TULLOW OIL PLC

TRADING STATEMENT AND OPERATIONAL UPDATE

27 JANUARY 2021 – Tullow Oil plc (Tullow) issues this update and guidance in advance of the Group's 2020 Full Year Results. The information contained herein has not been audited and may be subject to further review and amendment.

Rahul Dhir, Chief Executive Officer, Tullow Oil plc, commented today:

"Despite the challenges that 2020 presented, Tullow delivered production in line with expectations, executed major reductions to its cost-base and reduced net debt through the Uganda asset sale. Tullow has a busy year ahead as we begin implementing the business plan that we laid out at our Capital Markets Day. The plan is focused on ensuring that Tullow's producing assets in West Africa reach their full potential. We will leverage the new plan and our reduced cost base to generate positive free cash flow at current commodity prices, drive down our net debt and deliver a robust balance sheet."

FINANCIAL AND OPERATIONAL UPDATE

2020 Performance

- The impact of COVID-19 has been managed effectively across the Group with negligible impact on production.
- Group working interest oil production averaged 74,900 bopd in 2020, in line with guidance.
- 2020 full year revenue is expected to be c.$1.4 billion with a realised oil price of $50.8/bbl, including hedge receipts of c.$0.2 billion; gross profit is expected to be c.$0.4 billion.
- Capital and decommissioning expenditure for 2020 were c.$290 million and c.$50 million respectively.
- Year-end net debt reduced to c.$2.4 billion (2019: $2.8 billion), as a result of $430 million free cashflow. This includes Uganda proceeds of $500 million, c.$70 million of Group redundancy payments and negative year-end working capital adjustments of c.$50 million.
- Pre-tax impairments and exploration write-offs are expected to be broadly in line with the $1.4 billion reported in 1H20 Results.

2021 Outlook

- Group working interest oil production is forecast to average 60-66,000 bopd in 2021. This forecast reflects the drilling hiatus in 2020, a planned shut-down in September on Jubilee and deferred development drilling on Simba in Gabon.
- Capital expenditure is forecast to be c.$265 million, with an additional c.$100 million to be spent on decommissioning.
- Organisational restructuring completed which is expected to deliver sustainable annual cash savings of over $125 million.
- Underlying operating cash flow[1] is expected to be c.$0.5 billion at $50/bbl for the first year of Tullow's new business plan which aims to deliver c.$7 billion underlying operating cash flow over the next 10 years; 2021 pre-financing cash flow is expected to be c.$0.2 billion at $50/bbl[2].
- In Ghana, oil production from Jubilee and TEN for the year to date is in line with expectations, supported by gas offtake from the Government of Ghana of c.125 mmscfd.
- A new oil offloading system is being commissioned on Jubilee and is expected to be ready for a first lifting in February.
- A drilling rig is being mobilised to Ghana to commence operations in the second quarter of the year and the first new production well on Jubilee is forecast to be onstream in the third quarter.
- In the Non-operated portfolio, development drilling is restarting in Gabon and Equatorial Guinea, whilst decommissioning activity continues in Mauritania and the United Kingdom.
- In Kenya, following approval of the 2021 Work Programme and Budget, Tullow received an extension to its exploration licences to the end of 2021. Tullow and its Joint Venture Partners are now re-working the development project to ensure that it is robust at low oil prices and expect to submit a revised plan to the Government of Kenya later this year.
- In Côte d'Ivoire, Tullow has reduced its onshore exploration portfolio to focus on unlocking value from the CI-520 block.
- In the Suriname-Guyana basin, drilling of the Goliathberg-Voltzberg North exploration well in Block 47 in Suriname is expected to commence shortly. Work also continues on developing the prospect inventory on the Orinduik and Kanuku licences offshore Guyana.

Refinancing Update

Following the Capital Markets Day, at which Tullow's senior management presented a new business plan and operating strategy, the Group has started discussions with its creditors with regards to its debt refinancing options. As part of these discussions, Tullow and its lending banks have agreed to extend the redetermination of the Group's Reserve Base Lending facility, which was due to complete in January, by up to one month. This will allow for additional time to review the business plan and operating strategy.

[1] Cash flow from operating activities including lease payments, before capital investment, decommissioning expenditure and debt service
[2] Assumes $75 million proceeds from Uganda FID payment

Production guidance

Group average working interest production	FY 2020 actuals (kbopd)	FY 2021 guidance (kbopd)
Ghana	52.4	40.5
Jubilee	29.5	24.3
TEN	23.0	16.2
Equatorial Guinea	4.8	4.8
Gabon	15.5	15.4
Côte d'Ivoire	2.1	2.3
Oil production	**74.9**	**63.0**

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Notes to editors

Tullow is an independent oil & gas, exploration and production group, quoted on the London, Irish and Ghanaian stock exchanges (symbol: TLW). The Group has interests in over 70 exploration and production licences across 15 countries.

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