TULLOW OIL PLC

2017
AGM TRADING UPDATE

26 April 2017

AGM Trading Update

26 April 2017 – Tullow Oil plc (Tullow) issues the following Trading Update for the period 1 January to 26 April 2017. This statement is issued in advance of the Group's Annual General Meeting which is being held at Tullow Oil plc, Building 9 Chiswick Park at 12pm today. The Group will announce its Trading Statement and Operational Update on 28 June 2017. Half year results will be announced on 26 July 2017.

Highlights

- Paul McDade appointed CEO to replace Aidan Heavey, Tullow's founder, who becomes Chairman; Simon Thompson and Ann Grant retire from the Board; Jeremy Wilson appointed Senior Independent Director. These appointments will become effective, subject to shareholder approval, after today's Annual General Meeting.
- Successful $750 million fully underwritten Rights Issue launched on 17 March 2017; approved at General Meeting on 5 April 2017; fully paid new ordinary shares commenced trading on 25 April 2017.
- Uganda deal to deliver upfront cash and deferred payments to cover upstream and pipeline capex to first oil and beyond.
- Six monthly RBL redetermination successfully completed in March 2017; RCF maturity extension to April 2019 agreed in February 2017; net debt of $4.6 billion, headroom and free cash totalling $1.2 billion as of 31 March 2017 prior to receipt of Rights Issue proceeds.
- West Africa net working interest oil production, including production-equivalent insurance payments, averaged 85,700 bopd for the first quarter 2017 and guidance remains between 78,000 and 85,000 bopd for the full year.
- Offshore Ghana, Jubilee FPSO Interim Spread Mooring completed in February; TEN field performed in line with expectations.
- Successful exploration and appraisal drilling and water injectivity testing campaign ongoing in Kenya with new exploration wells planned; FEED for full field development scheduled to start in the second half of 2017.
- Araku exploration well, offshore Suriname, on track to commence drilling in Q4 2017; seismic surveys in Jamaica and Uruguay completed; further seismic surveys in Guyana and Mauritania commence in May.

AIDAN HEAVEY, CHIEF EXECUTIVE OFFICER, TULLOW OIL PLC, COMMENTED TODAY:

"This has been an exceptionally busy few months for Tullow as we agreed to farm down our assets to our partners in Uganda, made substantial changes to our Board and launched a $750 million Rights Issue. We have also been working hard on moving towards Full Field Development in both Uganda and Kenya and have made good progress on the Jubilee Turret Remediation Project and optimising production from the TEN field. Consequently, as I hand over my role as CEO to Paul McDade, I am confident that Tullow has the financial and operational flexibility to prosper in 2017 and beyond."

Operations Update

WEST AFRICA (INCLUDING EUROPE PRODUCTION)

Production

West Africa working interest oil production for the first quarter of 2017 averaged 85,700 bopd, in line with expectations. This includes 8,000 bopd of production-equivalent payments relating to the Jubilee field received under Tullow's corporate Business Interruption insurance policy. In Europe, assets performed in line with expectations and first quarter 2017 working interest gas production averaged 6,300 boepd. Tullow's 2017 full year production forecast is unchanged with West Africa working interest oil production, including production-equivalent insurance payments, expected to average between 78,000 and 85,000 bopd and Europe working interest gas production expected to average between 6,000 and 7,000 boepd.

Ghana

Jubilee

Gross production from the Jubilee field averaged 82,500 bopd (net: 29,300 bopd) in the first quarter of 2017. Tullow's corporate Business Interruption insurance continues to reimburse the Group for lost production revenues associated with the turret issue and remediation, with 8,000 bopd of net production-equivalent payments expected to be realised in the first quarter of 2017, increasing Tullow's net production at Jubilee to 37,300 bopd.

The Interim Spread Mooring of the Jubilee FPSO was completed in February and the vessel is now anchored to the seabed with the heading control tugs demobilised. Planning for the next phase of the work, which includes discussions with the Government of Ghana and the JV Partners around turret stabilisation and the final heading of the FPSO, are ongoing. Tullow expects final decisions to be made around the middle of the year with work to be undertaken in the second half of 2017. It is anticipated that a facility shutdown of up to 12 weeks may be required during 2017. However, work is ongoing to look at ways to optimise and reduce shutdown periods.

Work is progressing with the Government of Ghana and JV Partners to update the Greater Jubilee Full Field Development Plan (GJFFD). The JV Partners remain on track to re-submit the Plan around the middle of the year; with approval expected in the second half of the year, allowing drilling to commence in early 2018. A 4D seismic survey was completed in the first quarter of the year and data acquired will be used to optimise the location of GJFFD wells and to assist with ongoing reservoir management.

TEN

Production in the first quarter of 2017 from the TEN field was in line with guidance, with gross production averaging around 50,000 bopd. Higher production levels have been achieved, at times, as the JV Partners continue to conduct trials to optimise field and facilities throughput. Tullow's 2017 annual production forecast remains unchanged at around 50,000 bopd (net: 23,600 bopd).

The final oral hearings at the International Tribunal for the Law of the Sea (ITLOS), with regard to the maritime border dispute between Ghana and Côte d'Ivoire, took place in February 2017. During the proceedings the Chairman of the Tribunal indicated that a final ruling was expected around the end of September 2017.

West Africa non-operated portfolio

Production in the first quarter of the year from the West Africa non-operated portfolio averaged around 25,000 bopd. Tullow's guidance for 2017 remains unchanged with net production expected to be around 22,000 bopd.

Europe

Gas production in the first quarter of the year was 6,300 boepd. Tullow expects 2017 European gas production to be around 6,500 boepd in line with previous forecasts.

In the UK, the second phase of the Horne & Wren decommissioning project was completed with the successful removal of the unmanned platform.

In April 2017, Tullow signed a Sales and Purchase Agreement (SPA) with Hague and London Oil plc (HALO) for the entire Netherlands portfolio with an effective date of 1 January 2017. This divestment of non-core gas assets is part of Tullow's ongoing strategy to focus on light oil in Africa and South America. Production from the Netherlands in 2017 was forecast to be around 3,500 bopd, with associated capex of approximately $10 million from the start of the year. Upon completion of the SPA, Tullow will adjust its Group production and capex forecasts accordingly. At year-end 2016, booked Netherlands' Commercial Reserves and Contingent Resources were approximately 2 mmboe and 15 mmboe, respectively.

EAST AFRICA

Kenya

Exploration and Appraisal

Following the drilling of the successful Erut-1 exploration well which extended the proven oil limits to the northernmost end of the South Lokichar basin, the Amosing-6 and Ngamia-10 appraisal wells have been drilled. The Amosing-6 was drilled near the basin bounding fault and Ngamia-10 in an untested fault compartment. Amosing-6 encountered gas and oil shows and Ngamia-10 encountered stacked oil bearing sands. Data from these appraisal wells will be incorporated into the ongoing field development planning activities.

Following completion of the Ngamia-10 well, the rig has moved to the previously drilled Etom-2 well to prepare the well for a Drill Stem Test. The rig will then drill the fourth well of this campaign, the Emekuya exploration well, which will target the north-eastern flank of the Etom Complex. This well is likely to spud in early May.

The Joint Venture partners have decided to extend the current exploration and appraisal campaign by a further three wells. The additional wells will explore further the Greater Etom complex, test an undrilled fault block adjacent to the Ekales field and drill the Ngamia-11 well which will be used for an extended water flood pilot test in conjunction with the Early Oil Pilot Scheme (EOPS).

Water injection testing on the Amosing-2A, Amosing-3, and Ngamia-5 wells has been successfully concluded, achieving good water injection rates and proving the feasibility of water injection for the development of these fields. This success has enabled the Ngamia-11 water flood pilot to be incorporated into the EOPS activities which, along with the dynamic data collected from previous tests, will be used to finalise reservoir characteristics for the Field Development Plan.

Field development

In addition to the drilling and operational activities to support FID for the Kenya Full Field Development by the end of 2018, engineering studies and contracting activities are underway in preparation for the start of FEED, which is expected in the second half of 2017. In parallel to the upstream development work, the Kenya Joint Venture and the Government of Kenya continue to progress the export pipeline commercial and finance studies and preparations are under way for the ESIA and FEED which are also planned for the second half of 2017.

The Early Oil Pilot Scheme (EOPS) Agreement between the Kenya Joint Venture and the Government of Kenya was signed on 14 March 2017 allowing all EOPS upstream contracts to be awarded. The first stage of the EOPS will be the evacuation of the stored crude oil, which was produced during extended well testing in 2015, to Mombasa by road. This will be followed by EOPS production of 2,000 bopd in the fourth quarter of 2017. The EOPS will provide important information which will assist in full field development planning.

Uganda

Field development

The Government and JV Partners continue to aspire to achieve FID by the end of 2017, with first oil expected three years after FID. The upstream and pipeline FEED contracts have been awarded, and work is on schedule to be completed by the end of 2017. ESIAs and key geophysical and geotechnical work surveys are underway. Good progress has been made on the Intergovernmental Agreement for the pipeline which is being negotiated between the Governments of Uganda and Tanzania.

Farm-down to Total and CNOOC

On 9 January 2017, Tullow announced that it had agreed a substantial farm-down of its assets in Uganda to Total to transfer 21.57% of its 33.33% Uganda interests for a total consideration of $900 million. CNOOC Uganda Limited (CNOOC) has exercised its pre-emption rights under the joint operating agreements between Tullow, Total and CNOOC to acquire 50% of the interests being transferred to Total on the same terms and conditions that were agreed between Tullow and Total. Tullow is now working with Total and CNOOC to conclude definitive sale documentation in relation to the farm-down. Completion of the farm-down is subject to certain conditions, including the approval of the Government of Uganda.

NEW VENTURES

Tullow is taking full advantage of low-cost seismic acquisition and processing and these activities, in both Africa and South America, are at a historic high for the Group. Since the beginning of the year, Tullow's New Ventures team have completed a 2D seismic survey in Jamaica and a 3D seismic survey in Uruguay. The data in Uruguay will be assessed to mature prospects into drilling candidates while the data in Jamaica will be used to refine the location of a potential 3D seismic survey. In Mauritania, 3D surveys to cover potential new plays will commence in three blocks in May. In Zambia, a 20,000 sq km full tensor gradiometry survey, to cover three rift basins, will be awarded imminently and commences in the third quarter of 2017.

A 3D seismic survey over the Kanuku licence, directly up-dip of the Liza discovery, offshore Guyana, is due to start in early May and the results will be used to define potential prospects for drilling in 2018/19. A 3D survey over the Orinduik licence will follow in July. Preparations for the Araku well, offshore Suriname, continue ahead of drilling which is on track to commence in the fourth quarter of 2017.

Financial Update

On 17 March 2017, Tullow announced a $750 million fully underwritten Rights Issue. Following resolutions being passed at a General Meeting on 5 April 2017, the results of the Rights Issue were announced on 25 April with valid acceptances of approximately 95.3% of the total number of New Ordinary Shares offered. The remaining shares were successfully sold as part of a rump placing also on 25 April. The rationale of the Rights Issue was to reduce gearing, provide the Group with financial and operational flexibility and enable growth over the next three-to-five years.

At 31 March 2017, Tullow had total facility headroom and free cash of $1.2 billion and net debt of $4.6 billion, $0.2 billion lower than at year end 2016.

Tullow successfully completed the scheduled six-monthly redetermination of its RBL facilities in March 2017, securing underlying debt capacity in excess of commitments. Commitments and available credit under the RBL facilities reduced by $100 million to $3.2 billion on 3 April 2017, in line with the amortisation schedule, which takes into account the triggering of the $345 million accordion feature in November 2016. The Group intends to refinance its RBL facilities in the second half of the year.

In February 2017, the maturity of Tullow's Revolving Corporate Facility (RCF) was extended by one year to April 2019. Commitments and available credit under the RCF reduced from $1 billion to $800 million on 3 April 2017, in line with the amortisation schedule.

Tullow's capital expenditure guidance for 2017 remains unchanged.

As at 31 March 2017, the Group's oil hedge position to the end of 2019 was as follows:

Hedge position at 31 March 2017	**2017**	**2018**	**2019**
Oil hedges			
Volume (bopd)	42,500	26,000	9,732
Average floor price protected ($/bbl)	60.26	51.59	46.33

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Notes to Editors

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 100 exploration and production licences across 18 countries which are managed as three business delivery teams: West Africa, East Africa and New Ventures.

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