

News Release

Tullow pre-emption of Deep Water Tano component of Kosmos Energy/Occidental Petroleum Ghana transaction

11 November 2021 - Tullow Oil plc (Tullow) announces that it has exercised its right of pre-emption related to the sale of Occidental Petroleum's interests in the Jubilee and TEN fields in Ghana to Kosmos Energy.

Pre-emption summary

- Tullow to pre-empt on Deep Water Tano (DWT) Block interest indirectly acquired by Kosmos Energy
- Post completion, it is anticipated that Tullow's equity interests will increase to 38.9% in the Jubilee field and to 54.8% in the TEN fields
- The additional equity interests are expected to add c.10% to daily Group production and the associated incremental cash flow will help to accelerate Tullow's debt reduction
- The consideration is expected to be c.\$150 million (if pre-emption by other Joint Venture (JV) Partners is fully exercised), which will be subject to closing adjustments
- Tullow will fund this transaction through existing resources

Rahul Dhir, CEO of Tullow Oil, commented today:

"This is a value accretive, self-funded opportunity for the Group which will increase Tullow's daily Group production by c.10% and generate additional cash flow to help accelerate debt reduction. Increasing our operated stakes in the Jubilee and TEN fields underscores our commitment to investing in and delivering our Ghana Value Maximisation Plan. This opportunity fits well with our strategy to focus on maximizing value from our producing assets. We look forward to constructive conversations with our JV Partners and the Government of Ghana as we finalise the transaction."

Assets being acquired

As per the DWT Joint Operating Agreement (JOA), Tullow has pre-emption rights in respect of the 11.05% participating interest within the offshore DWT Block acquired by Kosmos Energy as a result of its acquisition of Anadarko WCTP Company announced on 13 October 2021. Tullow has exercised its right of pre-emption over this participating interest in DWT and assuming all JV Partners also fully exercise their pre-emption rights, this would increase Tullow's share in the Block by 7.7% (to a total of 54.8%). This would in turn increase Tullow's equity interests in the Jubilee and TEN fields to 38.9% and 54.8%, respectively.

Consideration

The consideration for the 7.7% increase in equity would be c.\$150 million with an economic effective date of 1 April 2021, subject to concluding definitive agreements and closing adjustments. The purchase of the participating interest in the DWT Block will be funded from Tullow's existing resources.

Strategic and financial impact

Increasing exposure to these assets is aligned with Tullow's strategy to focus on its producing assets. The additional equity is expected to increase Group daily production by c.10% and generate over \$250 million incremental free cash flow at \$65/bbl for Tullow between 2022 and 2026, which will help to accelerate debt reduction.

As of 30 June 2021, based on Tullow's reported Half Year 2021 Reserves Report, the 7.7% additional equity would increase Tullow's net 2P reserves by approximately 21 mboe and has an estimated post-tax NPV 10 valuation of \$347 million.

Next steps and approvals

Completion of the transaction remains subject to finalising definitive agreements with Kosmos Energy/Anadarko WCTP Company and gaining approval from the Government of Ghana consistent with the agreed Kosmos/Occidental transaction. Tullow will update the market accordingly as these discussions progress.

Further information

In the event that both Kosmos Energy Ghana HC and Petro SA do not pre-empt, Tullow would pre-empt the entire participating interest which would increase Tullow's equity in the DWT block by 11.05%. The consideration to be paid by Tullow in this event would be c.\$206 million, subject to closing adjustments.

Based on Tullow's Full Year 2020 financial accounts, the loss before tax attributable to the acquired assets would be \$30 million and based on Tullow's interim results as 30 June 2021 the gross asset value of the acquired interests would be \$755 million. These figures have been extracted from the Tullow Oil plc consolidated financial statements and pro-rated for an additional equity interest of 11.05% in the DWT Block.

FOR FURTHER INFORMATION CONTACT:

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This announcement contains inside information for the purposes of Article 7 of Regulation 2014/596/EU which is part of domestic UK law pursuant to the Market Abuse (Amendment) (EU Exit) Regulations (SI 2019/310) ("UK MAR"). Upon the publication of this announcement, this inside information (as defined in UK MAR) is now considered to be in the public domain. This announcement is being made on behalf of Tullow by Adam Holland, Company Secretary.

Notes to Editors

Tullow is an independent oil & gas, exploration and production group which is quoted on the London, Irish and Ghanaian stock exchanges (symbol: TLW). The Group has interests in over 40 exploration and production licences across 11 countries including Ghana where it operates the Jubilee and TEN fields. In March 2021, Tullow committed to becoming Net Zero on its Scope 1 and 2 emissions by 2030.

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