	2017	2018	2019
Oil volume (bopd)	42,500	22,000	7,979
Average floor price protected (\$/bbl)	60.23	51.88	45.53

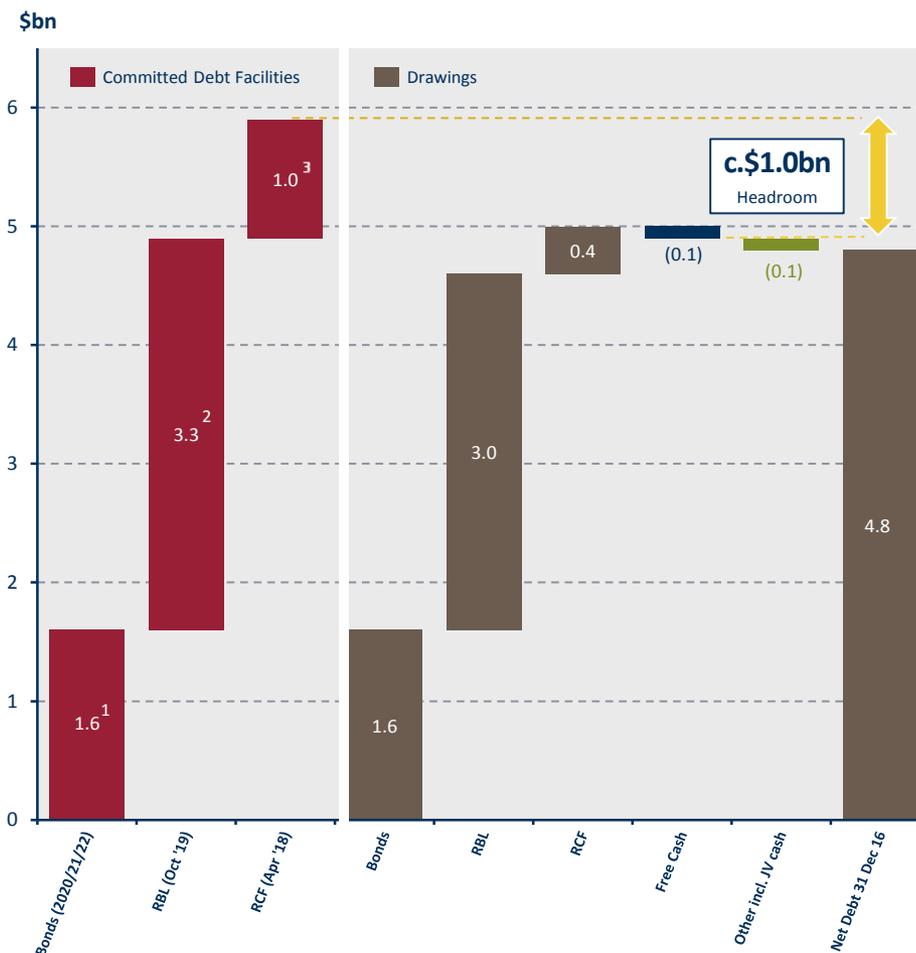
¹ Hedging revenue: 2015: \$365m, 2016 :\$363m. ² When including 12,000 bopd of lost production insured at \$60/bbl, Tullow is effectively ~80% hedged at \$60/bbl

Revenues and cash flow underpinned by long-term prudent hedging programme

Managing balance sheet, debt diversification and liquidity

Liquidity	<ul style="list-style-type: none"> • \$1.0bn facility headroom and free cash at year-end • Minimum \$0.5bn headroom going forward
RBL	<ul style="list-style-type: none"> • Successful routine redeterminations • c.\$200m excess commitments cancelled in April 2016 • Additional \$345m secured through RBL accordion, largely offsetting April '17 scheduled amortisation • Refinancing to commence 1H 2017
Corporate Facility	<ul style="list-style-type: none"> • 12 month extension of maturity to April 2018 • Further 12 month extension secured to April 2019
Covenants	<ul style="list-style-type: none"> • Further amendments agreed for RBL/RCF in April 2016
Bonds	<ul style="list-style-type: none"> • Debt diversification by issue of \$300m Convertible Bonds
Portfolio Management	<ul style="list-style-type: none"> • c.\$300m positive cash impact in 2017 assuming Uganda farm-down completion and FID

Organic deleveraging commenced in Q4; balance sheet and liquidity underpinned by diversified debt capital structure



(1) Two High Yield Bonds each at \$650m (Nov 2020, April 2022); \$300m Convertible Bonds (2021)
 (2) Reserve Based Lend facility, 6 monthly amortisations from Oct 2016, Final Maturity October 2019
 (3) Revolving Corporate Facility, reduces to \$800m in April 2017; \$600m in Jan 2018; \$500m in April 2018; \$400m in Oct 2018, Final Maturity April 2019



TULLOW OIL PLC – 2016 FULL YEAR RESULTS

DEVELOPMENT & OPERATIONS

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Significant pipeline of high-margin production growth

2016 Production

- West Africa oil production: **65,500 bopd***
- Europe gas production: **6,200 boepd**

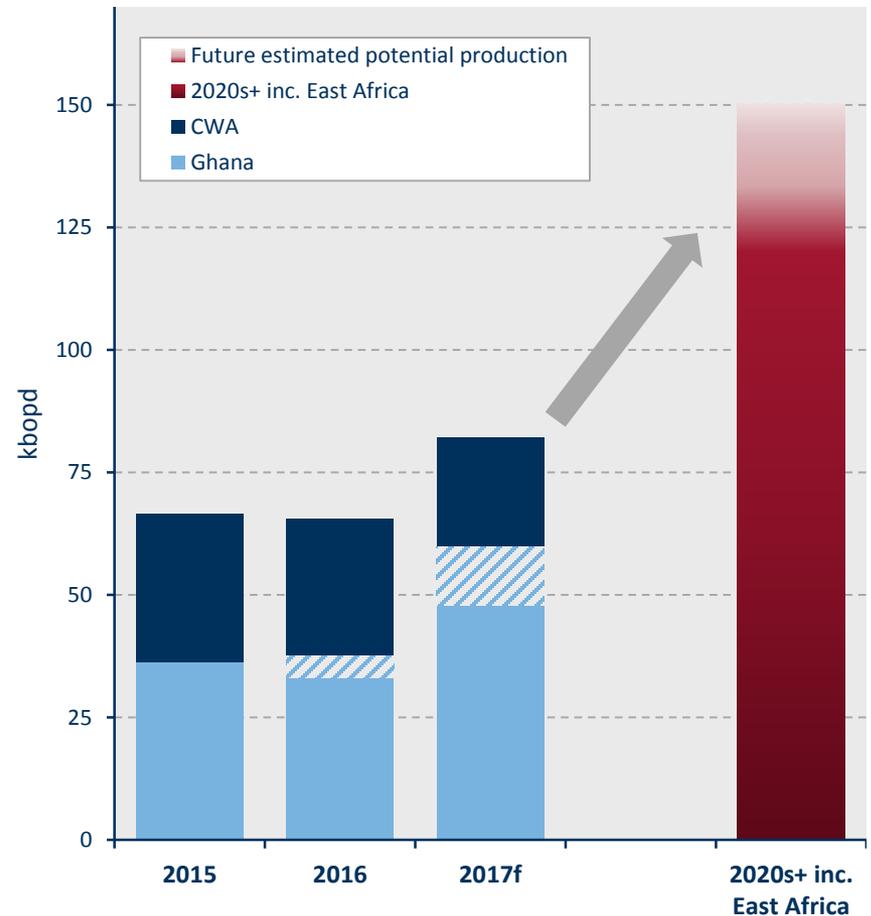
2017 Guidance

- West Africa oil production: **78 - 85,000 bopd***
- Europe gas production: **6 - 7,000 boepd**

Material future production growth

- Ghana: Long-term production at TEN & Jubilee
- CWA: Managing mature non-operated portfolio
- Uganda: Targeting FID end 2017; momentum enhanced by recent farm-down
- Kenya: Progressing Full Field Development towards FID

Actual and forecast future oil production



* Includes insurance payments relating to the Jubilee field production equivalent to 4,600 bopd in 2016 and 12,000 bopd in 2017f

TEN on stream following exceptional project delivery

Successful project execution and completion

- Project delivered on time and on budget
- Benchmarking shows industry-leading project execution
- Commissioning completed on schedule
- FPSO tested in excess of design capacity (80,000 bopd)
- Production data supports oil in place and reserves

TEN field on stream

- 14,600 bopd average gross annualised production in 2016
- 50,000 bopd average gross production is expected in 2017
- Production and injection optimisation ongoing

Drilling expected to recommence in 2018

- ITLOS boundary decision expected in Q4 2017
- Reservoir data will be used to position future wells
- Planning optimisation of remaining 13 wells



Start-up of second operated development continues to build high-margin, long-life cash flow

Strong Jubilee performance; remediation work underway

Turret remediation project



Interim spread moor

100 kbopd capacity

- Temporary heading nearing completion
- All equipment installed
- Final pull of anchors expected by end of Feb



Long-term spread moor

100-110 kbopd capacity

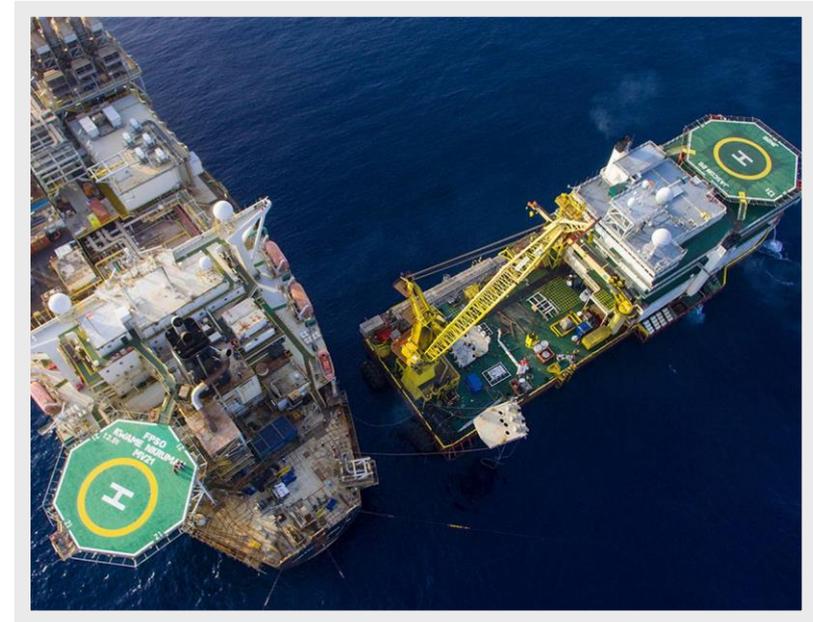
- Turret modifications for long-term operations
- Ongoing evaluation of potential rotation
- Downtime of up to 12 weeks in 2H 2017



Deepwater Offloading Buoy

110-120 kbopd capacity

- Engineering design under way
- Potential execution in 2018
- Downtime of 4-6 weeks in 2018



Securing the path to stable long-term production

- Utilising opportunity to conduct FPSO reliability work
- Finalise turret remediation and loading buoy projects
- Targeting Government approval of GJFFD plan in mid-2017
- Plan extends plateau and increases reserves
- Preparing to commence drilling in 2018

Year	Gross bopd	Net bopd	Net (incl. insurance) bopd
2016	73,700	26,200	30,800
2017	68,500	24,300	36,300

Jubilee & TEN – Material, long-life and low-cost fields

Operating cost reductions on track

- Underlying opex reduced to ~\$9/bbl in 2016
- Targeting opex in 2018+ of ~\$8/bbl

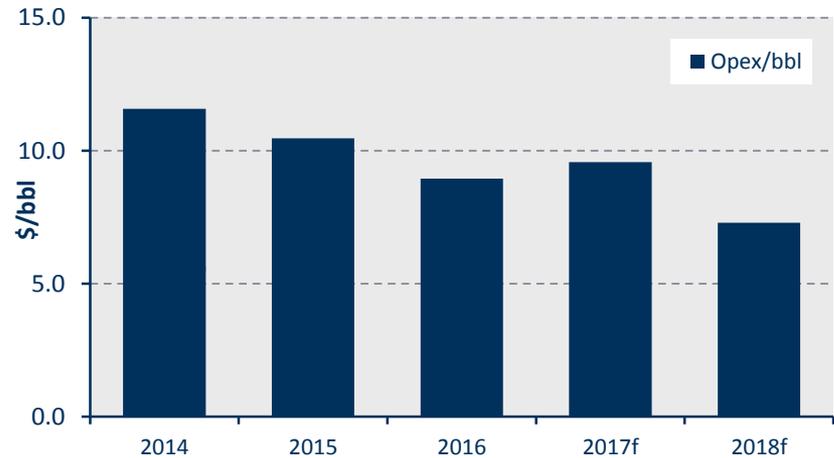
Strong resource base

- Significant resource base underpins future production
- Optimum drilling programme planned to commence in 2018 to reach and sustain plateau levels
- Sustained low-cost production over the next decade

Material upside potential

- 4D seismic being used to target upside resource potential in both fields
- Near field exploration opportunities under review

Ghana underlying operated Opex/bbl



Jubilee oil



TEN oil



Uganda farm-down supports Lake Albert development FID

Farm-down to Total announced

- \$900m consideration:
 - \$200m cash - \$100m on completion, \$50m at FID, \$50m at first oil
 - \$700m in deferred consideration
- Deferred consideration exceeds Tullow’s estimated share of upstream and pipeline capex to first oil of ~\$600m
- Supports project momentum and JV’s end 2017 FID ambition

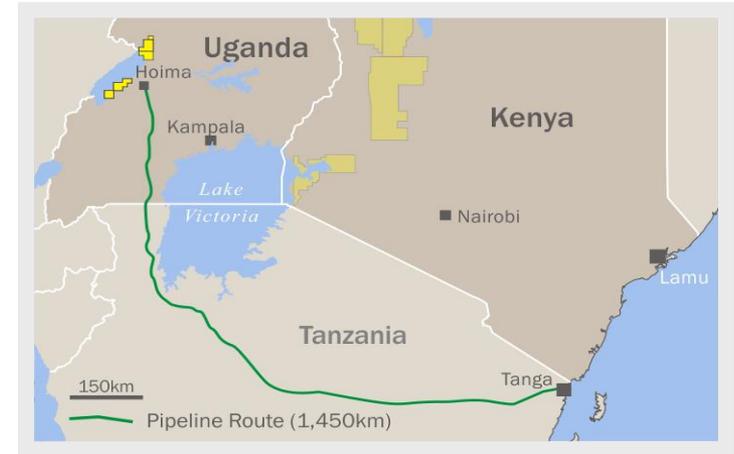
Development milestones to FID

Upstream:

- Phase 1 development of 1.2bn bbls, with 230kbo/d plateau
- FEED expected to commence this month
- Land Access Framework and ESIA in progress

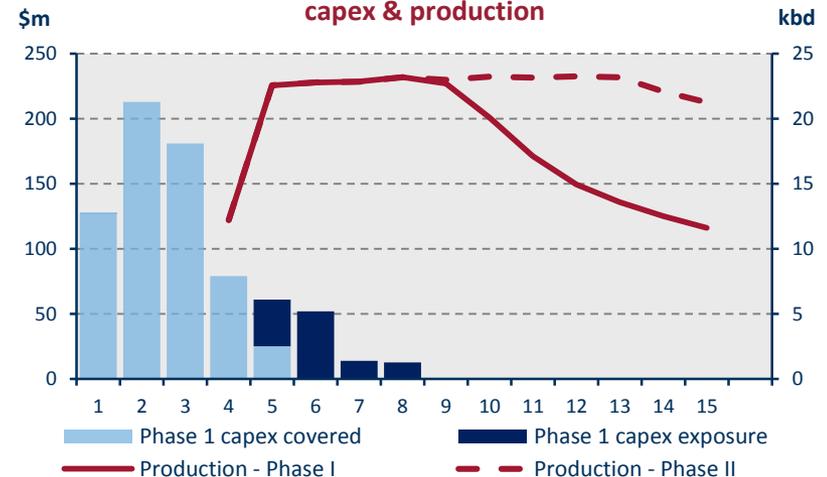
Pipeline:

- FEED awarded January 2017; ESIA commenced
- Inter-governmental agreements being progressed



Monetisation delivers ~23,000 bopd of long-term, low-cost net production whilst eliminating Tullow’s capex exposure

Net upstream & midstream development capex & production



Kenya: Firming-up oil resources ahead of development

Continuing to de-risk and build on resources

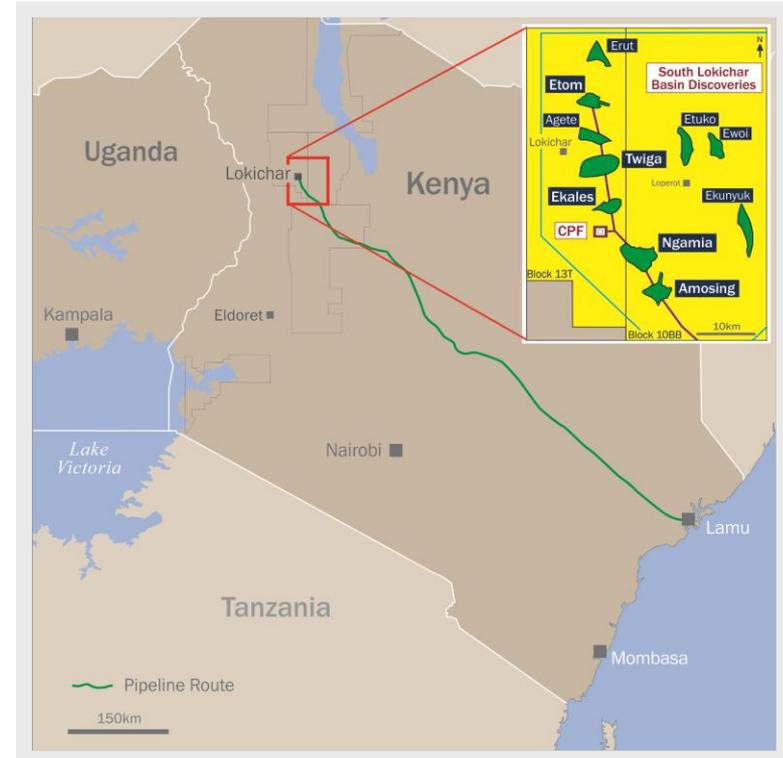
- South Lokichar E&A programme recommenced in Q4 2016
- Upcoming appraisal wells to test upside in Amosing & Ngamia
- Successful water injection tests support water flood & recovery

Progressing Full Field Development (FFD)

- Targeting 80 - 120,000 bopd gross production via pipeline
- ESIA work under way; FEED expected to commence in 2H 2017
- Joint Development Agreement to support pipeline progress
- Low full cycle costs of \$25 to \$30/bbl (capex, opex & tariff)

Early Oil Pilot Scheme (EOPS)

- GoK support for c.2,000 bopd road export pilot in 2017
- Self-funding, low cost pilot production utilising existing wells
- Provides valuable dynamic reservoir and production data
- Implementation experience will assist JV, GoK and Turkana to prepare for FFD



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



TULLOW OIL PLC – 2016 FULL YEAR RESULTS

EXPLORATION & APPRAISAL

ANGUS McCOSS



Exploration central to long-term growth strategy

- Focus on low-cost, high-margin, light oil plays
- Portfolio of high-impact prospects suited to current environment
- Working on our seismic and geological assets to create & high-grade prospects
- Adding attractive exploration acreage to build on our exciting prospect portfolio

Growth options:

West Africa: Extend revenues

- Support Greater Jubilee
- Extend plateau production
- Near field exploration
- Refresh plays & licences

East Africa: Build value

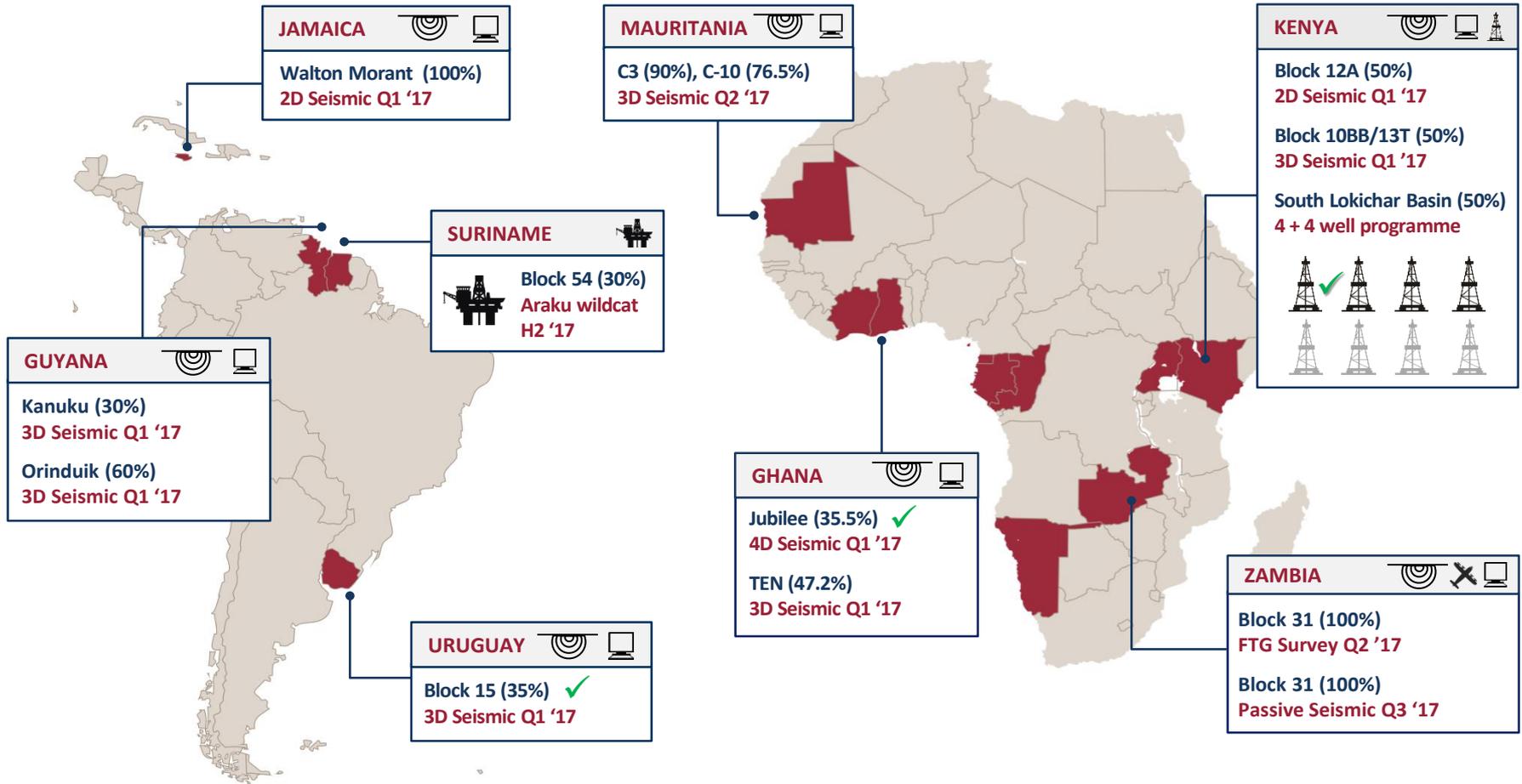
- Drive to 1 Bbo potential
- Near field exploration
- Support development
- Pan-regional strength

Africa & S America: Frontier exploration

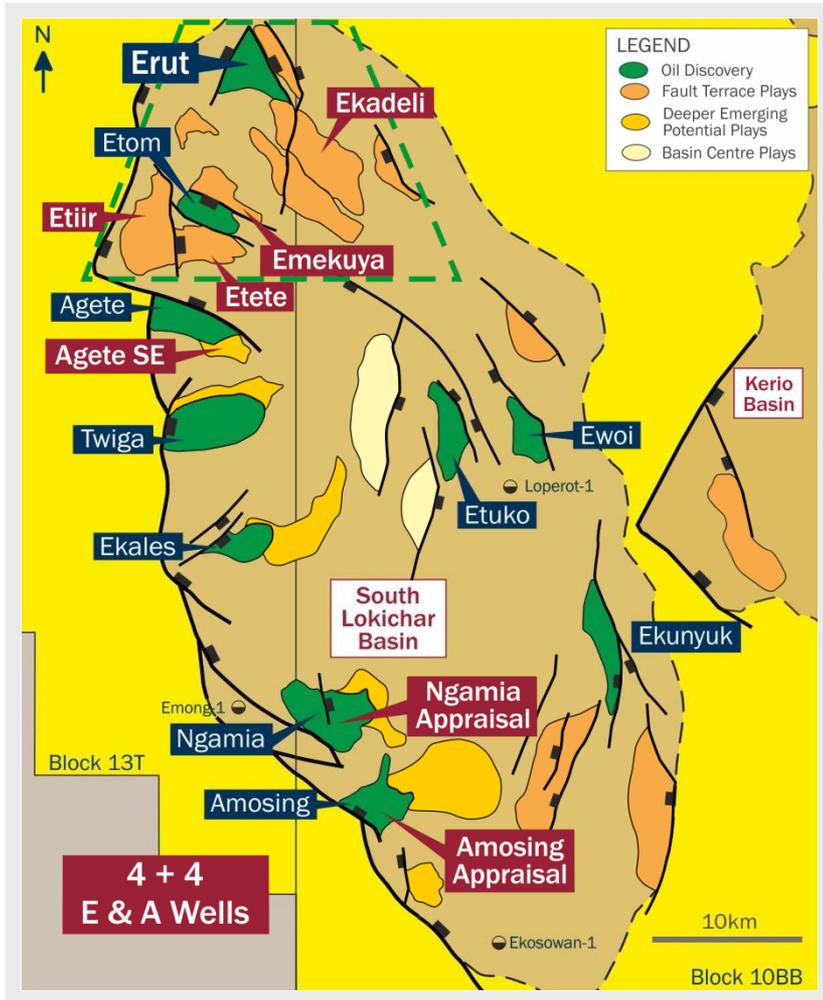
- Guyana-Suriname hotspot
- Mauritania & Namibia
- Low cost, material plays
- New licences in our plays

Transformational exploration opportunities

2017 Africa & South America planned exploration activity



Kenya: E&A drilling programme in South Lokichar Basin



Material proven oil basin

- 12 exploration prospects drilled
- 10 oil accumulations discovered
- 22 appraisal wells drilled for delineation & testing
- 750 mmbo mean resource estimate

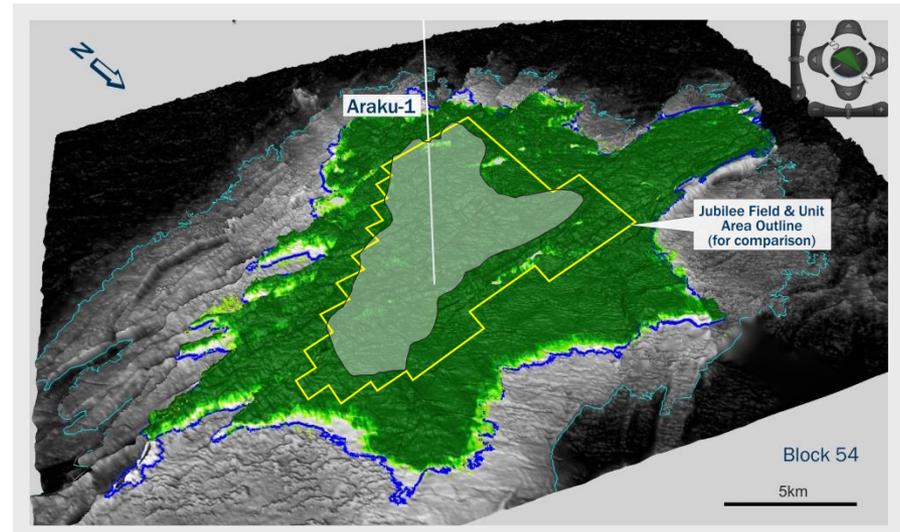
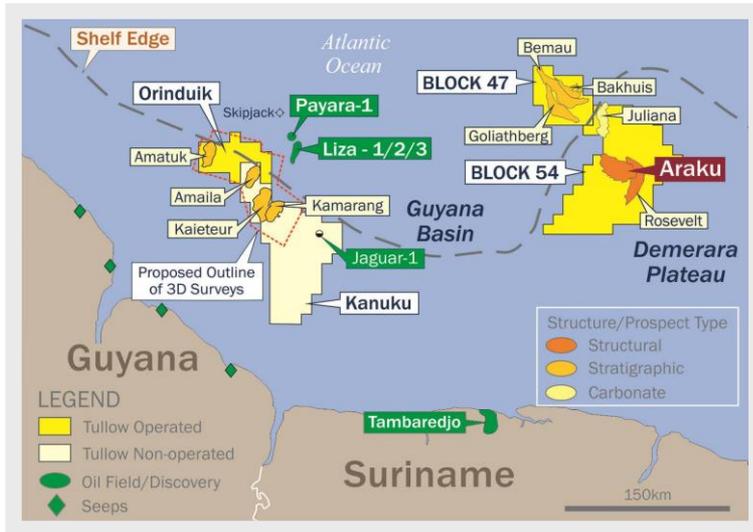
Significant upside potential

- Estimated billion barrel basin potential
- Multiple oil prospects & leads yet to drill
- Further new plays being targeted

Programme commenced Q4 2016

- 4 firm + 4 contingent E&A wells
- Erut-1 finds oil and de-risks northern triangle
- \$4-6 million per well net to Tullow (50%)

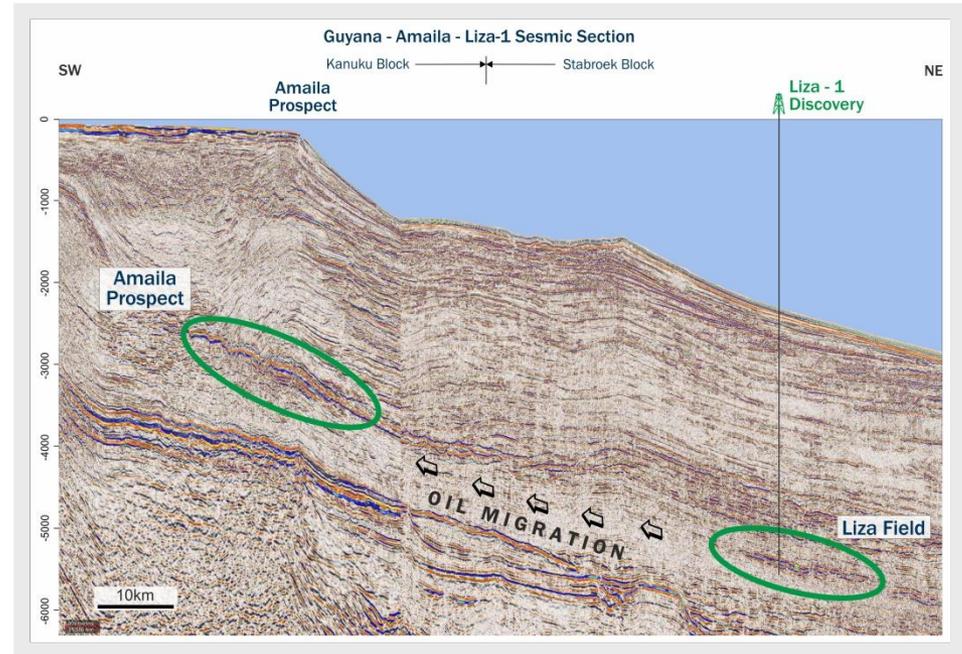
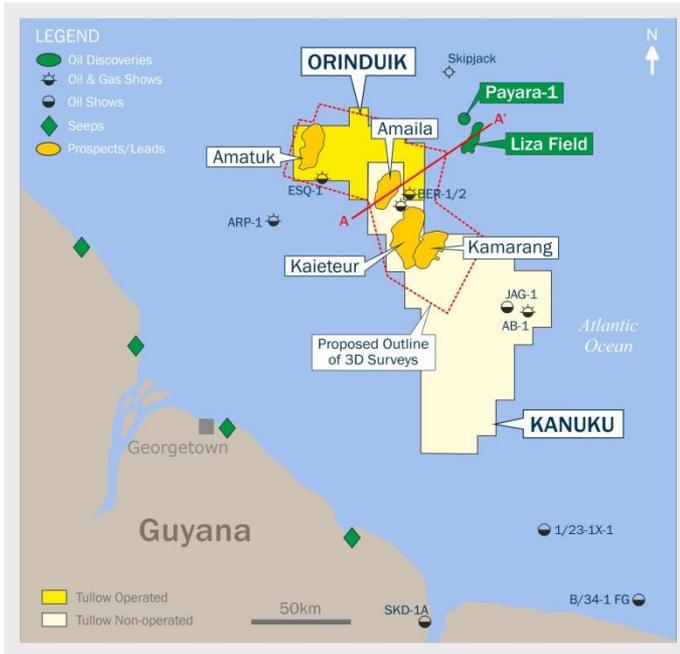
Guyana-Suriname: excellent position in new oil province



- Liza-1 deepwater oil discovery significantly de-risks the basin & Tullow’s regional acreage
- Araku: Estimated 500mmbo prospect in four-way structural closure, good seismic amplitude support
- Araku-1 well cost estimated \$14 million net to Tullow (Operator 30%), drilling in 2H 2017
- 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

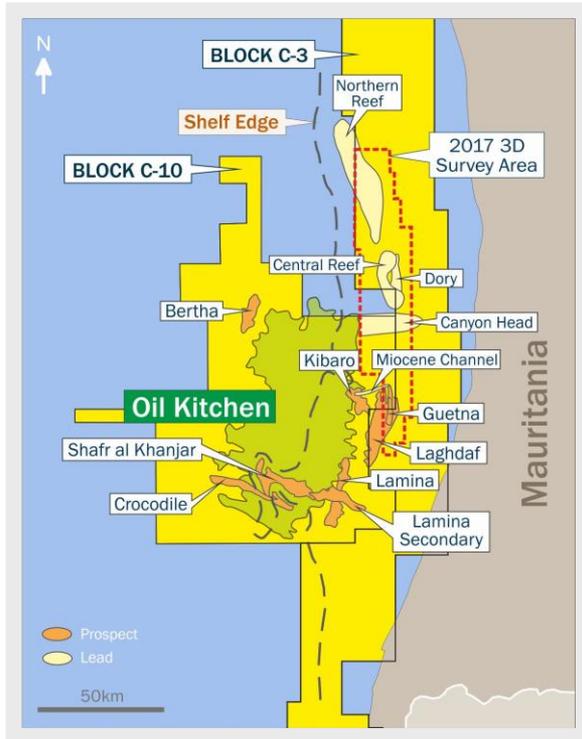


Exploration activity commenced

- 3D seismic programme to commence in Q1 2017
- Jubilee-like setting up-dip of Liza oil discovery
- Estimated well cost of c.\$15 million each net to Tullow (non-op 30%)
- Shallow water prospects & leads in Tullow acreage, paired with deepwater prospects

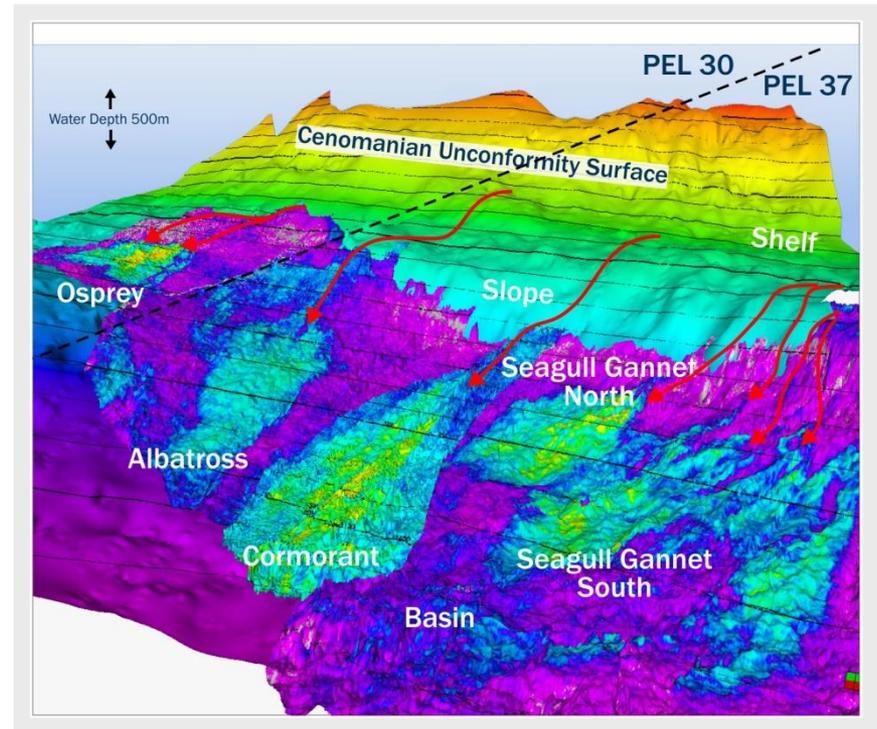
Africa: Shallow water plays and Cretaceous turbidite leads

Mauritania



- Shallow water plays focused around oil kitchen
- Low-cost, high-impact prospects based on 3D seismic
- 2017 3D seismic survey for 2018/19 drilling candidates

Namibia



- Multiple Cretaceous leads in high-quality 3D seismic
- Shallow water (500m) low-cost opportunity
- Being matured for future drilling, multiple follow-up leads



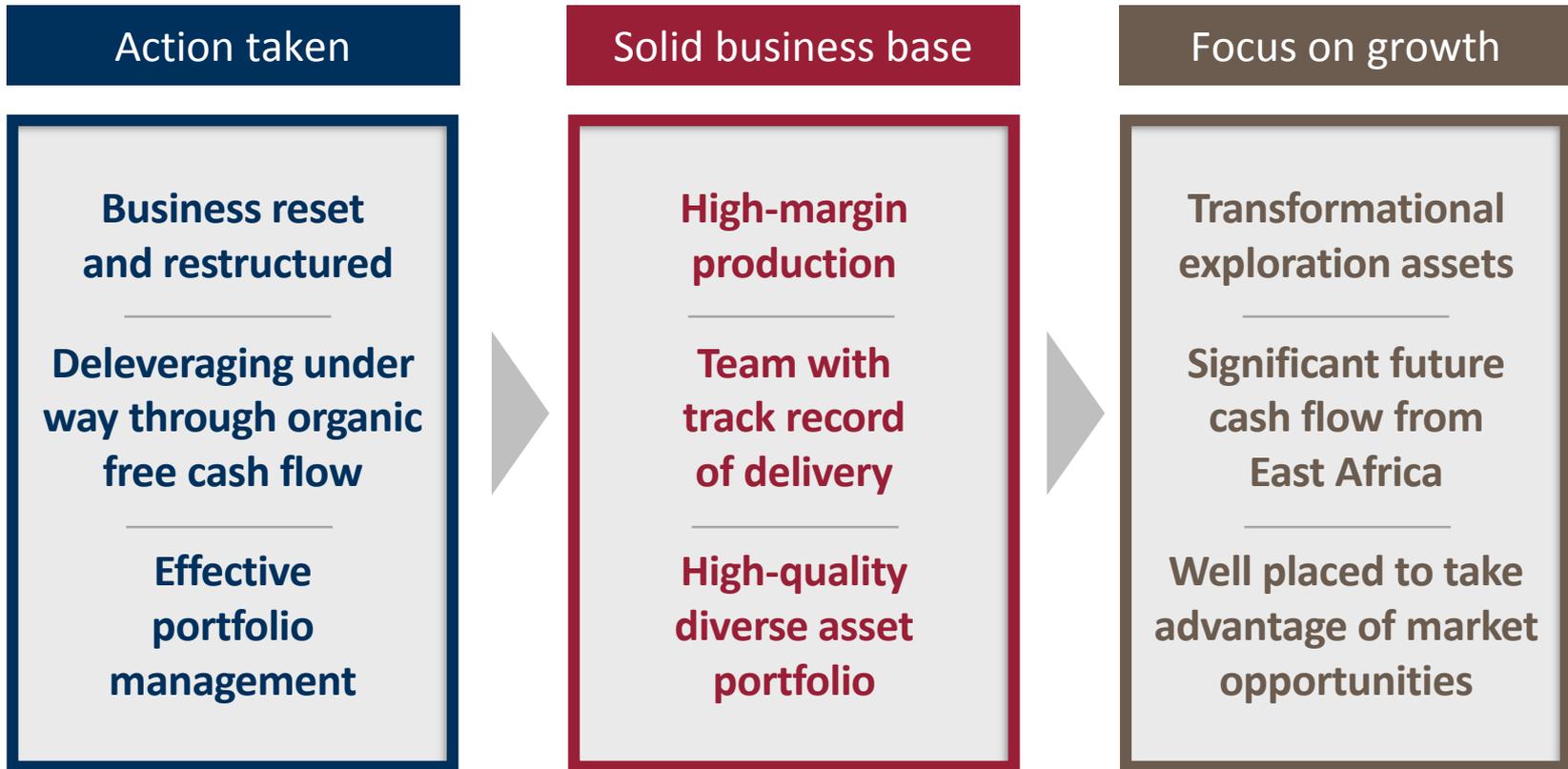
TULLOW OIL PLC – 2016 FULL YEAR RESULTS

CONCLUSIONS

AIDAN HEAVEY



High-quality portfolio with major growth potential



Disciplined, full-cycle, low-cost business



TULLOW OIL PLC – 2016 FULL YEAR RESULTS

APPENDIX



A leading global independent exploration & production company

Established record of delivering successes

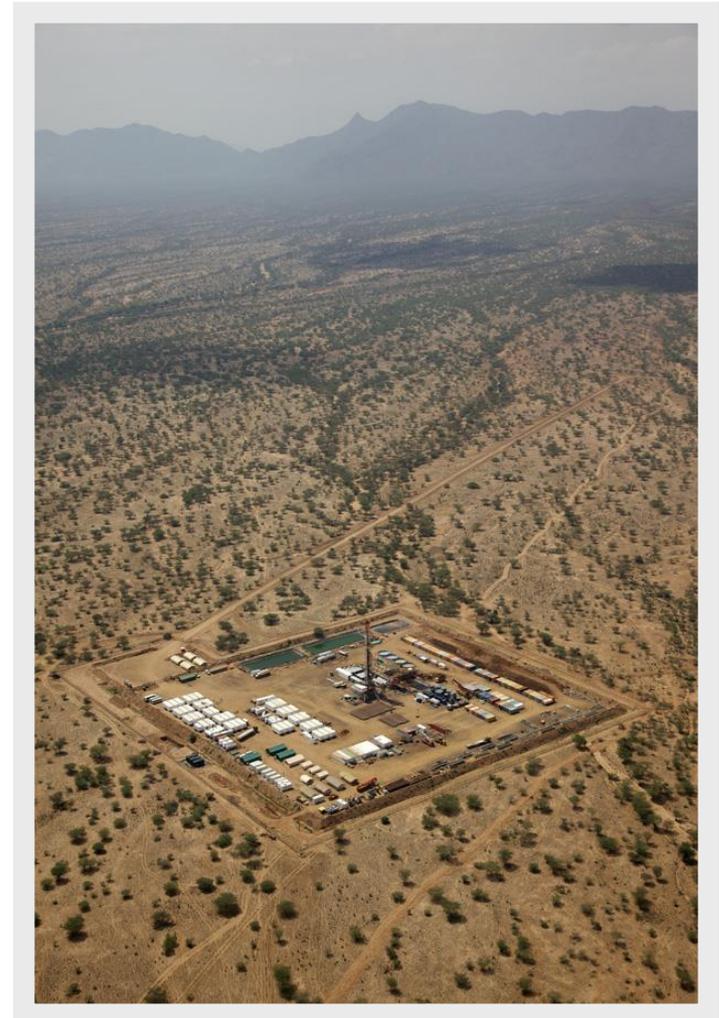
- The business has developed organically and through acquisitions since 1985
- Management team with decades of industry experience

Diversified world-class asset base

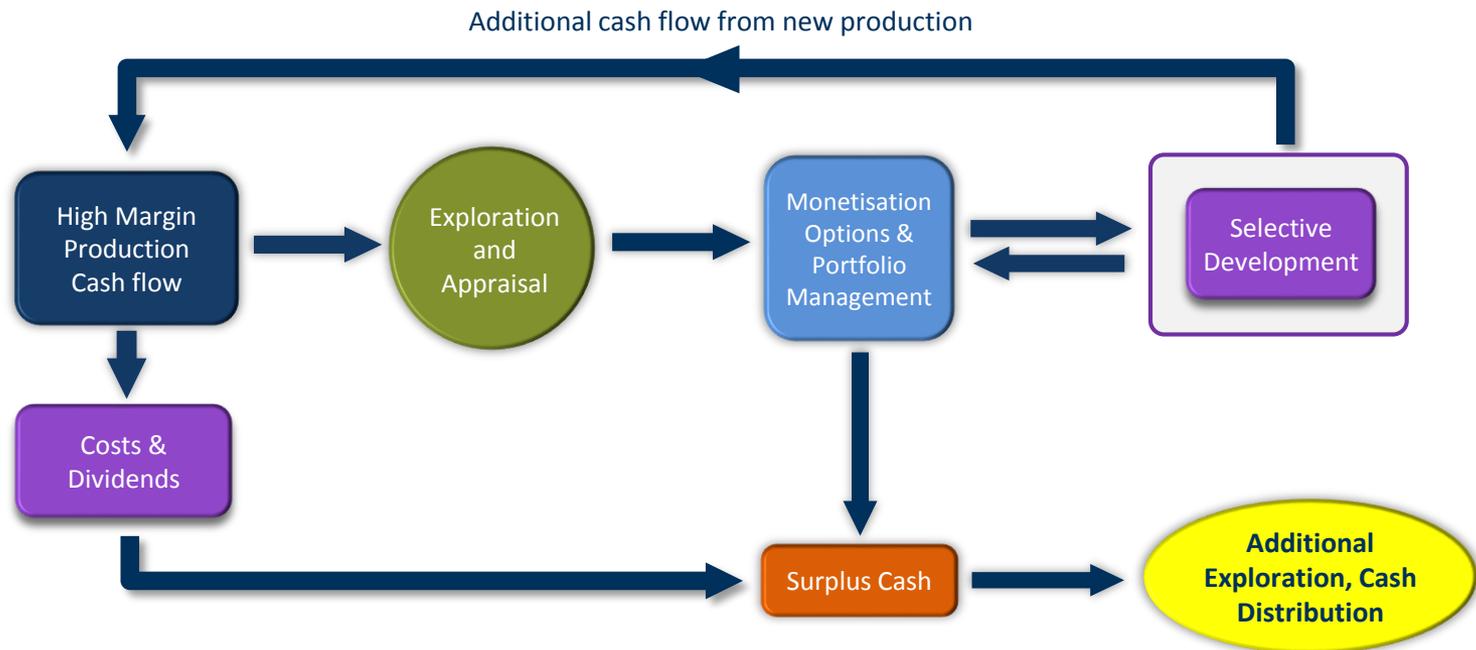
- Focus on Africa and South America
- Over 100 licences across 18 countries
- Strategic positions in key petroleum basins

Three core business delivery teams

- West Africa: Low-cost oil production from Ghana and non-operated West African portfolio
- East Africa: Significant oil discoveries in Kenya and Uganda, with future development potential
- New Ventures: Building, progressing and drilling of Tullow's frontier exploration portfolio



The Tullow strategy



- Capital focus on low-cost West Africa oil assets generating material future cash flows
- Continue to build industry leading exploration portfolio in Africa and Atlantic Margins
- Exploration focused on high-impact, cost efficient, onshore and shallow water wells
- Strong balance sheet provides foundations to deliver long term value to shareholders

A sustainable future production base



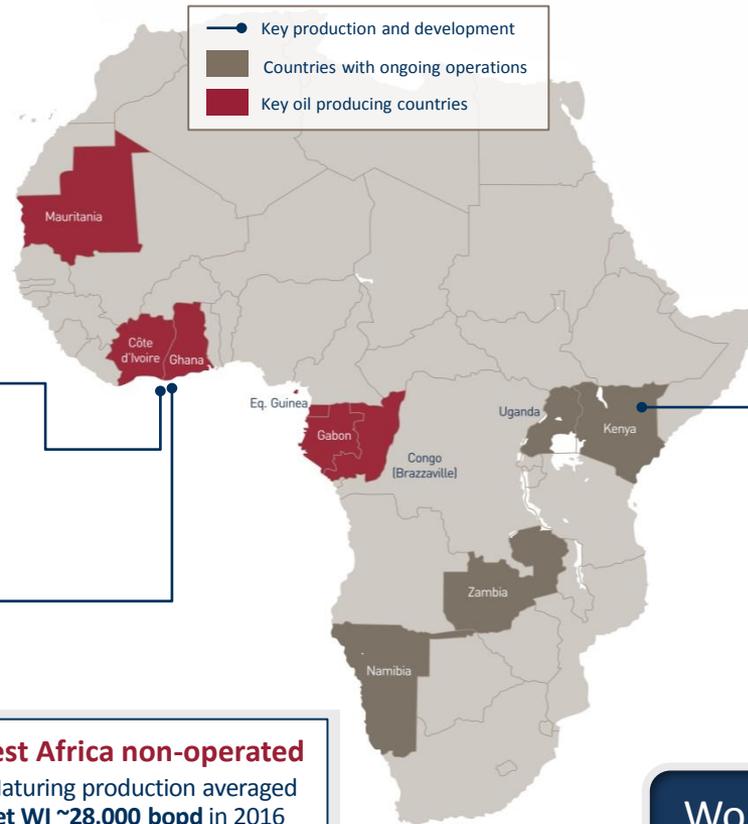
TEN field

- First oil achieved in August 2016
- FPSO gross capacity of 80,000 bopd (**net WI ~35,000 bopd**)
- Gross production: 14,600 bopd in 2016
Forecast c.50,000 bopd in 2017



Jubilee field

- FPSO gross capacity of 120,000 bopd (**net WI ~40,000 bopd**)
- Potential to sustain production through 2020+ with GJFFD incremental investment opportunities



East Africa Developments

- Progressing two independent development projects
- Estimated 1.7bn bbls of discovered resources in Uganda, development progressing; c.230kbopd gross production
- Estimated 750m bbls of discovered resources in Kenya, with 1bn bbls potential; c.100bopd gross production

West Africa non-operated

- Maturing production averaged **net WI ~28,000 bopd** in 2016
- Reduced investment in low oil price environment optimises cash flow
- Potential to sustain production with incremental investments

World-class assets with low cost of supply provide significant portfolio opportunities

Affirmation of Jubilee insurance cover



Turret remediation costs (covered by insurance)

Gross Capex	c.\$85m	c.\$200m	c.\$50m
Gross Opex	c.\$115m	c.\$105m	c.\$35m
<i>Tullow net: Capex + Opex</i>	<i>c.\$75m</i>	<i>c.\$115m</i>	<i>c.\$30m</i>

Production impact - Business interruption cover¹

Shut-in	3 weeks @ ~50% prod	~12 weeks	4 – 6 weeks
Temporary capacity constraint (bopd)	~100,000	~100 – 110,000	~110 – 120,000
Approx actual/ forecast gross production (bopd)	c.73,700	c.68,400	c.93,000

Insurance Recovery Process

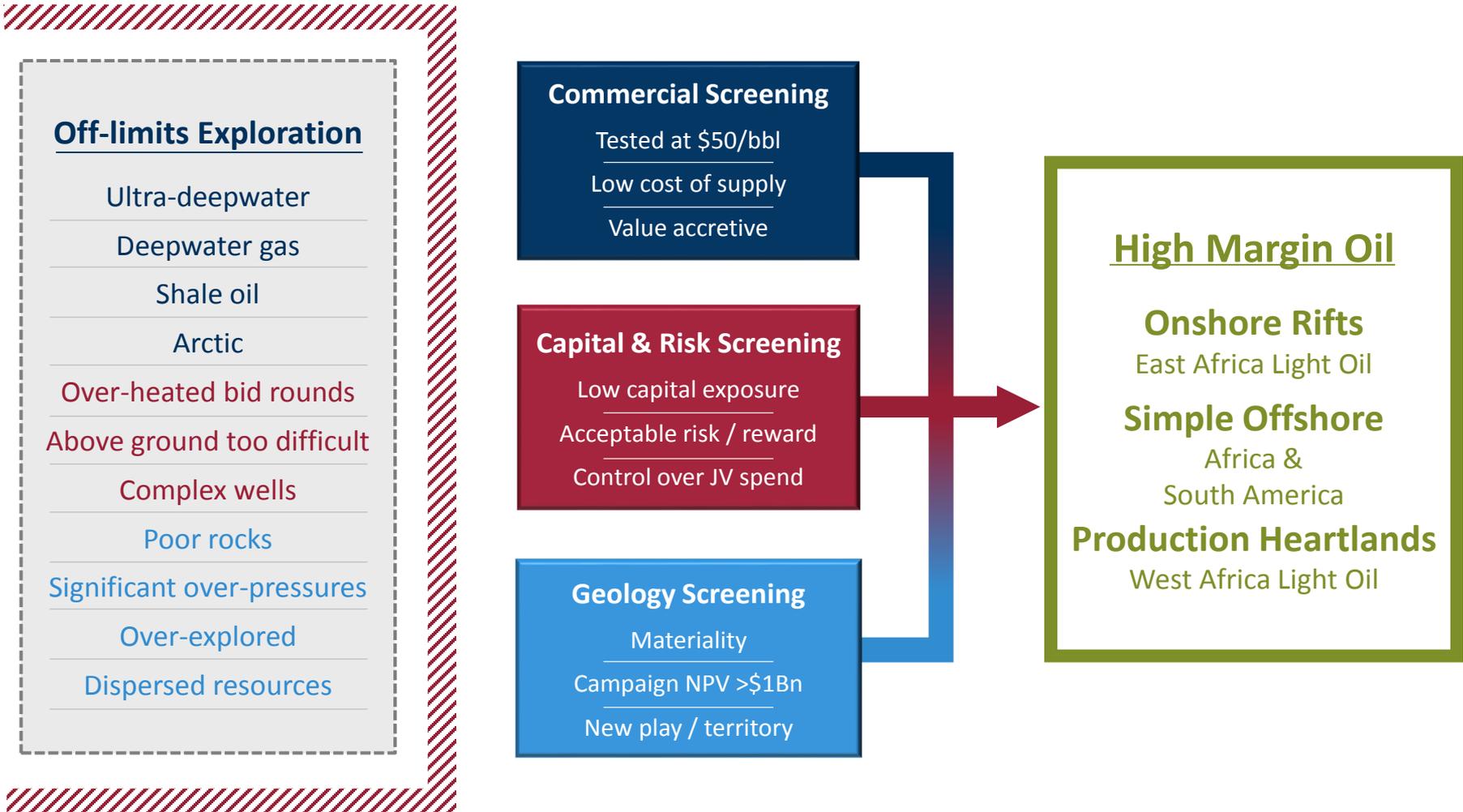
Expected timing of insurance receipts	2H 2016/1H 2017	As costs / losses are incurred
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¹ Business Interruption cover:

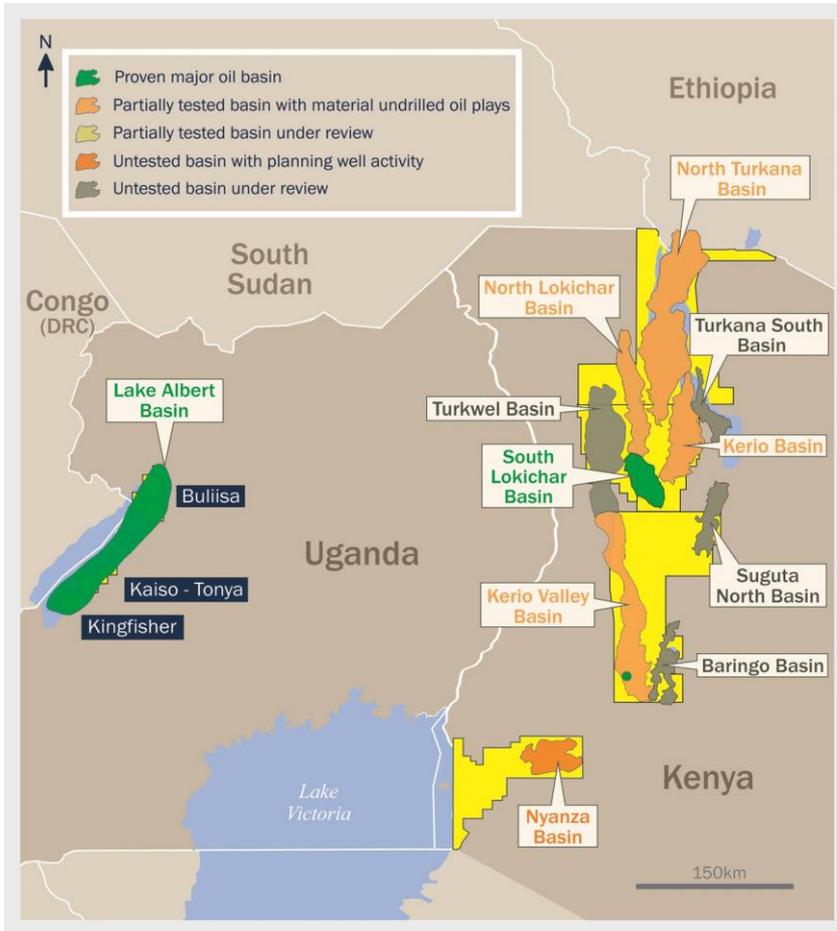
- A) Includes the above estimated shut-down periods plus impact of revised operating procedures
- B) Claim from end May 2016, post 60 day deductible period

* Requires GoG approval

New venture campaigns focused on long-term value



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) • Estimated 1.7 billion barrels of oil discovered
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Kenya

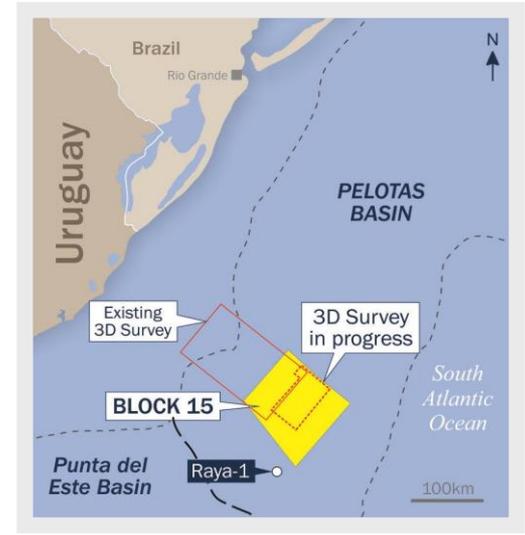
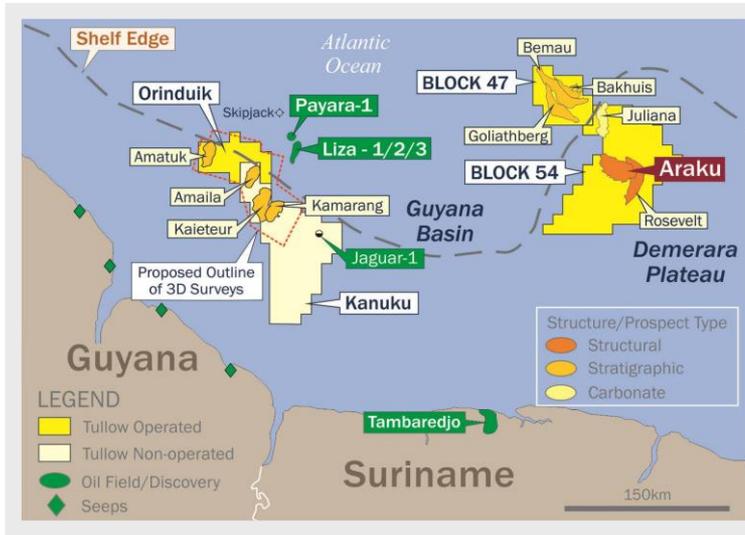
North Turkana Basin	<ul style="list-style-type: none"> • Basin margin play unsuccessful at Engomo-1 • Independent plays away from basin margin untested
North Lokichar Basin	<ul style="list-style-type: none"> • No commercial accumulation at Emesek-1 • Post well analysis in progress
South Lokichar Basin	<ul style="list-style-type: none"> • 10 oil accumulations (750 mmo bo mean resource est.) • + 2 technical discoveries (tight oil plays) • 1 billion barrel upside potential in basin • New northern oil play domain established by Etom-2 • Erut-1 de-risks northern oil play • Additional prospects & plays 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: encountered 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

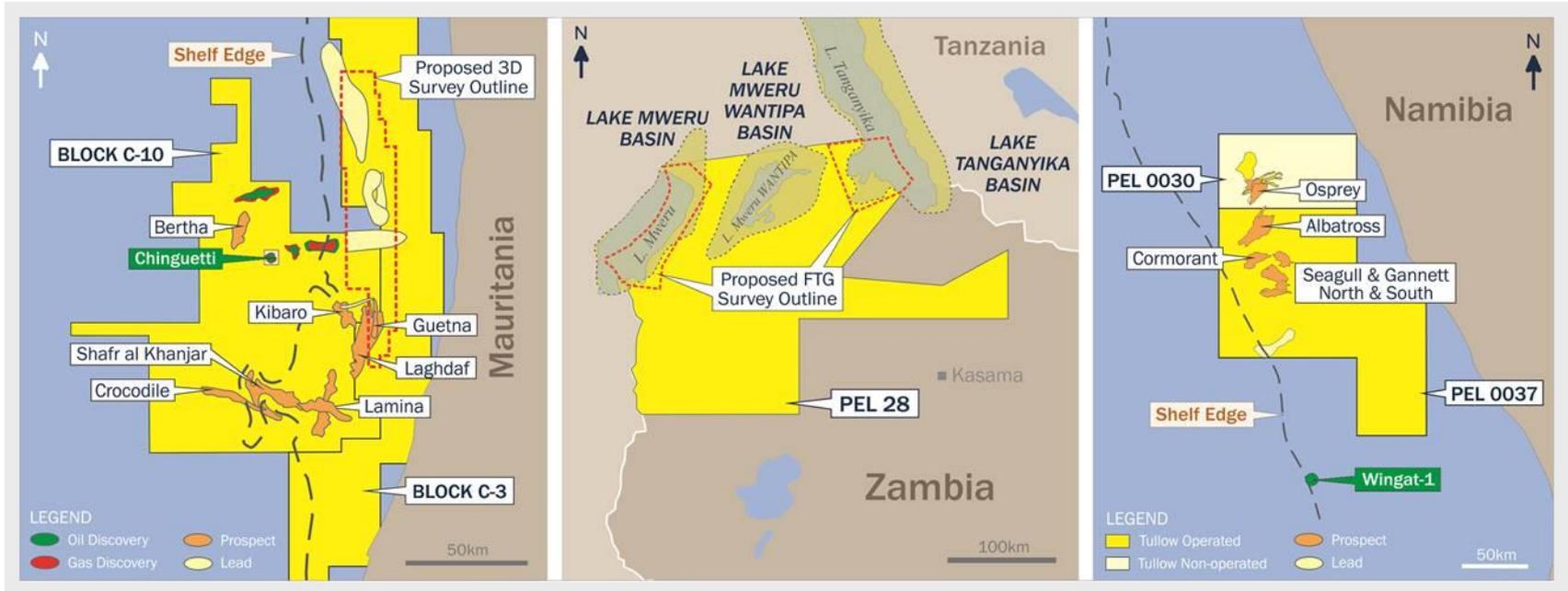
South America: Significant positions in under-explored region



- Jamaica: early stage of frontier exploration, interpreting new 2D seismic data
- Guyana: attractive acreage up-dip of material Liza-1 oil discovery; acquiring 3D seismic in Q1 2017
- Suriname: amplitude-supported low-cost offshore oil plays; drilling Araku in 2H 2017
- Uruguay: material potential at southern end of Pelotas Basin; 3D seismic programme ongoing

Material acreage positions with long-term future upside potential

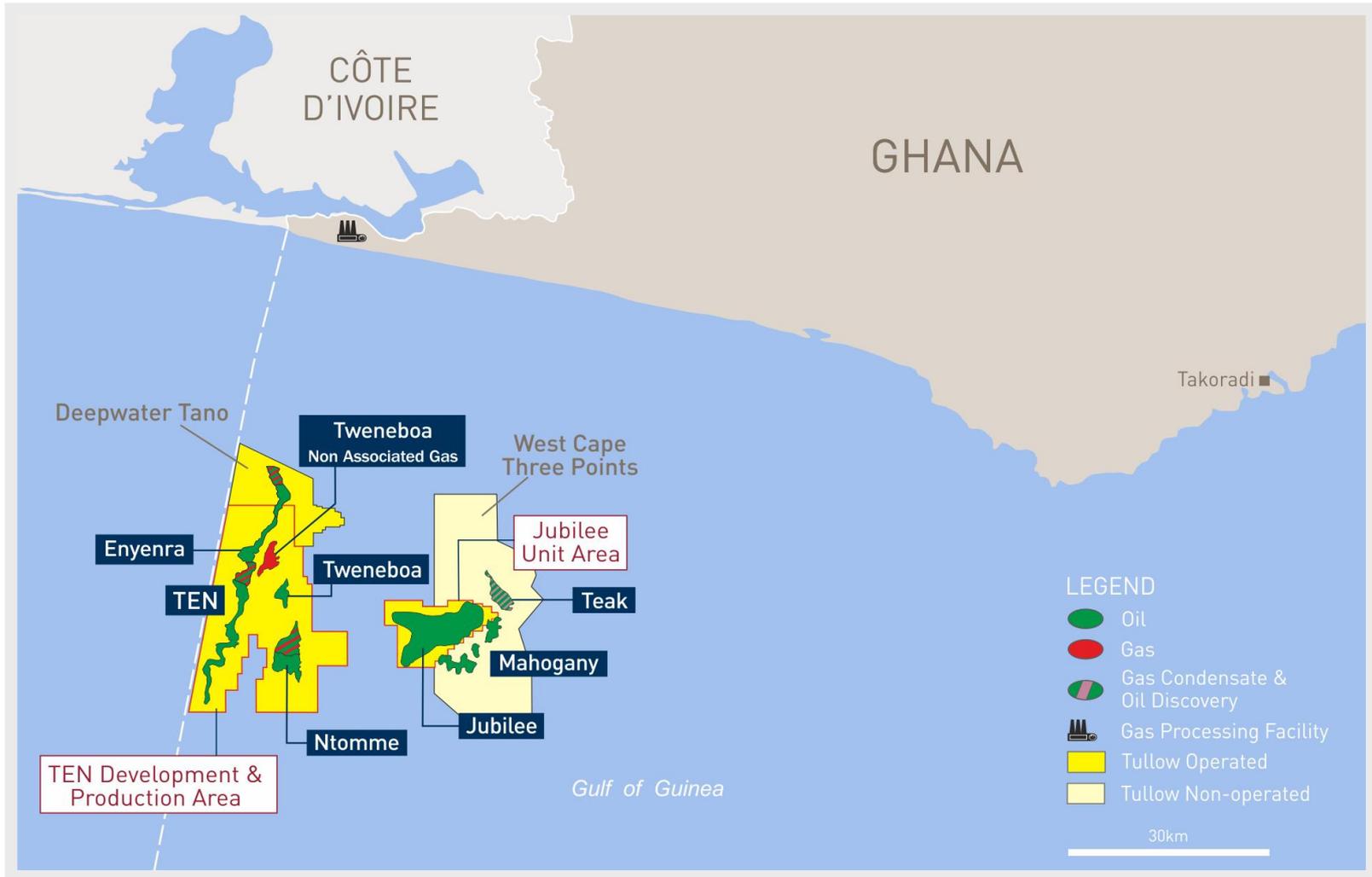
Africa: Long-term future upside & portfolio replenishment



- Mauritania: exploration shifted to low-cost shelf-edge oil plays, 3D seismic planned for Q2 2017
- Zambia: extension of East African Rift Basin Play; FTG planned for Q2 2017
- Namibia: material turbidite oil play in low-cost shallow water setting
- Ghana: near field & exploration potential to extend production plateau and increase reserves

Large acreage positions onshore & offshore Africa

Ghana acreage



Follow Tullow on:



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