TULLOW OIL PLC

TRADING STATEMENT AND OPERATIONAL UPDATE

14 JULY 2021 – Tullow Oil plc (Tullow) issues this update and guidance in advance of the Group's 2021 Half Year Results, which are scheduled for release on 15 September 2021. 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:

"I am pleased to report that Tullow has made excellent operational and financial progress in the first half of 2021. Our producing fields in West Africa are performing well and we have successfully started our drilling programme in Ghana. This strong operational performance, combined with continued capital discipline, improved market conditions and asset sales in Gabon and Equatorial Guinea, supported our transformational debt refinancing. Tullow now has a strong financial footing and we are making very good progress in delivering on our highly cash generative business plan and continuing to reduce our debt."

OPERATIONAL UPDATE

Production

Group working interest production in the first half of 2021 averaged 61,200 bopd, in line with expectations. Full year 2021 guidance has been revised to 55,000 - 61,000 bopd (from 60,000 - 66,000 bopd). The guidance reflects the sales of the Equatorial Guinea assets and the Dussafu Marin permit and first half delivery.

Ghana

- In the first half of 2021, Jubilee gross production was slightly ahead of expectations, averaging 70,600 bopd (net 25,100 bopd). TEN gross production averaged 37,000 bopd (net 17,400 bopd). Combined FPSO uptime was in excess of 98%.
- Improved gas offtake and increased water injection rates in Jubilee have been sustained, averaging between 110-130 mmscf/d and over 200 kbw/d, respectively.
- The 2021 drilling campaign is progressing well. The first Jubilee producer (J-56) is now onstream with encouraging initial flow rates. The well is adding c.10 kbopd to the Jubilee field rate, slightly ahead of pre-drill expectations. The rig is now completing a Jubilee water injector (J-55 WI) with tie-in expected in the third quarter of the year.
- The rig will then move on to drill a TEN gas injector and a second Jubilee producer, with tie-in expected in late 2021 and early 2022, respectively.
- As a result of the new wells, average production from Jubilee is expected to increase in the second half of the year before growing further in 2022 as the drilling campaign continues.

Non-operated

- In the first half of 2021, net production from the non-operated portfolio was 18,800 bopd, in line with expectations.
- Following the sale of assets in Equatorial Guinea and the Dussafu Marin permit in Gabon, some capital expenditure has been re-allocated to accelerate the Simba expansion development in Gabon. Development of this low-risk, high-return project is expected to commence in the third quarter of 2021 with a positive impact on 2021/2022 production.

Kenya

- The Kenya project has been through a full redesign using data from the 2018-2020 Early Oil Pilot Scheme (EOPS) being fed into the model which is providing better understanding of both the resource and the optimum development plan.
- The technical work is complete, and the resource volumes are being audited by Gaffney Cline Associates (GCA) ahead of detailed project plan discussions with the Government of Kenya over the coming months.
- Tullow and its JV Partners expect to provide a project update to the market in the second half of 2021.

Exploration

- In the emerging and maturing basins of Guyana, Suriname, Argentina and Côte d'Ivoire, prospect maturation continues across the exploration portfolio to unlock value from the substantial prospective resources identified.
- Around the Group's producing assets in Ghana, Côte d'Ivoire and Gabon, the exploration team are maturing several near field and infrastructure-led opportunities as potential future drilling candidates.
- Separately, Tullow has exited Blocks Z38 and Z64 in Peru and PEL 0037 in Namibia.

FINANCIAL UPDATE

First half of 2021

- On 17 May 2021, Tullow completed a comprehensive refinancing of its debt, successfully issuing $1.8 billion of Senior Secured Notes with five-year maturity. The Group also entered into a new $500 million Super Senior Revolving Credit Facility, which will primarily be used for working capital purposes.
- Tullow completed the sales of its Equatorial Guinea assets and the Dussafu Marin permit in Gabon to Panoro in March and June respectively, receiving c.$133 million. These transactions also include further contingent cash payments of up to $40 million linked to asset performance and oil price.
- Following the completion of Tullow's comprehensive refinancing and as part of the preparation of statutory accounts, the Group has completed a reassessment of its going concern status. As a result, Tullow expects to prepare its financial statements for the six months ending 30 June 2021 on a going concern basis with no material uncertainty.
- Revenue for the first half of 2021 is expected to be c.$0.7 billion with a realised oil price of $58/bbl, including hedge costs of c.$50 million.
- First half underlying operating cashflow[1] is expected to be c.$0.2 billion. Pre-financing cash flow for the same period is also expected to be c.$0.2 billion with disposal proceeds largely offsetting capex and decommissioning spend.
- At 30 June 2021, net debt is expected to be c.$2.3 billion and liquidity headroom and free cash are expected to be c.$0.7 billion.
- Capital expenditure for the first six months of the year was c.$100 million.
- As of 30 June 2021, Tullow's hedge portfolio provides downside protection for 51% of forecast production entitlements through to May 2023 and 29% for a further 12 months to May 2024. Since completion of the comprehensive debt refinancing in May, new hedges have been placed with $55/bbl floors and weighted average sold calls of c.$70/bbl.

Full year guidance

- Full year Group capital expenditure is expected to be c.$250 million (previously $265 million), reflecting the reduction in capex following the sales of the Equatorial Guinea assets and the Dussafu Marin permit in Gabon, offset in part by the acceleration of the Simba expansion development in Gabon.
- Assuming $60/bbl for the remainder of the year, full year underlying operating cashflow[1] is expected to be c.$0.6 billion and pre-financing cash flow is expected to be c.$0.4 billion[2]. If oil price averages $70/bbl for the remainder of the year, these figures would increase by c.$50 million.
- Cash financing costs for 2021 are expected to be c.$290 million, including c.$60 million of fees associated with refinancing activities.
- A Final Investment Decision for the Lake Albert Development in Uganda is expected to be taken this year and would trigger a $75 million payment to Tullow from Total.

Group average working interest production	1H 21 actuals (kbopd)	FY 2021 guidance (kbopd)
Ghana	42.5	41.5
Jubilee	*25.1*	*25.5*
TEN	*17.4*	*16.0*
Equatorial Guinea[3]	2.1	1.0
Gabon[4]	14.8	15.0
Côte d'Ivoire	1.8	1.5
Oil production	**61.2**	**59.0**

Hedge portfolio as of 30 June	2H 2021	2022	2023	2024
Hedged volume (bopd)	40,000	23,400	20,000	6,800
Weighted average floor	$48/bbl	$48/bbl	$55/bbl	$55/bbl
Weighted average sold call	$67/bbl	$72/bbl	$69/bbl	$69/bbl

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
3 Reflects completion of the sale of the Equatorial Guinea assets on 31 March 2021
4 Reflects completion of the sale of the Dussafu Marin permit in Gabon on 9 June 2021

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Notes to editors

Tullow is an independent oil & gas company, 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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