

# Tullow Oil plc – 2010 Annual General Meeting

12 May 2010



## Business highlights

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- 87% exploration and appraisal success rate in 2009
- Significant progress made on Ugandan pre-emption and farmland
- World-class Jubilee development on track for first oil in Q4 2010
- 2009 Dividend of 6p/share
- Successful equity placing strengthens balance sheet
- Material high-impact exploration campaign in 2010

## Tullow is well positioned for further growth

### Consistent and repeatable strategy

- Sustainable long term growth
- Balance exploration, major projects & funding
- Safety, environment, stakeholders & people

- Ghana: Jubilee discovery & fast track development
- Uganda: commercialisation, pre-emption & farmdown
- Growing, high impact exploration portfolio

### Underpinned by financial strategy

- Strong, well funded balance sheet to enable growth
  - Debt and equity funding
  - Portfolio management
- Significant future operational cash flow

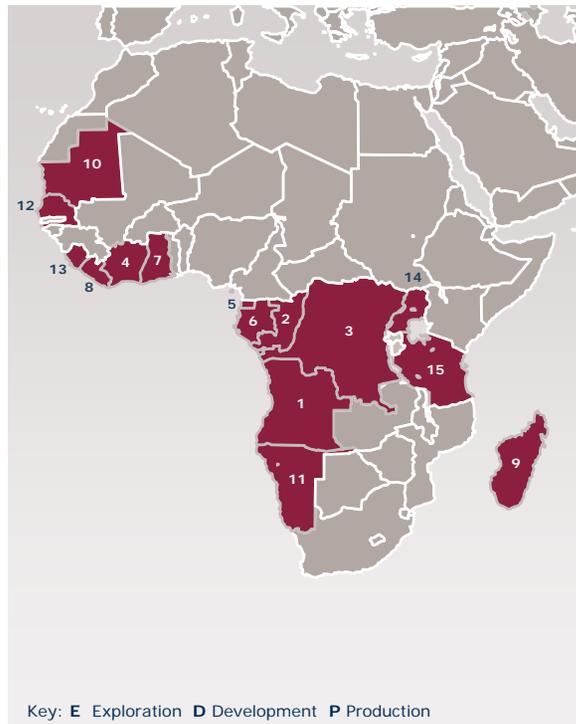
- \$2.25bn debt facilities
- £1.33bn equity placings
- Uganda transactions
- Jubilee first oil - Q4 2010

## Business Overview



# The Tullow footprint

## Africa



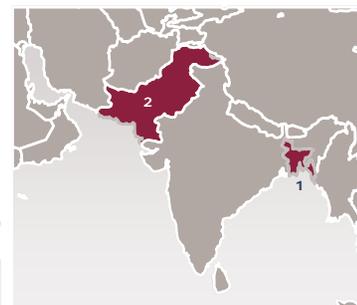
- |                                 |                          |
|---------------------------------|--------------------------|
| 1 Angola <b>E</b>               | 9 Madagascar <b>E</b>    |
| 2 Congo (Brazzaville) <b>DP</b> | 10 Mauritania <b>EDP</b> |
| 3 Congo (DRC) <b>E</b>          | 11 Namibia <b>D</b>      |
| 4 Côte d'Ivoire <b>EDP</b>      | 12 Senegal <b>E</b>      |
| 5 Equatorial Guinea <b>DP</b>   | 13 Sierra Leone <b>E</b> |
| 6 Gabon <b>EDP</b>              | 14 Tanzania <b>E</b>     |
| 7 Ghana <b>ED</b>               | 15 Uganda <b>ED</b>      |
| 8 Liberia <b>E</b>              |                          |

## Rest of the World



### Europe

- 1 Netherlands **E**
- 2 United Kingdom **EDP**



### South Asia

- 1 Bangladesh **EDP**
- 2 Pakistan **EDP**



### South America

- 1 French Guiana **E**
- 2 Guyana **E**
- 3 Suriname **E**

## Group highlights

### Africa

- 38,500 boepd
- 15 countries
- 50 licences
- 18 producing fields

### Europe

- 14,450 boepd
- 2 countries
- 28 licences
- 16 producing fields

### South Asia

- 5,350 boepd
- 2 countries
- 8 licences
- 2 producing fields

### South America

- 3 countries
- 4 licences

## 2009 Full year results summary

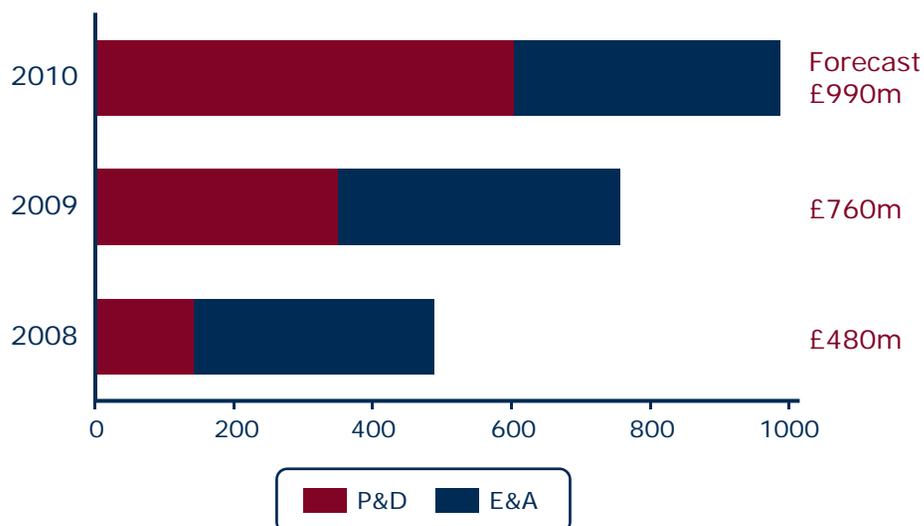
	2009	2008	Change
Sales revenue	£582m	£692m	- 16%
Operating profit	£95m	£300m	- 68%
Net profit	£19m	£226m	- 92%
Basic earnings per share	1.9p	30.9p	- 94%
Dividend per share	6.0p	6.0p	0%
Capital investment	£758m	£480m	+ 58%
Cash generated from operations <sup>1</sup>	£374m	£519m	- 28%
Net debt <sup>2</sup>	£718m	£400m	+ 80%

<sup>1</sup> Before working capital movements

<sup>2</sup> Including all cash balances

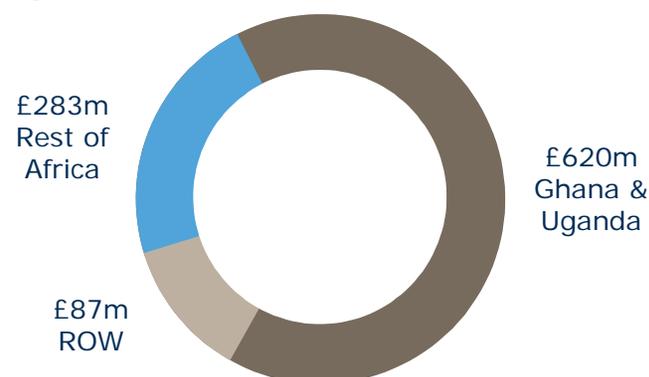
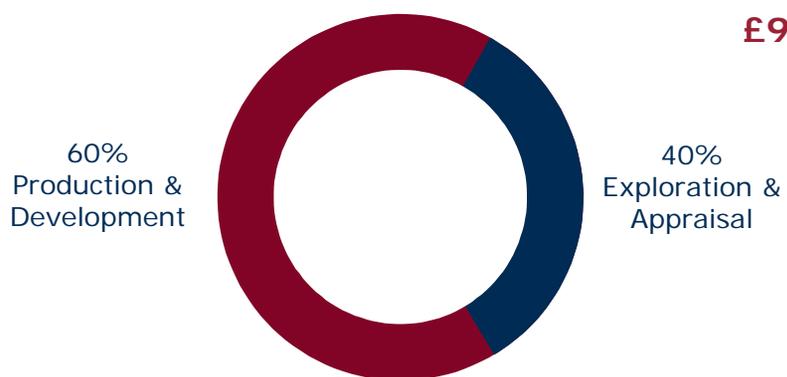
**2009 Full year results in line expectations; lower than 2008  
Increase in capital investment to further develop the business**

# Significant 2010 capital expenditure

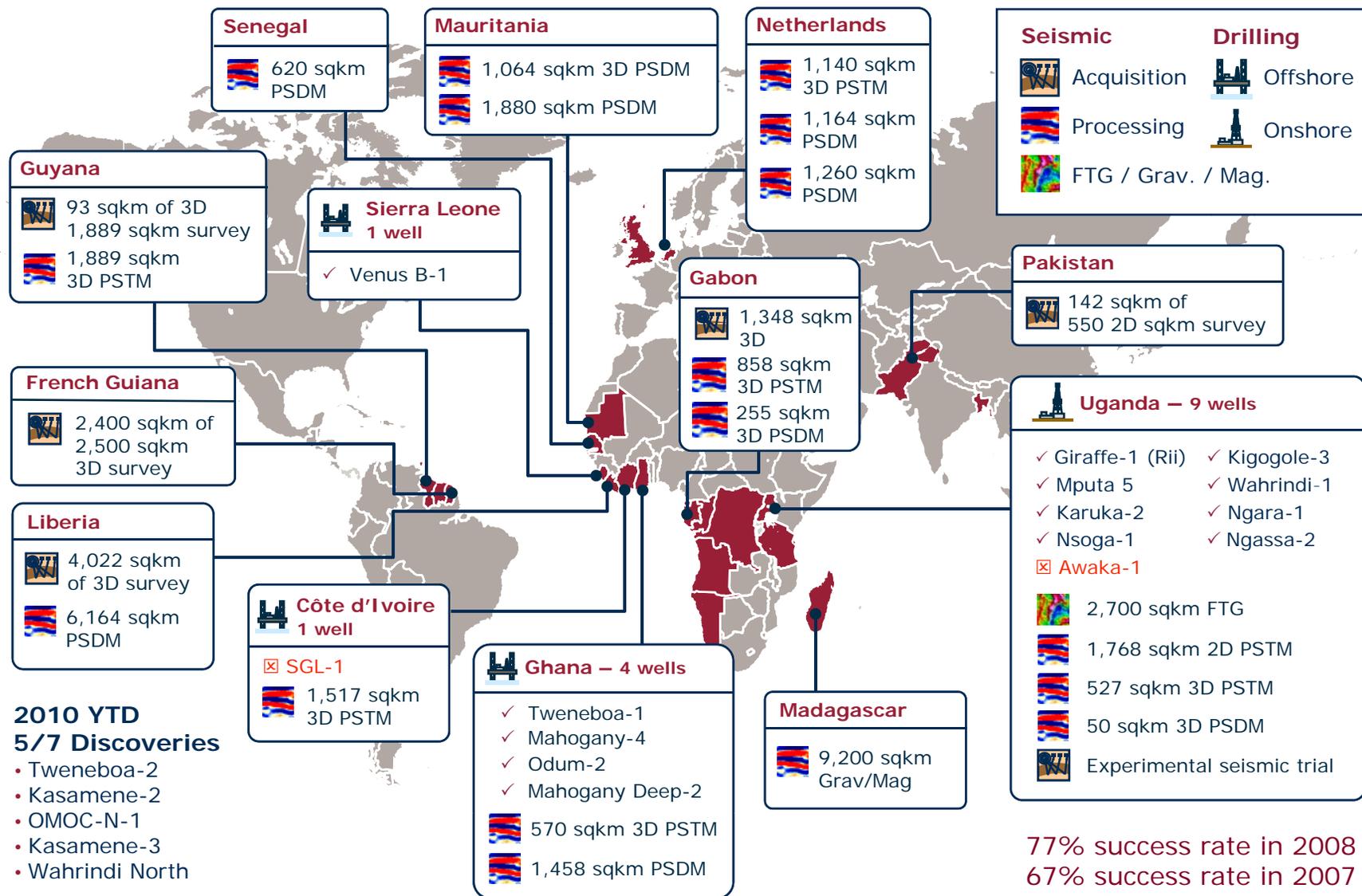


- £990m forecast for 2010
  - Ghana: Jubilee phase 1 development & Tweneboa appraisal
  - Uganda: exploration and basin development
  - High-impact exploration: Africa & South America
- 2010 capital split:
  - 60:40 between P&D and E&A
  - >60% Ghana & Uganda; >85% Africa

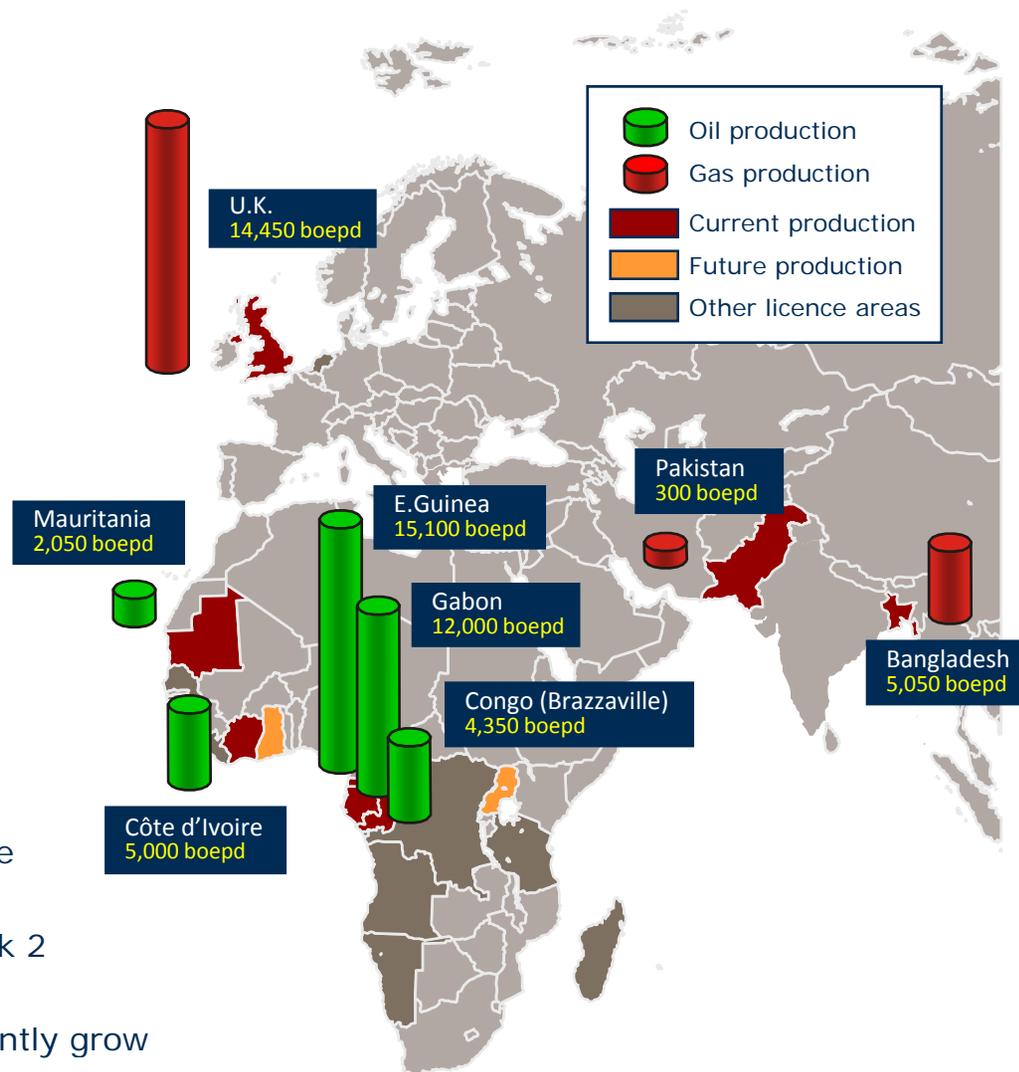
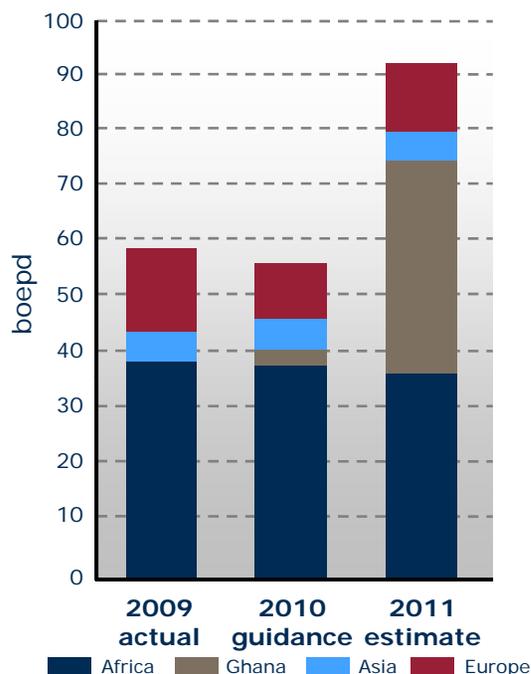
## 2010 Current forecast capex £990 million



# 87% global exploration success rate in 2009

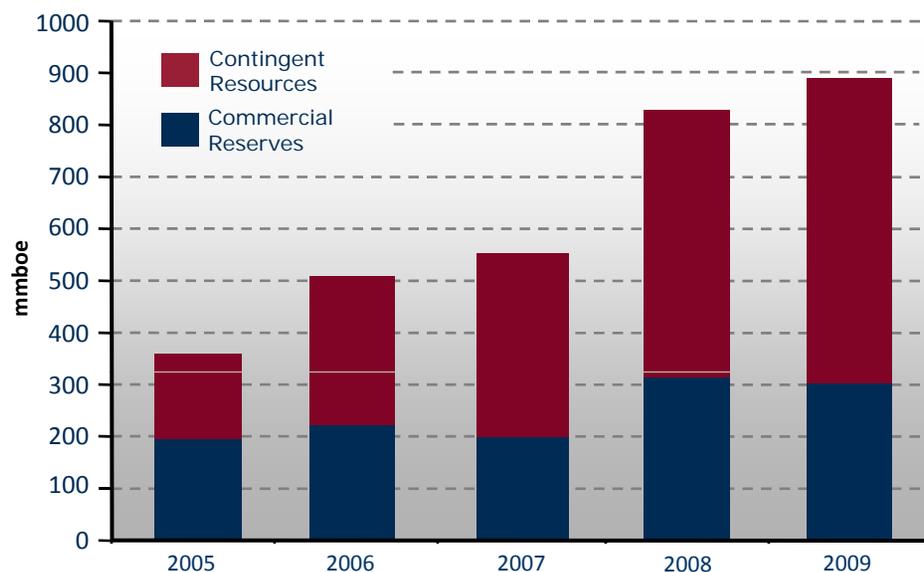


# 2009 Group Production – 58,300 boepd



- 2009 production 58,300 boepd
- Good geographical spread and balance between oil and gas
- Jubilee first oil Q4 2010; Uganda block 2 development 2010 onwards
- 2011+ Group's production to significantly grow

# End 2009 Reserves and Resources - 894 mmboe

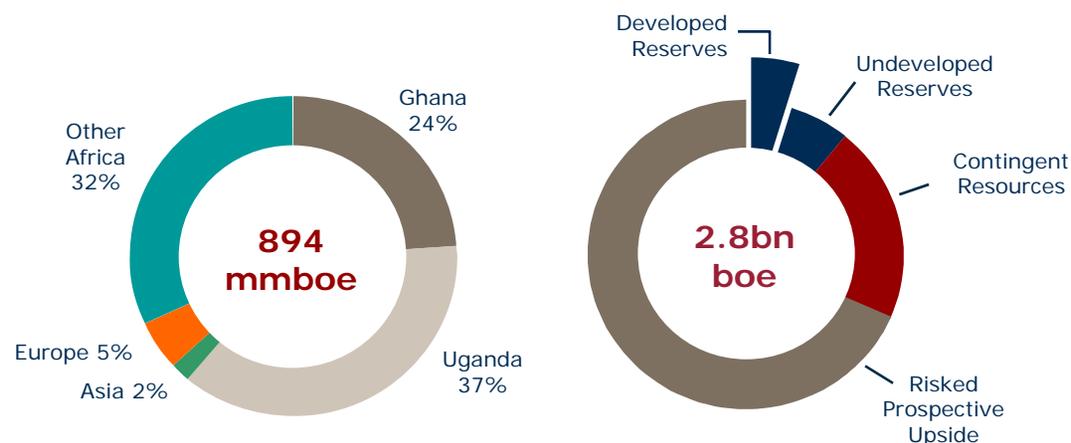


## Reserves and Resources 894 mmboe

- Commercial reserves 300 mmboe
- Contingent resources 594 mmboe
- Potential to migrate significant Ghana & Uganda resources to Commercial Reserves in short term

## Total resource potential ~2.8 billion boe

- Developed reserves - 5 % of total
- Reserve and Resource life - > 40 years
- Risked prospective upside ~1.9 billion boe



**Three year reserves replacement – 220%**

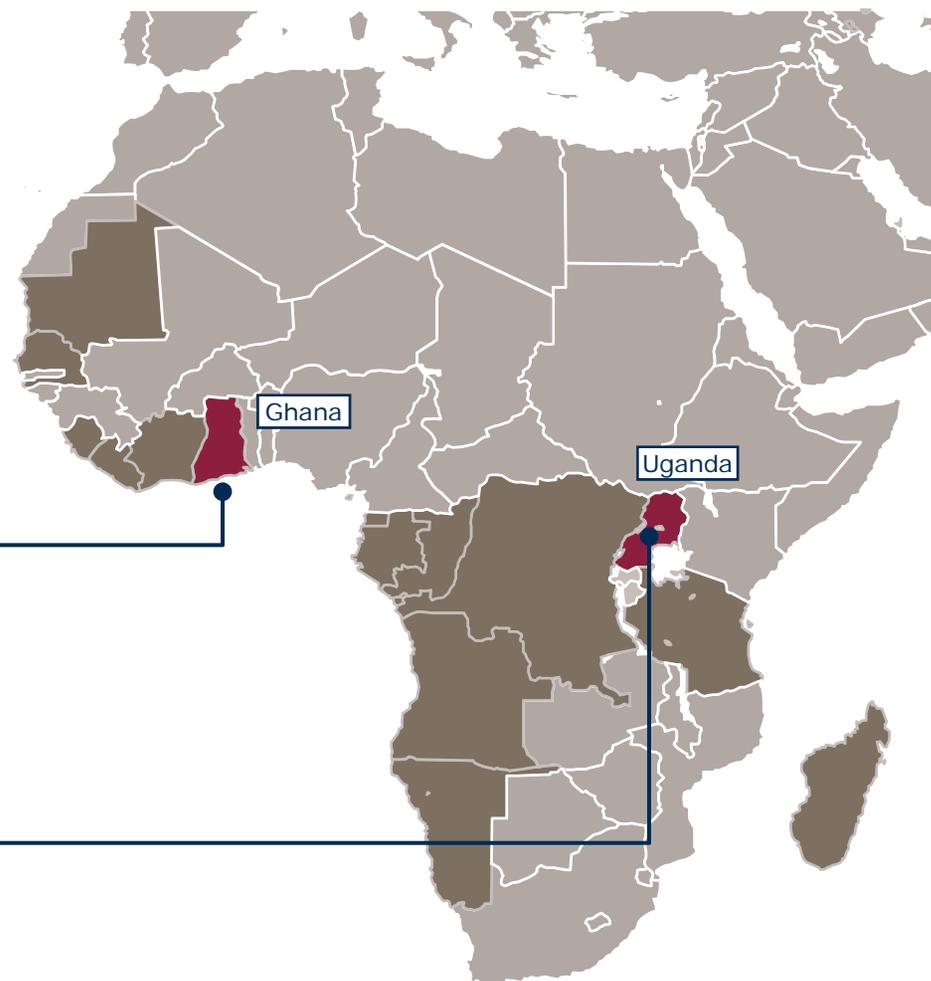
## Africa – transformational growth opportunities



# High quality pan-African portfolio of E&P assets

## Strong Portfolio

- 38,500 boepd
- 15 countries
- 50 licences
- 18 producing fields



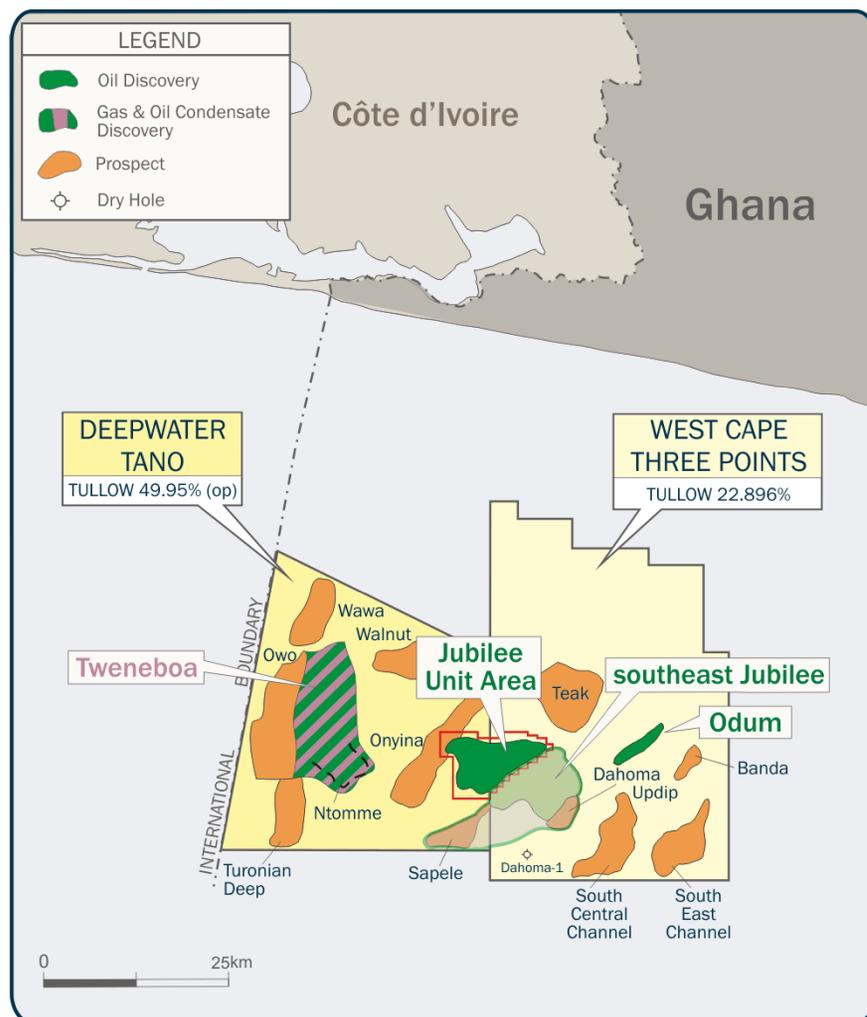
### Ghana

- World-class discoveries
  - Jubilee
  - Tweneboa
- First oil Q4 2010
- Major follow-on potential

### Uganda

- 29 successful wells
- >2 billion barrel basin potential
- 800mbo discovered resources
- New partnership introduced
- High impact drilling in 2010

# Ghana: Exploration & appraisal continues to deliver



## Fields discovered since 2007

- Jubilee, Odum & Tweneboa

## 2009 Appraisal – 100% Success

- Mahogany-4, Mahogany Deep-2, Odum-2
- Confirms extension of Upper Cretaceous oil plays

## 2010 Activity

- Tweneboa-2 finds major oil & gas-condensate field
- Tweneboa E&A campaign commences with Owo-1
- Southeast Jubilee area appraisal continues
- Two further E&A wells planned in 2H 2010

# Jubilee Phase 1 – a new deepwater benchmark

## On schedule and within budget

- First oil on schedule for Q4 2010
- Costs remain within original budget of \$3.1bn
- EIA approved in December 2009
- EHS performance exceeding targets

## Production ramp up

- Production expected to start in Q4 2010
- Ramp up to 120,000 bopd within 6 Months
- First cargo expected in Dec '10 –Jan '11

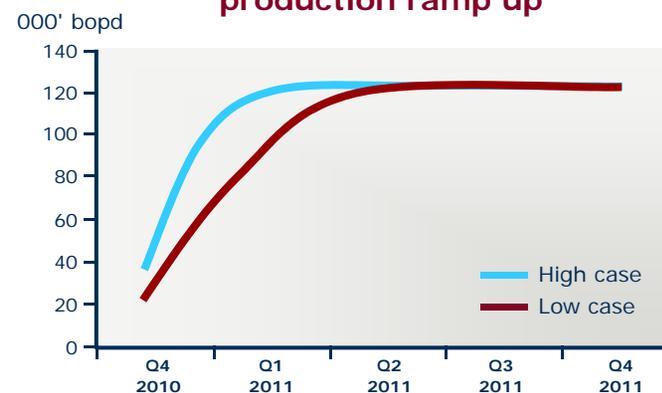
## New deepwater benchmarks being set

- Top drilling performance in West Africa
- FPSO conversion within 20 months, including engineering
- Local employee staffing at 85% with target of 90%+

**Discovery to first oil in ~ 40 months**



## Jubilee Phase 1 production ramp up



# Uganda: next steps in basinwide exploration & appraisal

## World-class basin discovered

- Over 800 mmbo discovered; over 1.5 Bbo yet to find
- 29 out of 30 wells successful (7 drilled in 2009)
- New partnership for accelerated basinwide E&A

## Nearshore oil has material potential

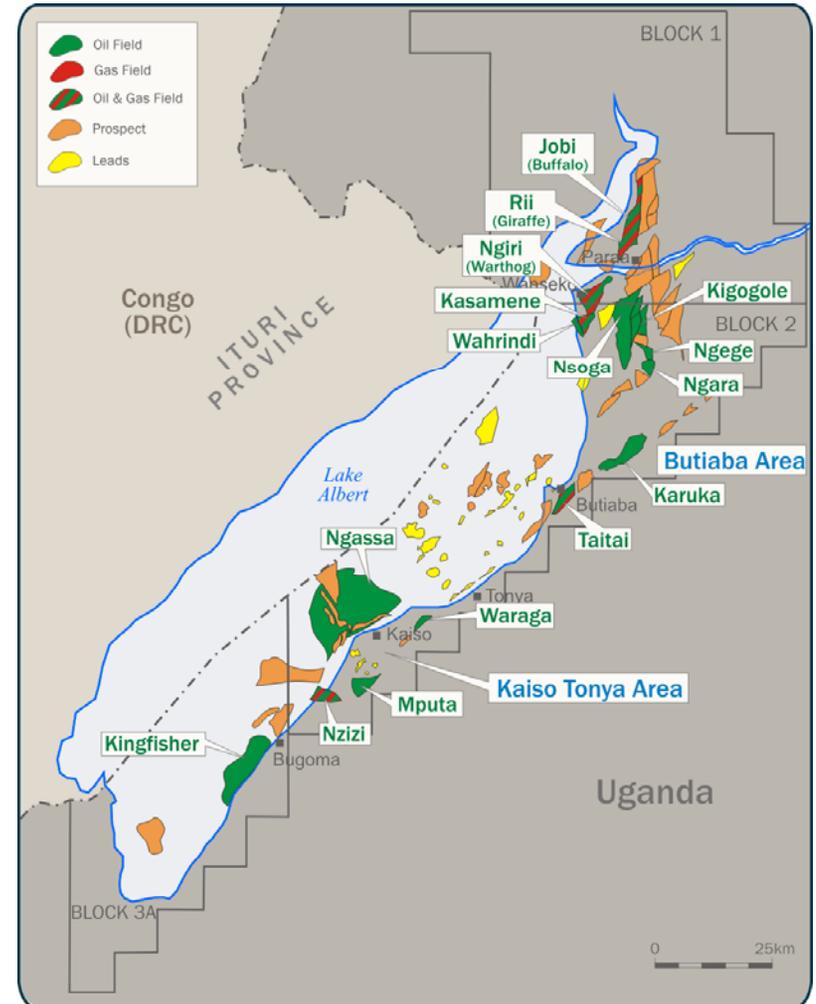
- High-flow rate Kingfisher reservoirs
- Ngassa-2 over-pressures; potential 150 sq km trap

## Victoria Nile Delta established

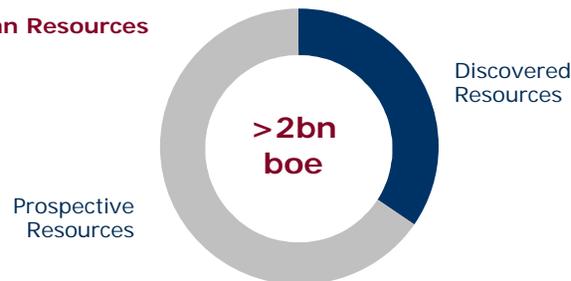
- Buffalo-Giraffe (Jobi—Rii) field
- Leading edge geophysical methods de-risk prospects

## Butiaba drilling resumed April 2010

- Appraisal of discoveries for accelerated development
- Trial development drilling techniques
- High-impact E&A and wildcatting in northeast



Ugandan Resources



## The next phase for Lake Albert now under way

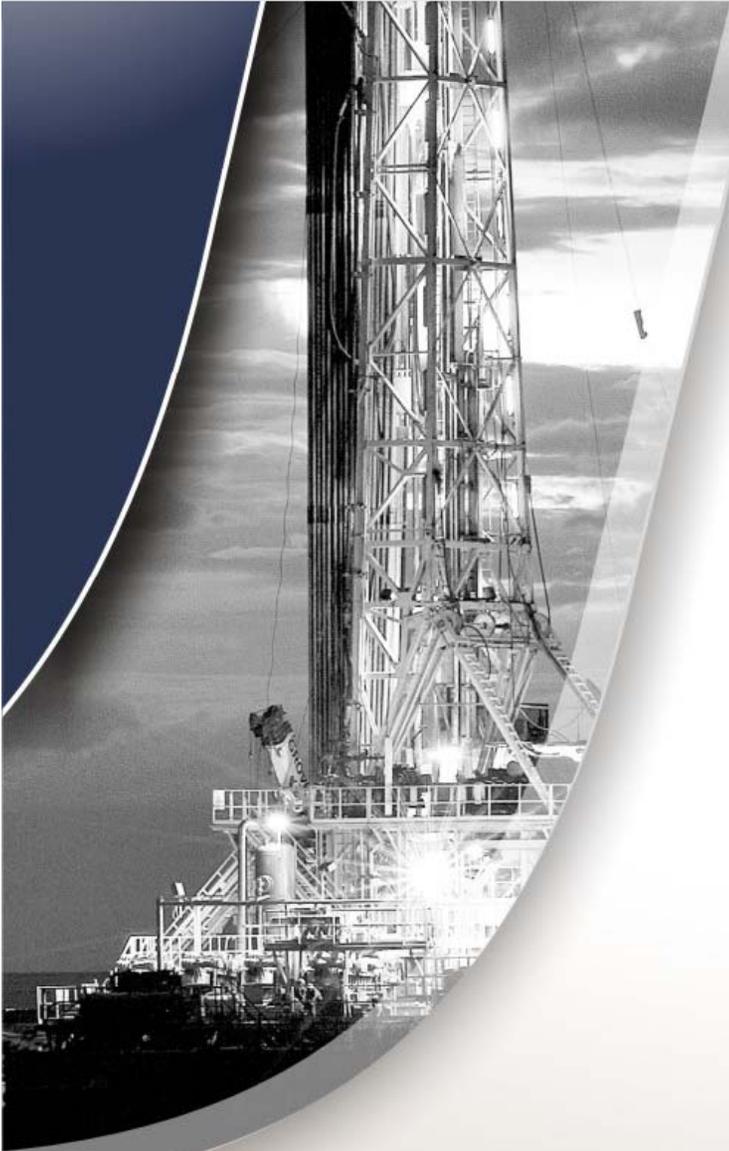
### Requirement for new partnership identified early

- Focus on a basin exploration strategy has delivered world-class results
- Transparent farmland process pursued with GoU support (Oct 09)
- Heritage sale delivered opportunity to align new basin partners (Nov 09)
- Tullow: CNOOC: Total (33 1/3 : 33 1/3 : 33 1/3) partnership recommended to GoU (Mar 10)
- GoU approvals anticipated in the coming weeks

### New Lake Albert partnership will now target

Commitment to offshore drilling infrastructure	Q2 2010
Accelerated exploration and appraisal programme	Q2 2010
Deliver basinwide development plan	end 2010
First commercial gas production – Nzizi Field	Q4 2011
First commercial oil production – Kasamene Field	Q4 2011
First locally refined oil products	2013/14
Greater than 200,000 bopd and export pipeline	2014/15

Developing a significant asset base worldwide



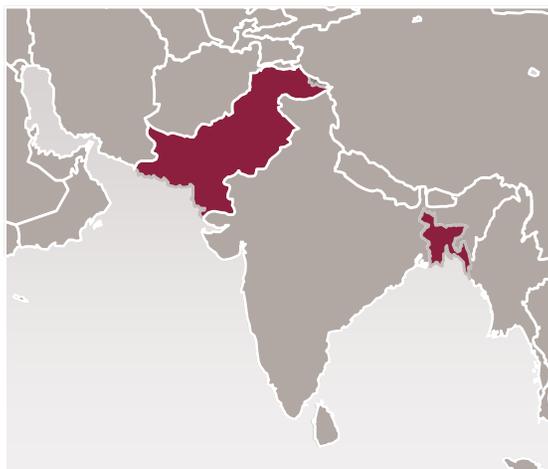
## Rest of the World



### Europe

- 14,450 boepd
- 2 countries
- 28 licences
- 16 producing fields

- On-going development drilling in the Southern North Sea
- Focused capital expenditure whilst high-impact drilling continues in Africa
- Exited from exploration licences in Portugal



### South Asia

- 5,350 boepd
- 2 countries
- 8 licences
- 2 producing fields

- Production from Bangora field increased to 120mmscfd, the maximum capacity of the gas processing facility
- Sale and purchase agreement signed for sale of Sara/Suri
- Exploration drilling commenced in Pakistan



### South America

- 3 countries
- 4 licences

- Targeting Jubilee-type plays
- Completed 2,500sq km 3D seismic survey in French Guiana
- Farmed-down interests in French Guiana to Shell and Total
- Drilling 2 wells at the end of the year in Guyana and French Guiana

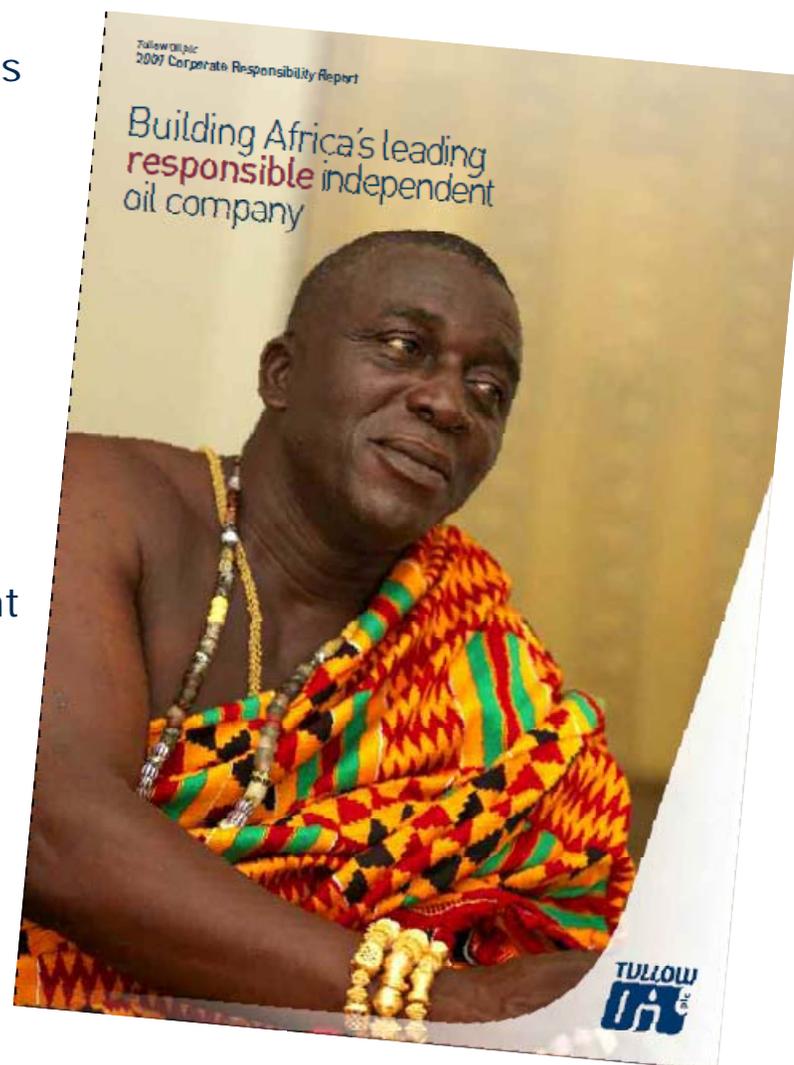
# Corporate Responsibility



## Corporate responsibility - creating shared prosperity

- Corporate Responsibility influences all aspects of our operations
  - Environment
  - Health and Safety
  - People
  - Society
- Working closely in partnership with all stakeholders
- Ensuring that oil and gas are the catalyst for new opportunities and economic development
- New Social Enterprise project focus
  - creating an environment in which entrepreneurs can flourish

**2009 Corporate Responsibility  
Report published on 28 May 2010**



# Social Enterprise projects

## Enterprise Development

- Tullow Schools of Entrepreneurship
- Supporting local businesses to become part of supply chain
- Enterprise Hubs

## Education/Skills Training

- Schools
- Vocational and Professional Training

## Health

- Local hospitals/health centres
- Focus on 'neglected diseases' in communities
- Malaria

## Environment

- Water management projects
- Environmental projects – Uganda National Park



## Conclusion



## Continuing to create shareholder value

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- World class developments in Ghana and Uganda
  - Jubilee Phase 1 on track; first oil Q4 2010
  - Uganda farmland and accelerated development
- Focus remains on material exploration and resources upside
- Strengthened balance sheet; debt and equity placings
- High quality team
- Well positioned for further transformational growth

Tullow Oil plc

3rd Floor, Building 11  
Chiswick Park, 566 Chiswick High Road  
London, W4 5YS

Tel: +44 20 8996 1000

Fax+44 20 8994 5332

Investor Relations Contact

Chris Perry: [chris.perry@tullowoil.com](mailto:chris.perry@tullowoil.com)

