TULLOW OIL PLC

2016
HALF YEAR RESULTS

27 July 2016

Tullow Oil plc – 2016 Half Year Results

First half 2016 profit after tax of $30 million and pre-tax operating cash flow of $256 million
TEN Project remains on budget and is on schedule for first oil in early August
Kenya exploration and appraisal campaign to re-commence in the fourth quarter of 2016

27 July 2016 – Tullow Oil plc (Tullow), the independent oil and gas exploration and production group, announces its half year results for the six months ended 30 June 2016. Details of a presentation in London, webcast and conference calls are available on page 23 of this report or visit the Group's website www.tullowoil.com.

COMMENTING TODAY, AIDAN HEAVEY, CHIEF EXECUTIVE, SAID:
"The start of production from the TEN field in early August will be transformational for the Group allowing us to significantly increase our net production and begin the process of deleveraging our balance sheet. This project has remained on schedule and on budget since the day the Plan of Development was signed and demonstrates our ability to deliver complex projects of this nature. The benefits of last year's cost-cutting programme are evident in the financial results, the significant TEN capital expenditure is largely behind us and we have also made good progress on the Jubilee Turret Project. Tullow is therefore well placed to move forward with a restructured and more efficient business that can deliver growth from its portfolio of high quality, low cost producing, development and exploration assets."

2016 HALF YEAR RESULTS HIGHLIGHTS

- 1H profit after tax of $30 million. Lower revenues on prior year as a result of lower commodity prices and reduced Jubilee production, which is the subject of an insurance claim, were partially offset by significantly lower costs and write-offs.
- Net debt at 30 June 2016 of $4.7 billion with facility headroom and free cash of $1.0 billion. Additional headroom of $300m added through a successful Convertible Bond issue on 6 July, further diversifying sources of debt.
- Mark-to-market value of oil hedges of over $300 million at 30 June 2016; 38,500 bopd of second half 2016 oil production hedged at average floor price of $74/barrel.
- TEN Project on schedule and on budget to deliver first oil in early August. TEN will increase Tullow's group net production by c. 60% when it reaches facility capacity around the end of 2016, enabling Tullow to deleverage organically.
- The Jubilee field's new operating procedures are working well with second half 2016 gross production expected to average 85,000 bopd. A project to spread moor the FPSO for the long term has commenced and insurers have been notified.
- East Africa upstream and pipeline projects in Kenya and Uganda moving towards FEED. Kenya Early Oil Pilot Scheme, with potential to deliver 2,000 bopd by the second half of 2017, being assessed with the Government of Kenya.
- Successful Kenya appraisal programme underpins estimated gross recoverable resource of up to 750mmbo. Exploration and appraisal programme to restart in the South Lokichar Basin in Q4 2016.
- New licences signed in H1 2016 in Zambia and Guyana; pre-drilling and scoping activities under evaluation in Suriname, Guyana, Jamaica, Uruguay and Namibia.

FINANCIAL OVERVIEW

	1H 2016	1H 2015	Change
Sales revenue ($m)	541	820	-34%
Gross profit ($m)	182	342	-47%
Operating profit ($m)	27	97	-72%
Profit / (loss) before tax ($m)	24	(10)	–
Profit / (loss) after tax ($m)	30	(68)	–
Operating cash flow before working capital ($m)	256	515	-50%

Operations review

Production

In the first half of 2016, Tullow's West Africa working interest oil production averaged 51,800 bopd, impacted by lower production from the Jubilee field in Ghana, associated with the FPSO turret issue identified in February as previously guided. This resulted in an extended shut down period in April while new operating and offtake procedures were implemented to enable the Jubilee field to restart in early May. This resulted in 1H 2016 gross Jubilee production averaging 62,900 bopd (net: 22,300 bopd). Taking into account short periods of reduced production, gross average production from the Jubilee field in the second half of 2016 is expected to be around 85,000 bopd (net: 30,200 bopd). Tullow therefore expects average gross production for the Jubilee field in 2016 to be around 74,000 bopd (net: 26,300 bopd).

As a consequence of Jubilee production outages and planned reductions in capital investment in the West Africa non-operated portfolio, Tullow's 2016 West Africa oil production guidance range was revised in June to 62-68,000 bopd net. Tullow has a comprehensive package of insurances in place which includes Business Interruption insurance which covers consequent loss of production and revenue from Jubilee.

In Europe, working interest gas production for the first half of 2016 was above expectations averaging 6,600 boepd. Full year guidance has been revised to 6-7,000 boepd.

WEST AFRICA*

1H 2016 production	Total reserves and resources	1H 2016 sales revenue	1H 2016 investment
58,400 boepd	555.3 mmboe	$541 million	$511 million

*Tullow's West Africa Business Delivery Team also manages the Group's European production and development operations which are reflected in the above table.

Ghana

Jubilee

An issue with the turret bearing of the Jubilee FPSO Kwame Nkrumah was identified in February 2016. This has resulted in the need to implement new operating and offtake procedures, which utilise a dynamically positioned shuttle tanker and a storage vessel. These procedures necessitated the FPSO be shut down for an extended period in April with production resuming in early May. Since resuming production, these procedures have been working well and Tullow expects to continue operating the field under these new procedures for the remainder of 2016 and anticipates average gross production to be around 85,000 bopd in the second half of 2016.

As announced in June, Tullow and its Partners have established that the preferred long-term solution is to convert the FPSO to a permanently spread moored facility, with offtake through a new deepwater offloading buoy. The first phase of this work will involve the installation of a stern anchoring system to replace the three heading control tugs currently in the field. This is anticipated to be completed around the end of 2016 and will require short periods of reduced production. The second phase of work, which is awaiting approval from the Government of Ghana, will rotate the FPSO to its optimal spread moor heading and is expected to be completed in the first half of 2017. The cost for these phases is expected to be up to $150 million gross and it is estimated that the Jubilee FPSO will need to be shut-down for 8-12 weeks during the first half of 2017 to complete the second phase of work.

Upon completion of the spread mooring, the Partners will review opportunities to improve the efficiency of offtake procedures by mid 2017. This should allow production to return to levels seen before the turret issue occurred.

A deep water offloading buoy is anticipated to be installed in the first half of 2018. This will remove the need for the dynamically positioned shuttle and storage tankers and the associated operating costs. Market enquiries are ongoing to estimate the cost to fabricate and install the buoy which is expected to require a shutdown of 4-6 weeks to install. The additional gross operating expenditure of the revised procedures is currently expected to be around $115 million for 2016, $105 million for 2017 and $35 million for 2018.

Tullow has a comprehensive package of insurance policies in place. This includes Hull and Machinery insurance, procured on behalf of the Joint Venture, which covers relevant operating and capital costs associated with damage to the FPSO, and Business Interruption insurance for Tullow which covers consequent loss of production and revenue. Claims under both policies have been notified to our insurers. As and when the claims have been accepted, the recovery of some past losses is expected before the end of 2016 and further costs are expected to be recovered as they are incurred.

In December 2015, Tullow submitted the Greater Jubilee Full Field Development Plan to the Government of Ghana. This project, to extend field production and increase commercial reserves, was redesigned given the current oil price environment, to reduce the overall capital requirement and allow flexibility on the timing of capital investment. In light of current circumstances, approval of the Greater Jubilee Full Field Development Plan by the Government of Ghana is now expected in mid-2017.

TEN

In May 2013, the Government of Ghana approved the TEN Plan of Development, Tullow's second major operated deepwater development project. Since then, the project has remained on schedule and on budget, with first oil expected in early August.

In January 2016, the FPSO Prof. John Atta Mills left Singapore and arrived in Ghana in March where the vessel was anchored to the seabed before being connected to the risers and subsea infrastructure. The integrated facilities underwent final commissioning and testing during the second quarter of the year ahead of the start-up sequence. This involves water injection to the Enyenra reservoir, followed by oil production. This sequence will then be repeated for the Ntomme reservoir. Eight of the eleven pre-drilled wells are now completed, with the ninth to be completed this week. The total gross TEN Project capital investment to first oil is within budget at around $4 billion. Net capex expenditure to Tullow in the first half of 2016 was c.$400 million with the forecast capex in the second half of 2016 being c.$200 million as drilling completions continue through the third quarter and equipment and vessels are demobilised.

A gradual ramp-up in oil production towards the FPSO capacity of 80,000 bopd is anticipated around the end of 2016 as the facilities complete performance testing and wells are brought up to optimum flow rates. Tullow estimates that TEN average annualised production in 2016 will be around 23,000 bopd gross (net: 11,000 bopd). Drilling is not expected to resume on the TEN fields until after the resolution of the Côte d'Ivoire and Ghana border dispute through the ITLOS tribunal whose decision is expected in 2017.

The associated gas produced at TEN will be re-injected into the Ntomme reservoir gas cap until gas export begins. Gas export was planned to start 12 months after field start-up, with the Tweneboa gas reservoir coming on stream a further 12 months later. However, options to accelerate associated gas export are currently being evaluated as the fabrication of the gas export facilities is ahead of schedule and is expected to be complete in late 2016, some six months early.

Non-operated West African production

West Africa non-operated production was in line with expectations for the first half of 2016 averaging 29,500 bopd net. As a result of near term cash flow optimisation decisions by the field operators due to the low oil price, reduced activity will continue across the portfolio in the second half of 2016, with some drilling now deferred to 2017/2018. As a result the 2016 capex guidance for this part of the portfolio has been further reduced from c.$100 million to c.$50 million. Full year 2016 West Africa non-operated production guidance is therefore now expected to be around 28,000 bopd net. Tullow believes it is likely to invest between $50 million and $100 million net per annum in this part of the portfolio which will lead to lower production from these mature assets over the medium term.

Europe production

In Europe, working interest gas production for the first half of 2016 was above expectations averaging 6,600 boepd. Full year guidance has been revised to 6-7,000 boepd. Tullow has commenced plugging and abandoning the Horne & Wren wells in the southern North Sea. Operations are c.70% complete and on budget. This project is a part of a larger decommissioning programme that will continue with the removal and disposal of the Horne & Wren mini-platform during the fourth quarter of 2016.

EAST AFRICA

1H 2016 production	Total reserves and resources	1H 2016 sales revenue	1H 2016 investment
NIL	635.8 mmboe	NIL	$45 million

Tullow has significant oil discoveries in Kenya's South Lokichar Basin and Uganda's Lake Albert Basin. For a period of time, the Governments of the two countries considered exporting their respective resources through a shared Ugandan-Kenyan pipeline. However, on 23 April 2016, the Presidents of Kenya and Uganda agreed to pursue two separate crude oil export pipelines for the development of their resources. Tullow welcomed the clarity from this decision and since April good progress has been made on the development planning in both countries.

Kenya

The Government of Kenya intends to run a crude oil pipeline from South Lokichar to the port of Lamu. Tullow and its Partners, Africa Oil and Maersk Oil, have signed an MoU with the Government of Kenya which confirms the intent of the parties to jointly progress the development of a Kenya crude oil pipeline. The pipeline Joint Development Agreement is currently being progressed and is expected to be signed in the third quarter of 2016. A standalone development in Kenya remains compelling; life-of-field development costs (comprising operating expenditure, capital expenditure and potential pipeline tariffs) are expected to be in the region of $25 to $30 per barrel. In the second half of 2016, Tullow intends to continue to progress the technical, environmental and social studies and to conduct tenders required to proceed to FEED for both the upstream and pipeline projects. Both FEED studies are expected to start in the first half of 2017.

In addition to progressing the full field development, an Early Oil Pilot Scheme (EOPS) transporting oil from South Lokichar to Mombasa, utilising road or a combination of road and rail, is being assessed. The EOPS would provide technical and non-technical information that will assist in full field development planning, utilising existing upstream wells and oil storage tanks to initially produce approximately 2,000 bopd gross around mid-2017, subject to agreement with National and County Governments.

Tullow concluded its first phase of exploration and appraisal in the South Lokichar Basin in the first half of 2016. The success of this programme and ongoing analysis of the discoveries led to an upgrade of the South Lokichar resource estimate up to 750 mmbo. Significant upside remains across the South Lokichar Basin with the potential to increase the resource estimate to over 1 billion barrels of recoverable oil. Tullow and its Joint Venture Partners plan to recommence drilling activities in the fourth quarter of 2016 with an initial programme of four wells in the South Lokichar basin and the potential to extend this by a further four wells. The first two wells will be the Etete and Erut prospects in the north of the South Lokichar Basin. Other potential prospects in the programme include further appraisal of the Ngamia and Amosing fields to target un-drilled volumes, with an aim of extending the size of these existing discoveries. In addition, Tullow is planning an extensive water injection test programme in the fourth quarter of 2016 to collect data to optimise the field development plans. Tullow has also reached agreement with the Government of Kenya to extend the exploration period for Blocks 13TT and 10BB in South Lokichar to 2020.

Outside of the South Lokichar Basin, the result from the basin opening Cheptuket-1 well in the Kerio Valley Basin in Block 12A was announced in March 2016. The well encountered good oil shows, seen in cuttings and rotary sidewall cores, across an interval of over 700 metres and post-well analysis is still in progress. An FTG survey over Block 12A commenced earlier this month to gain further data on this prospective area. Further exploration activities in Block 12A and Tullow’s other remaining unexplored Kenyan acreage, continue to be evaluated.

Uganda

The Ugandan Government has agreed a pipeline route through Tanzania from the Ugandan town of Hoima to the Tanzanian port of Tanga. The Governments of Uganda and Tanzania are progressing preliminary discussions on ownership, legal and commercial structures, while in parallel pipeline pre-project work has continued under Total’s sponsorship. Recent progress on the pipeline plan has included narrowing the route corridor to better define the exact location, further field refinement work, the appointment of legal advisors and advancing discussions on the commercial framework. The Governments of Uganda and Tanzania are both actively committed to facilitating land access, as well as agreeing favourable fiscal terms in order to move this element of the project forward.

The 1.7 billion barrel oil resource base in Uganda has been thoroughly de-risked and the Joint Venture Partners have benefited from adequate time to mature the definition of the Lake Albert field upstream development which is expected to have life-of-field development costs, which comprises operating expenditure, capital expenditure and pipeline tariffs, of approximately $25 per barrel.

The field development plans have been submitted to the Government of Uganda and approval of the plans, alongside the award of production licences, is expected shortly. Environmental and Social Impact Assessments are under way, and Tullow is expecting the FEED for both the upstream and pipeline developments to commence in the first half of 2017.

NEW VENTURES

1H 2016 production	Total reserves and resources	1H 2016 sales revenue	1H 2016 investment
NIL	79.7 mmboe	NIL	$33 million

Tullow has continued to actively manage its New Ventures portfolio in the first half of 2016 through both licence acquisitions and farm downs of existing acreage to manage exposure to exploration costs. Notwithstanding a lower exploration budget, Tullow continues to successfully replenish and high-grade its exploration portfolio, giving the Group significant low cost opportunities for the future.

Africa

In June, Tullow extended its East African rift play acreage through the award of Petroleum Exploration Licence 28, onshore Zambia. The 53,000 sq km block builds on Tullow’s existing low-cost, core East African Tertiary rift basins, giving the Group access to three further unexplored basins. Within the first two years of the licence, Tullow plans to complete initial geological studies, acquire an FTG survey and collect passive seismic data. If the results are positive the Group will then carry out the acquisition of 2D seismic over the block.

Norway

Drilling continued in Norway in the first half of 2016. The Wisting Central 2 long reach horizontal well in the Barents Sea was completed in early April successfully exploring and appraising the Wisting South & Wisting West segments of the field. The well encountered an oil column of 22 metres in a 1,402 metres horizontal section with 1,250 metres of net light oil pay. A constrained production test was carried out with a flow rate of approximately 5,000 bopd demonstrating excellent reservoir properties and valuable development potential. The well results are expected to provide an increase of in-place volumes. Tullow was recently awarded one licence north of Wisting in the 23rd licensing round, adding to the Group's acreage in this prospective area. In July, the Rome prospect in PL776 was drilled to a total vertical depth of 2,319 metres below sea level by the semi-submersible Borgland Dolphin rig in a water depth of 98 metres. The well did not encounter any hydrocarbons and has been plugged and abandoned.

Non-operated wells planned for the second half of 2016 in Norway include the Cara well in PL636 and the Rovarkula well in PL626, which have both commenced drilling and results are expected in August.

South America and Caribbean

Exploration in South America continues to be an area of strong interest for Tullow and other industry parties. Tullow is particularly focused offshore on low-cost, light oil plays which can be targeted with simple wells. In early 2016, Tullow's substantial acreage position in the Guyana basin was further strengthened with the award of the Orinduik licence, immediately up-dip of the significant Liza-1 oil discovery made by Exxon in 2015. A 3D seismic survey is planned on both the Kanuku and Orinduik licences in 2017.

Tullow plans to commence a drop core geochemical survey in Suriname in September 2016, to sample the seabed in Blocks 47 and 54 to test shallow hydrocarbon indicators. Results of the 3D survey completed in the first half of the year over Block 54 indicate a number of highly attractive leads and prospects, in particular the Araku prospect.

In January 2016, Tullow farmed down a 35% working interest in Block 15 in Uruguay to Statoil, with government approval received and completion taking place at the end of May. The Partners have agreed a one-year extension with the government on the block in order to acquire 2,500 sq km of new 3D seismic and this activity will commence in late 2016. The interpretation of this is expected to add to the number of leads already identified in a 3D survey undertaken by Tullow in 2013. Leads in the under-explored Pelotas Basin, in the north-eastern part of Block 15, are particularly well located for potential oil charge. Tullow has decided to exit the deepwater Guyanne Maritime Block in French Guiana.

In Jamaica, a 2D seismic survey has been completed over the 32,056 sq km Walton Morant licence. The results of the survey are currently being analysed to delineate potential plays in shallow water.

Asia

In January 2016, Tullow agreed to sell a 20% interest in the Bannu West licence in Pakistan to Mari Petroleum. The deal is subject to government approval.

Finance review

Financial results summary	1H 2016	1H 2015	Change
Working interest production volume (boepd)	58,400	74,600	-22%
Sales volume (boepd)	50,200	66,500	-25%
Realised oil price ($/bbl)	60.7	70.6	-14%
Realised gas price (p/therm)	31.7	46.4	-32%
Sales revenue ($m)	541	820	-34%
Cash operating costs ($/boe)[1]	17.7	16.2	9%
Exploration write-off ($m)	59	88	-33%
Impairment reversal of property, plant and equipment ($m)	–	(11)	–
Operating profit ($m)	27	97	-72%
Profit/(loss) before tax ($m)	24	(10)	–
Profit/(loss) after tax ($m)	30	(68)	–
Basic earnings/(loss) per share (cents)	3.3	(7.5)	–
Cash generated from operations (before working capital movements (WC)) ($m)	256	515	-50%
Operating cash flow (before WC) per boe ($/boe)	23.9	37.9	-37%
Capital investment ($m)	589	783	-25%
Net debt ($m)	4,721	3,610	31%
Gearing (%)	62	49	13

[1] Underlying operating costs of $13.4 /bbl excluding the impact of additional Jubilee operating costs and reduced production for the Turret

Production and commodity prices

Working interest production averaged 58,400 boepd, a decrease of 22% for the period (1H 2015: 74,600 boepd). This is primarily due to the extended shut down associated with the Jubilee turret issue. Sales volumes averaged 50,200 boepd, representing a decrease of 25%.

On average, oil prices in 1H 2016 were lower than in 1H 2015. Realised oil price after hedging for the period was US$60.7/bbl (1H 2015: US$70.6/bbl), a decrease of 14% which recognises the benefit of our hedging programmes as average market prices in 1H 2016 were $41/bbl. European gas prices were lower than the prior period. The realised European gas price after hedging for 1H 2016 was 31.7 pence/therm (1H 2015: 46.4 pence/therm), a decrease of 32%.

Operating costs, depreciation and expenses

Underlying cash operating costs, which excludes depletion and amortisation and movements in underlift/overlift, amounted to $190 million; $17.7/boe (1H 2015: $220 million; $16.2/boe). The increase in operating costs per barrel is a result of the costs associated with the revised Jubilee operating procedure. Excluding the cost impact of the revised Jubilee operating procedures and associated lower production the underlying cash operating costs per barrel were $13.4/boe.

DD&A charges before impairment on production and development assets amounted to $182 million; $17.0/boe (1H 2015: $291 million; $21.4/boe), the decrease being attributed to the impairments made at year end 2015 and lower production volumes. The Group did not recognise an impairment of property, plant and equipment in 1H 2016 (1H 2015: $11 million reversal).

Administrative expenses of $68 million (1H 2015: $100 million) include an amount of $6 million (1H 2015: $14 million) associated with IFRS 2 – Share-based Payments. The decrease in total general and administrative costs reflects the benefits of the simplification project and further cost reduction activities in 2016.

During 1H 2016 the Group recognised a provision for restructuring costs of $7 million (1H 2015: $42 million) and as a result of a review of expected work programmes the provision for onerous service contracts has increased by $17 million (1H 2015: nil).

Exploration costs written off	1H 2016	1H 2015	Change
Exploration costs written off	(59)	(88)	-33%
Associated deferred tax credit	20	51	-61%
Net exploration costs written off	(39)	(37)	5%

During 1H 2016 the Group spent $28 million, including Norway exploration costs on a post-tax basis, on exploration and appraisal activities and has written off $10 million in relation to this expenditure. This included write-offs in Pakistan ($2 million) and new venture costs ($5 million). In addition, the Group has written off $29 million in relation to prior years' expenditure and fair value adjustments in Norway and Suriname.

Derivative financial instruments

Tullow continues to undertake hedging activities as part of the ongoing management of its business risk to protect against volatility and to ensure the availability of cash flow for reinvestment in capital programmes that are driving business growth.

At 30 June 2016, the Group's derivative instruments had a net positive fair value of $317 million (1H 2015: positive $298 million), inclusive of deferred premium. While all of the Group's commodity derivative instruments currently qualify for hedge accounting, a pre-tax credit of $30 million (1H 2015: charge of $25 million) in relation to the change in time value of the Group's commodity derivative instruments has been recognised in the income statement during the period.

Hedge position	2H 2016	2017	2018
Oil hedges			
Volume – bopd	38,500	31,000	10,500
Average Floor price protected ($/bbl)	74.28	65.30	60.47
Gas hedges			
Volume – mmscfd	2.46	3.67	-
Average Floor price protected (p/therm)	43.35	40.47	-

Net financing costs

The period's net interest charge includes interest income on cash deposits, foreign exchange gains and losses, interest incurred on the Group's debt facilities and the decommissioning finance charge offset by borrowing costs capitalised principally against the Ugandan assets and the TEN development. The net interest charge for the period was $33 million (1H 2015: $82 million) and reflects a decrease in finance costs associated with an increase in capitalised interest associated with the TEN development and a foreign exchange gain of $38 million (1H 2015: $13 million loss). Capitalised interest for the period was $89 million (1H 2015: $72 million). The foreign exchange gain and TEN capitalised interest were partially offset by an increase in interest charges associated with higher debt.

Taxation

The overall net tax credit of $6 million (1H 2015: $58 million charge) includes credits in respect of the Group's North Sea, Gabon, Equatorial Guinea and Ghanaian production activities, Norwegian exploration and non-recurring deferred tax credits associated with exploration write-offs, disposals and onerous lease provisions offset by a tax charge on hedging profits. After adjusting for the non-recurring amounts related to exploration write-offs, disposals and onerous lease provisions and their associated deferred tax benefit, the Group's underlying effective tax rate is 20% (1H 2015: 32%). The decrease in the underlying effective tax rate is primarily a result of lower profits from overseas production activities and increased hedging profits taxed at the UK corporate tax rate.

Profit/(loss) after tax from continuing activities and basic earnings per share

The profit from continuing activities for the period amounted to $30 million (1H 2015: $68 million loss). Basic earnings per share were 3.3 cents (1H 2015: 7.5 cents loss).

Dividend per share

In view of the fall in the oil price, the Board suspended the dividend in early 2015. At a time when Tullow is focusing on capital allocation, financial flexibility and cost reductions, the Board believes that Tullow and its shareholders are better served by currently investing these funds into the business.

Operating cash flow

Operating cash flow before working capital movements decreased by 50% to $256 million (1H 2015: $515 million) as a result of reduced sales volumes and lower realised commodity prices. In the period, this cash flow, together with increased debt facilities, helped fund the Group's $589 million of capital expenditure in exploration and development activities and the servicing of debt facilities.

Reconciliation of net debt	$m
Year-end 2015 net debt	**4,019**
Revenue	541
Operating costs	(190)
Operating expenses	(95)
Cash flow from operations	**256**
Movement in working capital	38
Tax paid	(95)
Capital expenditure	(781)
Other investing activities	1
Financing activities	(132)
Foreign exchange gain on cash and debt	12
1H 2016 net debt	**4,721**

Capital expenditure

Capital expenditure amounted to $589 million (1H 2015: $783 million) (net of Norwegian tax) with $561 million invested in development activities and $28 million in exploration and appraisal activities. More than 85% of the total was invested in Kenya, Ghana and Uganda and 94% was invested in Africa. Based on current estimates and work programmes, 2016 capital expenditure is forecast to be $1.0 billion (net of Norwegian tax), with $90 million allocated to exploration and appraisal activities and $35 million for the Jubilee turret project. Cash capital expenditure in 1H 2016, per the financial statements, is $781 million, $192 million higher than $589 million accrued capital expenditure as a result of an outflow of working capital and Norwegian capital expenditure presented on a pre-tax basis.

Balance sheet

In April, Tullow successfully completed its routine six-monthly Reserve Based Lending (RBL) redetermination process, securing available debt capacity of $3.5 billion. The first amortisation of the RBL is scheduled in October 2016, when commitments will reduce to $3.25 billion. The Company currently plans to refinance the RBL before any further amortisation in 2017.

The Group also agreed a twelve month extension to the maturity of the Corporate Facility to April 2018. The Corporate Facility commitments remain at $1 billion until April 2017, when commitments reduce to $800 million with an accordion feature for an additional amount of $200 million. Tullow's lending banks also agreed a further amendment to the financial leverage covenant of the RBL and the Corporate Facility. This demonstrates the continued support of the Group's lending banks during this period of low oil prices and the high quality of Tullow's asset portfolio.

At 30 June 2016, Tullow had net debt of $4.7 billion (1H 2015: $3.6 billion). Unutilised debt capacity and free cash at 30 June 2016 amounted to approximately $1.0 billion.

On 6 July Tullow completed the issuance of a $300 million Convertible Bond Offering. The Bonds were issued at par and have a coupon of 6.625% per annum payable semi-annually. The Bonds will be convertible into fully paid ordinary shares of the Company. The initial conversion price has been set at $3.52, a premium of 30% above the volume weighted average price of an Ordinary Share on the London Stock Exchange between opening and closing of the market on 6th July 2016, converted at the prevailing USD:GBP spot rate. The Ordinary Shares underlying the Bonds represent 9.35% of the Company's outstanding ordinary share capital. The bonds were issued to further diversify Tullow's sources of funding and the proceeds will be used for general corporate purposes and to fund capital investment in the Group's assets in West and East Africa.

Liquidity risk management and going concern

The Group closely monitors and manages its liquidity risk. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, changes in commodity prices, different rates of production, and levels of downtime at the Group's producing assets. In addition to the Group's operating cash flows, portfolio management opportunities are reviewed to potentially enhance the financial capability and flexibility of the Group. In the current low commodity price environment, and considering the current production challenges at the Group's Jubilee asset, the Group has taken action to reduce its cost base and further diversify its sources of funding. The Group had $1.0 billion of unutilised facility headroom and free cash at 30 June 2016, excluding the $300 million proceeds from the Convertible Bond received on 12 July 2016. The Group's forecasts, taking into account the risks described above, show that the Group will be able to operate within its current debt facilities and has sufficient financial headroom for the 12 months from the date of approval of the 2016 half-year results. Notwithstanding this forecast, both operating and market conditions remain changeable and could impact future liquidity. Therefore strengthening the balance sheet and debt reduction continue to be key priorities for Tullow this year. Options available include further rationalisation of our cost base, further cuts to discretionary capital expenditure, portfolio management and other funding options.

2016 principal financial risks and uncertainties

The Board determines the key risks for the Group and monitors mitigation plans and performance on a monthly basis. The principal risks and uncertainties facing the Group at the year-end are detailed in the risk management section of the 2015 Annual Report. The Group has identified its principal risks for the next six months as being:

- Resolution of Jubilee turret issue and receipt of insurance proceeds
- Oil price and overall market volatility
- Operational performance and project delivery
- Maintaining capital and operating cost discipline
- Execution of financial strategy to maintain appropriate liquidity

Events since 30 June 2016

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In July, the Rome prospect in PL776 Norway was drilled to a total vertical depth of 2,319 metres below sea level by the semi-submersible Borgland Dolphin rig in a water depth of 98 metres. The well did not encounter any hydrocarbons and has been plugged and abandoned.

Responsibility statement

The Directors confirm that to the best of their knowledge:

a. the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';

b. the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

c. the interim management report includes a true and fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

The Directors of Tullow Oil plc are as listed in the Group's 2015 Annual Report and Accounts. A list of the current Directors is maintained on the Tullow Oil plc website: www.tullowoil.com.

By order of the Board,

Aidan Heavey
Chief Executive Officer
26 July 2016

Ian Springett
Chief Financial Officer
26 July 2016

Disclaimer

This statement 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 the Group 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. Accordingly no reliance may be placed on the figures contained in such forward-looking statements.

Independent review report to Tullow Oil plc

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2016 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income and expense, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 15. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditor
London
26 July 2016

Condensed consolidated income statement

Six months ended 30 June 2016

	Notes	6 months ended 30.06.16 Unaudited $m	6 months ended 30.06.15 Unaudited $m	Year ended 31.12.15 Audited $m
Continuing activities				
Sales revenue		540.6	819.6	1,606.6
Cost of sales	7	(358.9)	(477.4)	(1,015.3)
Gross profit		181.7	342.2	591.3
Administrative expenses	7	(68.4)	(100.0)	(193.6)
Restructuring costs		(7.4)	(25.4)	(40.8)
Loss on disposal		(3.4)	(43.9)	(56.5)
Goodwill impairment		–	–	(53.7)
Exploration costs written off	9	(59.0)	(87.5)	(748.9)
Impairment of property, plant and equipment	10	–	11.1	(406.0)
Provision for onerous service contracts	13	(16.9)	–	(185.5)
Operating profit /(loss)		26.6	96.5	(1,093.7)
Gain/(loss) on hedging instruments		30.2	(25.1)	(58.8)
Finance revenue		36.9	1.4	4.2
Finance costs		(69.6)	(83.0)	(149.0)
Profit/(loss) from continuing activities before tax		24.1	(10.2)	(1,297.3)
Income tax credit/(expense)	8	5.8	(57.5)	260.4
Profit/(loss) for the year from continuing activities		29.9	(67.7)	(1,036.9)
Attributable to:				
Owners of the Company		29.7	(67.9)	(1,034.8)
Non-controlling interest		0.2	0.2	(2.1)
		29.9	(67.7)	(1,036.9)
Earnings per ordinary share from continuing activities		¢	¢	¢
Basic	3	3.3	(7.5)	(113.6)
Diluted	3	3.2	(7.5)	(113.6)

Condensed consolidated statement of comprehensive income and expense

Six months ended 30 June 2016

	6 months ended 30.06.16 Unaudited $m	6 months ended 30.06.15 Unaudited $m	Year ended 31.12.15 Audited $m
Profit/(loss) for the period	29.9	(67.7)	(1,036.9)
Items that may be reclassified to the income statement in subsequent periods			
Cash flow hedges			
(Losses)/gains arising in the period	(101.4)	16.1	513.0
Reclassification adjustments for items included in profit on realisation	(234.8)	(164.4)	(302.4)
Exchange differences on translation of foreign operations	(10.8)	(46.5)	(43.6)
Other comprehensive (expense)/income	(347.0)	(194.8)	167.0
Tax relating to components of other comprehensive income/(expense)	50.0	0.5	(42.3)
Net other comprehensive (expense)/income for the period	(297.0)	(194.3)	124.7
Total comprehensive expense for the period	(267.1)	(262.0)	(912.2)
Attributable to:			
Owners of the Company	(267.3)	(262.2)	(910.1)
Non-controlling interest	0.2	0.2	(2.1)
	(267.1)	(262.0)	(912.2)

Condensed consolidated balance sheet

As at 30 June 2016

	Notes	30.06.16 Unaudited $m	30.06.15* Unaudited $m	31.12.15 Audited $m
ASSETS				
Non-current assets				
Goodwill		164.0	217.7	164.0
Intangible exploration and evaluation assets	9	3,489.6	3,852.4	3,400.0
Property, plant and equipment	10	5,565.4	5,160.8	5,204.4
Investments		1.0	1.0	1.0
Other non-current assets	11	296.0	350.1	223.4
Derivative financial instruments		98.6	122.3	218.7
Deferred tax assets		291.6	395.5	295.3
		9,906.2	10,099.8	9,506.8
Current assets				
Inventories		121.0	125.5	107.2
Trade receivables		49.0	117.3	80.8
Other current assets	11	696.0	604.0	763.2
Current tax assets		136.2	235.3	127.6
Derivative financial instruments		223.7	179.0	406.5
Cash and cash equivalents		303.7	488.1	355.7
		1,529.6	1,749.2	1,841.0
Total assets		11,435.8	11,849.0	11,347.8
LIABILITIES				
Current liabilities				
Trade and other payables	12	(912.0)	(843.8)	(1,110.6)
Provisions*	13	(143.0)	(18.6)	(187.0)
Borrowings		(652.0)	(125.5)	(73.8)
Current tax liabilities		(99.1)	(334.0)	(208.3)
Derivative financial instruments		(2.4)	(3.3)	(2.1)
		(1,808.5)	(1,325.2)	(1,581.8)
Non-current liabilities				
Trade and other payables	12	(99.6)	(79.8)	(99.3)
Borrowings		(4,335.2)	(3,906.3)	(4,262.4)
Provisions		(1,042.3)	(1,205.4)	(1,065.1)
Deferred tax liabilities		(1,222.1)	(1,550.8)	(1,164.5)
Derivative financial instruments		(2.9)	–	–
		(6,702.1)	(6,742.3)	(6,591.3)
Total liabilities		(8,510.6)	(8,067.5)	(8,173.1)
Net assets		2,925.2	3,781.5	3,174.7
EQUITY				
Called up share capital	14	147.2	147.0	147.2
Share premium		611.5	607.2	609.8
Foreign currency translation reserve		(260.1)	(252.2)	(249.3)
Hedge reserve		283.7	253.8	569.9
Other reserves		740.9	740.9	740.9
Retained earnings		1,392.1	2,260.3	1,336.4
Equity attributable to equity holders of the Company		2,915.3	3,757.0	3,154.9
Non-controlling interest		9.9	24.5	19.8
Total equity		2,925.2	3,781.5	3,174.7

*For comparability purposes current provisions have been re-presented.

Condensed statement of changes in equity

As at 30 June 2016

	Share capital $m	Share premium $m	Foreign currency translation reserve[1] $m	Hedge Reserve[2] $m	Other reserves[3] $m	Retained earnings $m	Total $m	Non-controlling interest $m	Total Equity $m
At 1 January 2015	147.0	606.4	(205.7)	401.6	740.9	2,305.8	3,996.0	24.3	4,020.3
Loss for the period	–	–	–	–	–	(67.9)	(67.9)	0.2	(67.7)
Hedges, net of tax	–	–	–	(147.8)	–	–	(147.8)	–	(147.8)
Currency translation adjustments	–	–	(46.5)	–	–	–	(46.5)	–	(46.5)
Issue of employee share options	–	0.8	–	–	–	–	0.8	–	0.8
Share-based payment charges	–	–	–	–	–	22.4	22.4	–	22.4
At 30 June 2015	147.0	607.2	(252.2)	253.8	740.9	2,260.3	3,757.0	24.5	3,781.5
Loss for the period	–	–	–	–	–	(966.9)	(966.9)	(2.3)	(969.2)
Hedges, net of tax	–	–	–	316.1	–	–	316.1	–	316.1
Currency translation adjustments	–	–	2.9	–	–	–	2.9	–	2.9
Issue of employee share options	0.2	2.6	–	–	–	–	2.8	–	2.8
Vesting of PSP shares	–	–	–	–	–	(1.9)	(1.9)	–	(1.9)
Share-based payment charges	–	–	–	–	–	44.9	44.9	–	44.9
Distribution to non-controlling interests	–	–	–	–	–	–	–	(2.4)	(2.4)
At 1 January 2016	147.2	609.8	(249.3)	569.9	740.9	1,336.4	3,154.9	19.8	3,174.7
Profit for the period	–	–	–	–	–	29.7	29.7	0.2	29.9
Hedges, net of tax	–	–	–	(286.2)	–	–	(286.2)	–	(286.2)
Currency translation adjustments	–	–	(10.8)	–	–	–	(10.8)	–	(10.8)
Issue of employee share options	–	1.7	–	–	–	–	1.7	–	1.7
Vesting of PSP shares	–	–	–	–	–	(1.7)	(1.7)	–	(1.7)
Share-based payment charges	–	–	–	–	–	27.7	27.7	–	27.7
Distribution to non-controlling interests	–	–	–	–	–	–	–	(10.1)	(10.1)
At 30 June 2016	147.2	611.5	(260.1)	283.7	740.9	1,392.1	2,915.3	9.9	2,925.2

1. *The foreign currency translation reserve represents exchange gains and losses arising on translation of foreign currency subsidiaries, monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and exchange gains or losses arising on long-term foreign currency borrowings which are a hedge against the Group's overseas investments.*
2. *The hedge reserve represents gains and losses on derivatives classified as effective cash flow hedges.*
3. *Other reserves include the merger reserve and the treasury shares reserve which represents the cost of shares in Tullow Oil plc purchased in the market and held by the Tullow Oil Employee Trust to satisfy awards held under the Group's share incentive plans.*

Condensed consolidated cash flow statement

Six months ended 30 June 2016

	Notes	6 months ended 30.06.16 Unaudited $m	6 months ended 30.06.15 Unaudited $m	Year ended 31.12.15 Audited $m
Cash flows from operating activities				
Profit/(loss) before taxation		24.1	(10.2)	(1,297.3)
Adjustments for:				
Depletion, depreciation and amortisation		193.8	305.9	580.1
Loss on disposal		3.4	43.9	56.5
Goodwill impairment		–	–	53.7
Exploration costs written off	9	59.0	87.5	748.9
Impairment of property, plant and equipment	10	–	(11.1)	406.0
Increase in provision for onerous service contracts	13	16.9	–	185.5
Payments under onerous service contracts	13	(59.7)	–	–
Provision for inventory		–	–	22.2
Decommissioning payments		(7.1)	(22.5)	(40.8)
Share-based payment charge		23.0	14.9	48.7
(Gain)/loss on hedging instruments		(30.2)	25.1	58.8
Finance revenue		(36.9)	(1.4)	(4.2)
Finance costs		69.6	83.0	149.0
Operating cash flow before working capital movements		255.9	515.1	967.1
Decrease/(increase) in trade and other receivables		119.5	(32.8)	(26.5)
(Increase)/decrease in inventories		(16.8)	11.6	9.0
(Decrease)/increase in trade payables		(65.1)	(43.9)	366.5
Cash flows from operating activities		293.5	450.0	1,316.1
Taxes (paid)/recieved		(94.7)	(79.5)	34.9
Net cash from operating activities		198.8	370.5	1,351.0
Cash flows from investing activities				
Proceeds from disposals		0.1	57.2	55.8
Purchase of intangible exploration and evaluation assets		(149.2)	(326.3)	(647.6)
Purchase of property, plant and equipment		(631.5)	(505.8)	(1,464.8)
Interest received		0.7	1.4	4.2
Net cash used in investing activities		(779.9)	(773.5)	(2,052.4)
Cash flows from financing activities				
Net proceeds from issue of share capital		–	0.9	3.5
Debt arrangement fees		(16.0)	(26.7)	(25.7)
Repayment of bank loans		(80.2)	(54.0)	(191.8)
Drawdown of bank loan		741.6	737.5	1,168.8
Repayment of obligations under finance leases		(1.6)	(0.6)	(3.3)
Interest paid		(104.2)	(86.9)	(203.6)
Distribution to non controlling interests		(10.0)	–	(2.4)
Net cash generated by financing activities		529.6	570.2	745.5
Net (decrease)/increase in cash and cash equivalents		(51.5)	167.2	44.1
Cash and cash equivalents at beginning of period		355.7	319.0	319.0
Foreign exchange (loss)/gain		(0.5)	1.9	(7.4)
Cash and cash equivalents at end of period		303.7	488.1	355.7

Notes to the preliminary financial statements

Six months ended 30 June 2016

1. General information

The condensed financial statements for the six month period ended 30 June 2016 have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting and the requirements of the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority (FCA) in the United Kingdom as applicable to interim financial reporting.

The Condensed financial statements represent a 'condensed set of financial statements' as referred to in the DTR issued by the FCA. Accordingly, they do not include all of the information required for a full annual financial report and are to be read in conjunction with the Group's financial statements for the year ended 31 December 2015, which were prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use by the European Union (EU). The Condensed financial statements are unaudited and do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the year ended 31 December 2015 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. This information was derived from the statutory accounts for the year ended 31 December 2015, a copy of which has been delivered to the Registrar of Companies. The auditor's report on these accounts was unqualified, did not include a reference to any matters to which the auditor drew attention by way of an emphasis of matter and did not contain a statement under sections 498 (2) or (3) of the Companies Act 2006.

2. Accounting policies

The annual financial statements of Tullow Oil plc are prepared in accordance with IFRSs as issued by the International Accounting Standards Board and as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the Financial Services Authority.

Basis of preparation

The condensed set of financial statements included in this half-yearly financial report has been prepared on a going concern basis as the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future as explained in the Finance Review.

The accounting policies adopted in the 2016 half-yearly financial report are the same as those adopted in the 2015 Annual report and accounts other than the following new and revised standards that were effective during 2016. The adoption of these standards has not had a material impact on the financial statements of the Group.

3. Earnings per Share

The calculation of basic earnings per share is based on the profit for the period after taxation attributable to equity holders of the parent of $29.7 million (1H 2015: $67.9 million, loss) and a weighted average number of shares in issue of 911.9 million (1H 2015: 911.0 million).

The calculation of diluted earnings per share is based on the profit for the period after taxation as for basic earnings per share. The number of shares outstanding, however, is adjusted to show the potential dilution if employee share options are converted into ordinary shares. The weighted average number of ordinary shares is increased by 39.2 million (1H 2015: 15.2 million) in respect of employee share options, resulting in a diluted weighted average number of shares of 951.1 million (1H 2015: 972.2 million).

4. Dividends

The Directors intend to recommend that no interim 2016 dividend be paid (2015 interim dividend: Nil).

5. Approval of Accounts

These unaudited half-yearly financial statements were approved by the Board of Directors on 26 July 2016.

6. Segmental reporting

The information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of segment performance is focused on three business delivery teams, West Africa (including non-operated producing European assets), East Africa and New Ventures. The Group has one class of business, being the exploration, development, production and sale of hydrocarbons and therefore the Group's reportable segments under IFRS 8 are West Africa; East Africa; and New Ventures. The following tables present revenue, profit and certain asset and liability information regarding the Group's business segments for the six months ended 30 June 2016, the six months ended 30 June 2015, and the year ended 31 December 2015.

	West Africa $m	East Africa $m	New Ventures $m	Unallocated $m	Total $m
Six months ended 30 June 2016					
Sales revenue by origin	540.6	–	–	–	540.6
Segment result	181.0	–	(58.6)	(16.6)	105.8
Loss on disposal					(3.4)
Unallocated corporate expenses					(75.8)
Operating profit					26.6
Gain on hedging instruments					30.2
Finance revenue					36.9
Finance costs					(69.6)
Profit before tax					24.1
Income tax credit					5.8
Profit after tax					29.9
Total assets	7,547.8	2,642.9	1,056.3	188.8	11,435.8
Total liabilities	(2,783.7)	(251.5)	(462.0)	(5,013.4)	(8,510.6)
Other segment information					
Capital expenditure:					
Property, plant and equipment	563.0	–	0.3	0.1	563.4
Intangible exploration and evaluation assets	6.1	68.3	65.2	-	139.6
Depletion, depreciation and amortization	(182.9)	(0.5)	(0.6)	(9.8)	(193.8)
Exploration costs written off	(2.5)	–	(56.5)	–	(59.0)

Unallocated expenditure and net liabilities include amounts of a corporate nature and not specifically attributable to a geographic area. The liabilities comprise the Group's external debt and other non attributable corporate liabilities.

6. Segmental reporting contd.

	West Africa $m	East Africa $m	New Ventures $m	Unallocated $m	Total $m
Six months ended 30 June 2015					
Sales revenue by origin	819.6	–	–	–	819.6
Segment result	346.3	(0.1)	(80.2)	(0.2)	265.8
Loss on disposal of other assets					(43.9)
Unallocated corporate expenses					(125.4)
Operating profit					96.5
Loss on hedging instruments					(25.1)
Finance revenue					1.4
Finance costs					(83.0)
Loss before tax					(10.2)
Income tax charge					(57.5)
Loss after tax					(67.7)
Total assets	7,427.8	2,461.4	1,563.2	396.6	11,849.0
Total liabilities	(3,134.4)	(295.3)	(730.4)	(3,907.4)	(8,067.5)
Other segment information					
Capital expenditure:					
Property, plant and equipment	526.1	–	0.1	10.3	536.5
Intangible exploration and evaluation assets	16.5	225.7	128.8	–	371.0
Depletion, depreciation and amortization	(291.4)	(0.5)	(0.6)	(13.4)	(305.9)
Reversal of impairment of property, plant and equipment	11.1	–	–	–	11.1
Exploration costs written off	(9.5)	–	(78.0)	–	(87.5)

	West Africa $m	East Africa $m	New Ventures $m	Unallocated $m	Total $m
Year ended 31 December 2015					
Sales revenue by origin	1,606.6	–	–	–	1,606.6
Segment result	(189.7)	(28.3)	(461.2)	(123.6)	(802.8)
Loss on disposal of oil and gas assets					(56.5)
Unallocated corporate expenses					(234.4)
Operating Loss					(1,093.7)
Loss on hedging instruments					(58.8)
Finance revenue					4.2
Finance costs					(149.0)
Loss before tax					(1,297.3)
Income tax credit					260.4
Loss after tax					(1,036.9)
Total assets	7,510.5	2,601.6	1,011.2	224.5	11,347.8
Total liabilities	(3,085.8)	(341.4)	(331.8)	(4,414.1)	(8,173.1)
Other segment information					
Capital expenditure:					
Property, plant and equipment	1,245.0	0.5	1.5	11.2	1,258.2
Intangible exploration and evaluation assets	23.1	399.6	203.6	–	626.3
Depletion, depreciation and amortization	(553.2)	(1.1)	(1.2)	(24.6)	(580.1)
Impairment of property, plant and equipment	(406.0)	–	–	–	(406.0)
Exploration costs written off	(380.0)	(28.3)	(340.6)	–	(748.9)
Goodwill impairment	–	–	(53.7)	–	(53.7)

	Sales revenue 6 months ended 30.06.16 $m	Sales revenue 6 months ended 30.06.15 $m	Sales revenue Year ended 31.12.15 $m	*Non-current assets 30.06.16 $m	*Non-current assets 30.06.15 $m	*Non-current assets 31.12.15 $m
Congo	16.9	27.8	39.7	10.1	86.0	12.2
Côte d'Ivoire	48.9	27.2	91.8	149.5	151.2	159.1
Equatorial Guinea	82.8	92.6	176.1	191.0	309.8	218.6
Gabon	141.3	161.6	284.3	207.8	347.6	234.5
Ghana	183.7	427.5	869.1	5,334.3	4,465.0	4,891.0
Mauritania	11.6	12.7	18.9	–	–	–
Netherlands	14.2	34.0	57.5	120.9	500.9	115.5
UK	41.2	36.2	69.2	5.1	75.7	6.0
Other	–	–	–	0.5	3.6	0.5
Total West Africa	540.6	819.6	1,606.6	6,019.2	5,939.8	5,637.4
Kenya	–	–	–	909.7	803.7	880.6
Uganda	–	–	–	1,632.3	1,524.7	1,593.5
Total East Africa	–	–	–	2,542.0	2,328.4	2,474.1
Norway	–	–	–	576.4	740.0	474.8
Other	–	–	–	288.0	452.0	297.7
Total New ventures	–	–	–	864.4	1,192.0	772.5
Unallocated	–	–	–	90.4	121.8	108.8
Total	540.6	819.6	1,606.6	9,516.0	9,582.0	8,992.8

*Excludes derivative financial instruments and deferred tax assets.

7. Operating profit/(loss)

	6 months ended 30.06.16 Unaudited $m	6 months ended 30.06.15 Unaudited $m	Year ended 31.12.15 Audited $m
Cost of sales			
Operating costs	189.8	220.1	406.3
Depletion and amortisation of oil and gas assets	182.1	290.5	551.2
Underlift, overlift and oil inventory movement	(29.5)	(31.8)	(1.5)
Share-based payment charge included in cost of sales	0.4	0.7	0.8
Other cost of sales	16.1	(2.1)	58.5
Total cost of sales	358.9	477.4	1,015.3
Administrative expenses			
Share-based payment charge included in administrative expenses	6.4	14.2	47.9
Depreciation of other fixed assets	11.7	15.4	28.9
Relocation costs associated with simplification project	–	–	5.9
Other administrative costs	50.3	70.4	110.9
Total administrative expenses	68.4	100.0	193.6
Restructuring costs			
Total restructuring costs	7.4	25.4	40.8

8. Taxation on loss on ordinary activities

The overall net tax credit of $6 million (1H 2015: $58 million charge) includes credits in respect of the Group's North Sea, Gabon, Equatorial Guinea and Ghanaian production activities, Norwegian exploration and non-recurring deferred tax credits associated with exploration write-offs, disposals and onerous lease provisions offset by a tax charge on hedging profits. After adjusting for the non-recurring amounts related to exploration write-offs, disposals and onerous lease provisions and their associated deferred tax benefit, the Group's underlying effective tax rate is 20% (1H 2015: 32%). The decrease in the underlying effective tax rate is primarily a result of lower profits from overseas production activities and increased hedging profits taxed at the UK corporate tax rate.

9. Intangible exploration and evaluation assets

	6 months ended 30.06.16 Unaudited $m	6 months ended 30.06.15 Unaudited $m	Year ended 31.12.15 Audited $m
At 1 January	3,400.0	3,660.8	3,660.8
Additions	139.6	371.0	626.3
Disposals	–	(0.1)	(5.2)
Amounts written off	(59.0)	(87.5)	(748.9)
Transfer to property, plant and equipment	–	(41.0)	(63.6)
Currency translation adjustments	9.0	(50.8)	(69.4)
At 30 June/31 December	3,489.6	3,852.4	3,400.0

Exploration write-offs	Rationale for write-off 6 months ended 30.06.16	Current year expenditure written-off 30.06.16 Unaudited $m	Prior year expenditure written-off 30.06.16 Unaudited $m	Post-tax write off 30.06.16 Unaudited $m	Pre-tax write off 30.06.16 Unaudited $m	Pre-tax write off 30.06.15 Unaudited $m	Pre-tax write off 31.12.15 Audited $m
Côte d'Ivoire	c	–	–	–	–	0.1	2.9
Ethiopia	c	1.6	–	1.6	1.6	(3.3)	39.7
French Guiana		–	–	–	–	(0.8)	0.3
Gabon	c	1.0	–	1.0	1.0	6.1	21.3
Ghana	c	1.5	–	1.5	1.5	–	0.4
Guinea	c	0.6	–	0.6	0.6	–	60.3
Greenland	c	0.1	–	0.1	0.1	–	38.7
Kenya		–	–	–	–	–	28.3
Netherlands		–	–	–	–	–	371.3
Norway	b, c	0.9	4.3	5.2	23.5	53.7	92.2
Madagascar	c	0.1	–	0.1	0.1	–	12.2
Mauritania	c	(2.8)	–	(2.8)	(2.8)	5.4	7.3
Mozambique	c	0.1	–	0.1	0.1	1.3	4.6
Suriname	b	0.9	18.0	18.9	18.9	–	28.8
Pakistan	a	1.9	6.1	8.0	8.0	–	–
Other	c	(0.7)	–	(0.7)	(0.7)	8.6	15.2
New ventures		5.1	–	5.1	7.1	16.4	25.4
Exploration costs written off		10.3	28.4	38.7	59.0	87.5	748.9

a. Current year unsuccessful drilling results
b. Licence relinquishments
c. Current year expenditure on previously written off assets

10. Property, plant and equipment

	Oil and gas assets 6 months ended 30.06.16 Unaudited $m	Other fixed assets 6 months ended 30.06.16 Unaudited $m	Total 6 months ended 30.06.16 Unaudited $m	Oil and gas assets 6 months ended 30.06.15 Unaudited $m	Other fixed assets 6 months ended 30.06.15 Unaudited $m	Total 6 months ended 30.06.15 Unaudited $m	Oil and gas assets Year ended 31.12.15 Audited $m	Other fixed assets Year ended 31.12.15 Audited $m	Total Year ended 31.12.15 Audited $m
Cost									
At 1 January	10,439.9	289.5	10,729.4	9,240.3	283.7	9,524.0	9,240.3	283.7	9,524.0
Additions	562.9	0.5	563.4	518.7	17.8	536.5	1,235.1	23.1	1,258.2
Disposals	(276.0)	(0.1)	(276.1)	(0.1)	(0.3)	(0.4)	(6.2)	(3.6)	(9.8)
Transfer from intangible assets	–	–	–	41.0	–	41.0	63.6	–	63.6
Currency translation adjustments	(99.7)	(19.7)	(119.4)	(17.7)	2.1	(15.6)	(92.9)	(13.7)	(106.6)
At 30 June/31 December	10,627.1	270.2	10,897.3	9,782.2	303.3	10,085.5	10,439.9	289.5	10,729.4
Depreciation, depletion and amortisation									
At 1 January	(5,360.0)	(165.0)	(5,525.0)	(4,489.1)	(147.9)	(4,637.0)	(4,489.1)	(147.9)	(4,637.0)
Charge for the year	(182.1)	(11.7)	(193.8)	(290.5)	(15.4)	(305.9)	(551.2)	(28.9)	(580.1)
Impairment loss	–	–	–	(21.6)	–	(21.6)	(467.2)	–	(467.2)
Impairment reversal	–	–	–	32.7	–	32.7	61.2	–	61.2
Disposal	276.0	0.1	276.1	–	0.3	0.3	6.4	3.6	10.0
Currency translation adjustments	100.1	10.7	110.8	7.4	(0.6)	6.8	79.9	8.2	88.1
At 30 June/31 December	(5,166.0)	(165.9)	(5,331.9)	(4,761.1)	(163.6)	(4,924.7)	(5,360.0)	(165.0)	(5,525.0)
Net book value at 30 June/31 December	5,461.1	104.3	5,565.4	5,021.1	139.7	5,160.8	5,079.9	124.5	5,204.4

11. Other assets

	30.06.16 Unaudited $m	30.06.15 Unaudited $m	31.12.15 Audited $m
Non-current			
Amounts due from joint venture partners	164.8	117.9	161.8
Uganda VAT recoverable	50.3	50.6	50.3
Norwegian tax receivable	76.4	170.7	–
Other non-current assets	4.5	10.9	11.3
	296.0	350.1	223.4
Current			
Amounts due from joint venture partners	522.9	411.0	584.4
Underlifts	30.0	36.2	2.4
Prepayments	34.3	58.9	77.9
VAT & WHT recoverable	9.1	–	9.2
Other current assets	99.7	97.9	89.3
	696.0	604.0	763.2

The increase in non-current amounts due from joint venture partners relates to a carry of TEN development expenditure in Ghana.

12. Trade and other payables

	30.06.16 Unaudited $m	30.06.15 Unaudited $m	31.12.15 Audited $m
Current			
Trade payables	44.8	13.8	24.0
Other payables	71.4	53.4	61.2
Overlifts	13.4	0.8	3.7
Accruals	754.0	717.8	993.3
VAT and other similar taxes	26.7	56.6	26.9
Current portion of finance lease	1.7	1.4	1.5
	912.0	843.8	1,110.6
Non-current			
Other non-current liabilities	74.0	52.5	72.8
Non-current portion of finance lease	25.6	27.3	26.5
	99.6	79.8	99.3

13. Provisions

	30.06.16 Unaudited $m	30.06.15 Unaudited $m	31.12.15 Audited $m
Current			
Provision for onerous service contracts	140.1	–	185.5
Provision for restructuring costs	2.9	18.6	1.5
	143.0	18.6	187.0

In 2015 the Group recognised a provision of $185.5 million in respect of onerous service contracts, $59.6 million was paid under these provisions in 1H 2016 offset by an increase in provisions by $16.9 million.

14. Called up equity share capital

In the six months ended 30 June 2016, the Group issued 0.7 million (1H 2015: 0.7 million) new shares in respect of employee share options.

As at 30 June 2016, the Group had in issue 912.3 million allotted and fully paid ordinary shares of Stg 10 pence each (1H 2015: 911.4 million).

15. Subsequent events

On 6 July Tullow completed the issuance of a $300 million Convertible Bond Offering. The bonds were issued to further diversify Tullow's sources of funding and the proceeds will be used for general corporate purposes and to fund capital investment in the Group's assets in West and East Africa.

In July, the Rome prospect in PL776 Norway was drilled to a total vertical depth of 2,319 metres below sea level by the semi-submersible Borgland Dolphin rig in a water depth of 98 metres. The well did not encounter any hydrocarbons and has been plugged and abandoned.

16. Commercial Reserves and Contingent Resources summary (unaudited) working interest basis

	West Africa		East Africa		New Ventures		TOTAL		
	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Petroleum mmboe
COMMERCIAL RESERVES									
1 January 2016	287.6	205.8	-	-	-	-	287.6	205.8	321.8
Revisions	7.6	0.4	-	-	-	-	7.6	0.4	7.7
Production	(9.1)	(8.7)	-	-	-	-	(9.1)	(8.7)	(10.4)
30 June 2016	286.1	197.5	-	-	-	-	286.1	197.5	319.0
CONTINGENT RESOURCES									
1 January 2016	115.8	724.9	628.8	42.6	101.5	4.2	846.1	771.7	974.7
Revisions	(1.1)	4.9	(0.1)	0.1	-	-	(1.2)	5.0	(0.4)
Disposals	-	-	-	-	(22.6)	-	(22.6)	-	(22.6)
30 June 2016	114.7	729.8	628.7	42.7	78.9	4.2	822.3	776.7	951.7
TOTAL									
30 June 2016	400.8	927.3	628.7	42.7	78.9	4.2	1,108.4	974.2	1,270.8

1. *Proven and Probable Commercial Reserves are based on a Group reserves report produced by an independent engineer. Reserves estimates for each field are reviewed by the independent engineer based on significant new data or a material change with a review of each field undertaken at least every two years.*
2. *Proven and Probable Contingent Resources are based on both Tullow's estimates and the Group reserves report produced by an independent engineer.*

The Group provides for depletion and amortisation of tangible fixed assets on a net entitlements basis, which reflects the terms of the Production Sharing Contracts related to each field. Total net entitlement reserves were 320.2 mmboe at 30 June 2016 (30 June 2015: 301.3 mmboe).

Contingent Resources relate to resources in respect of which development plans are in the course of preparation or further evaluation is under way with a view to development within the foreseeable future.

About Tullow Oil plc

Tullow is a leading independent oil & gas, exploration and production group, quoted on the London, Irish and Ghanaian stock exchanges (symbol: TLW). The Group has interests in over 120 exploration and production licences across 22 countries which are managed as three business delivery teams: West Africa, East Africa and New Ventures.

EVENTS ON THE DAY

In conjunction with these results Tullow is conducting a London Presentation and a number of events for the financial community.

09.00 BST - Conference call

To access the call please dial the appropriate number below shortly before the call and ask for the Tullow Oil plc conference call. A replay facility will be available from approximately noon on 27 July until 3 August. The telephone numbers and access codes are:

Live event		**Replay facility available from Noon**	
Participants	+44 (0) 20 3427 1903	Participants	+44 (0)20 3427 0598
UK free phone	0800 279 5004		
Irish Participants	+353(0)1 2465601	Irish Participants	(0)1 4860902
Access Code	**478421**	Access Code	**478421**

Webcast

To join the live video webcast, or play the on-demand version which will be available from noon on 27 July please use the following link: http://edge.media-server.com/m/p/wvoivtsv. The webcast requires Real Player or Windows Media Player.

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