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PRESS RELEASE

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TULLOW OIL PLC – (TLW)
TRADING STATEMENT & OPERATIONAL UPDATE

TLW has released the attached announcement for the information of the general investing public.

Issued in Accra, this 3rd
day of July, 2018.

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RNS Number : 8259S
Tullow Oil PLC
28 June 2018

Tullow Oil plc - Trading Statement & Operational Update

Strong revenues and cash flow reduce gearing ratio to 2.1x
Second rig contracted in Ghana to accelerate production growth
Good momentum in East Africa including the start of Early Oil Pilot Scheme in Kenya

28 June 2018 - Tullow Oil plc (Tullow) issues this statement to summarise recent operational activities and to provide trading guidance in respect of the financial half year to 30 June 2018. This is in advance of the Group's Half Year Results, which are scheduled for release on Wednesday 25 July 2018. The information contained herein has not been audited and may be subject to further review and amendment.

COMMENTING TODAY, PAUL MCDADE, CHIEF EXECUTIVE, SAID:

"Tullow has performed strongly so far in 2018. With substantially reduced gearing and financial discipline embedded across the Group, we are now able to focus on the growth of the business. We are accelerating production and cash flow growth across West Africa, we continue to make good progress towards sanctioning our developments in East Africa and, having refreshed the exploration portfolio, we are about to embark on a multi-year frontier drilling campaign targeting high-impact prospects in Africa and South America. There is much to look forward to for the remainder of the year and beyond."

Operational Update

PRODUCTION *(Asset breakdown on page 6)*

Tullow's West Africa first half 2018 oil production is expected to average 87,400 bopd, in line with expectations. This includes
11,200 bopd of production-equivalent insurance payments relating to the Jubilee field that are expected to be realised under Tullow's Corporate Business Interruption insurance policy. First half 2018 working interest gas production is expected to average
2,700 boepd. This results in a total Group oil and gas production average for the first half of 90,100 boepd.

Tullow's 2018 full year working interest oil production forecast range has been upgraded to 86,000-92,000 bopd. Working interest gas production is expected to average around 3,000 boepd, adjusted to reflect a later start-up of gas sales from TEN. Overall Group production guidance for the full year is 89,000-95,000 boepd.

WEST AFRICA

Ghana

Drilling

Tullow has contracted a second rig, the Stena Forth, a sixth-generation drillship, to work on its drilling programme in Ghana. The rig is contracted for an initial three-well campaign with flexible extension options and is due to start drilling in October 2018. This additional rig capacity will enable Tullow to carry out simultaneous drilling and completion activity, allowing the tie-in of new wells to be brought forward. The deployment of the second rig is expected to be managed within the existing 2018 Ghana capex budget as the first rig, the Maersk Venturer, began drilling later than initially planned.

The Maersk Venturer began operations in Ghana in March 2018 and three wells have been drilled in the first half of the year; a production well in the Ntomme area of TEN and two production wells at Jubilee. The rig is now being prepared for well completions, and the Ntomme well will be brought on stream in August 2018. The Maersk Venturer will then complete the two Jubilee production wells and a previously drilled Jubilee water injection well and it is anticipated that the Stena Forth rig will initially focus on drilling new wells.

Jubilee

In the first half of 2018, gross production from the Jubilee field is expected to average 65,700 bopd (net: 23,300 bopd). Tullow's net production increases to 34,500 bopd after including 11,200 bopd of net production-equivalent insurance payments. Production in the first half of the year is slightly below expectations due to downtime related to maintenance work on the gas compression system. While this maintenance work briefly affected production, it has resulted in increased gas compression capacity and as new wells are brought on stream this will positively impact oil production capacity. The Jubilee FPSO has been regularly producing at around 100,000 bopd gross from existing wells since these works were carried out.

In the first half of the year, two new Jubilee production wells were drilled as part of the current drilling campaign. These wells will be completed and brought on stream during the third and fourth quarter of 2018 and a previously drilled Jubilee water injection well will also be tied-in.

The FPSO Kwame Nkrumah was shut down for two periods in the first half of 2018 for the planned turret remediation work to stabilise the turret bearing. This work has successfully prepared the FPSO for long-term operations as a permanently spread moored vessel. A final planned shutdown is expected around the end of 2018 to rotate the FPSO to its permanent heading and install the final spread mooring anchoring system with minimal impact to production.

Tullow forecasts full year gross production from the Jubilee field to average around 78,100 bopd (net: 27,700 bopd), up from
75,800 bopd gross (net: 26,900 bopd) previously guided. Tullow expects net production-equivalent insurance payments for the full year to be around 8,300 bopd (previously 10,200 bopd). Accordingly, full year net production guidance from Jubilee, including production-equivalent insurance payments, is now around 36,000 bopd.

TEN

The TEN fields performed well in the first half of 2018, with gross production expected to average around 65,100 bopd
(net: 30,700 bopd). As a result of this strong performance in the first half of the year, Tullow has increased its gross full year production forecast for TEN to around 65,500 bopd (net: 30,900 bopd).

The first additional Ntomme well was successfully drilled in the first half of the year and is expected to start production in August 2018. A second well is expected to start production around the end of the year at which time Tullow expects to be able to increase gross production to around 80,000 bopd. The TEN FPSO has previously been tested at rates in excess of the 80,000 bopd design capacity and the vessel's ability to produce above this design capacity for long-term operations will be tested in 2019 as further wells come on stream.

Gas from the TEN fields was supplied to the Ghana National Gas Company to replace Jubilee gas during the Jubilee shutdowns. Gas sales from TEN are expected to commence in July 2018.

West Africa non-operated portfolio

Production in the first half of the year was strong across the West Africa non-operated portfolio and is expected to average around 22,200 bopd net. The Equatorial Guineafields have performed particularly well following a change of operator and Tullow has therefore increased its annual net production forecast from the Okume and Ceiba fields to 6,400 bopd net (up from 4,800 bopd net). Full year guidance for the whole non-operated portfolio has been increased to 21,800 bopd net (up from 19,100 bopd net).

UK

Gas production from the UK in the first half of the year is expected to average 2,700 boepd net. Tullow still expects annualised 2018 UK gas production to be around 1,900 boepd as the final producing fields will cease production in the third quarter of the year. Decommissioning activities continue in the North Sea with well plug and abandonment operations progressing to plan.

EAST AFRICA

Kenya

The Kenya development plan is progressing well and the project remains on track for FID in late 2019. FEED and ESIA work for the upstream Foundation Stage are now under way, following the award of the upstream FEED and Integrated Project Management contracts to WorleyParsons in May 2018. FEED and the ESIA work for the pipeline are also progressing to plan and commercial discussions continue with potential pipeline contractors.

Extended injection and production testing continues, with water injection testing ongoing at Ngamia-11 and continued oil production from the Ngamia-8 well. The Ngamia-3 well also successfully started production in June 2018. Results from the wells to date are in line with expectations and data will be used to inform the development plan for the Foundation Stage of the South Lokichar Development.

Following the agreement of the terms of The Petroleum Bill, the transfer of stored crude oil from Turkana to Mombasa by road commenced on 3 June 2018. This milestone was marked by a ceremony attended by President H.E. Uhuru Kenyatta, Deputy President H.E. William Ruto, the Turkana County Governor, Turkana MPs as well as many other Government Ministers and officials. The first truck arrived at the KPRL Refinery in Mombasa on 7 June 2018, where the oil will be stored for future export. Initially, the trucks will transport approximately 600 bopd and this is expected to steadily increase to 2,000 bopd once the Early Oil Production System is fully operational and production testing commences from the Amosing production facility.

Uganda

Tullow and its Joint Venture Partners, Total and CNOOC Ltd, are awaiting approval of the farm-down transaction from the Government of Uganda. As previously disclosed, at completion of the farm-down, Tullow anticipates receiving a cash payment of $100 million and a payment of the working capital completion adjustment and deferred consideration for the pre-completion period (including $58 million for 2017 capital expenditures). A further $50 million cash consideration is due to be received when FID is taken.

The Joint Venture Partners continue to work towards reaching FID for the development project around the end of 2018 with operational activity continuing as planned. The upstream FEED is now complete and initial technical and commercial reviews of this work have begun, which will ultimately result in the award of the Engineering, Procurement and Construction contracts. The upstream ESIA has also been completed and has been submitted to the National Environmental Management Authority for review. Discussions on the pipeline project continue between the Joint Venture Partners and both the Ugandan and Tanzanian Governments regarding the key commercial and transportation agreements.

NEW VENTURES

Africa

Tullow expects to start drilling the high-impact Cormorant prospect in the PEL37 licence in Namibia in September 2018. This frontier well will be drilled by the Ocean Rig Poseidon and has the potential to open a new oil basin.

In Côte d'Ivoire, Tullow's work programme across its new onshore blocks began in early April 2018 with a full tensor gravity gradiometry survey covering 8,600 sq km. This survey was completed in May 2018 and the data will be used to optimise the location of a 2D seismic survey planned for 2019. Tullow has recently signed a farm-down agreement for a 30% interest in all seven onshore licences (CI-301, CI-302, CI-518, CI-519, CI-520 CI-521 and CI-522) to Cairn Energy PLC, subject to obtaining the necessary Government approvals. This farm-down will leave Tullow with a 60% operated interest in each licence with the majority of the pre-drilling exploration costs carried.

In Mauritania, a major 9,000 sq km 3D seismic survey across Block C-18 has now been completed. Tullow's share of the cost was carried under previous farm-down agreements. Interpretation of this survey and the Block C-3 survey, recorded in 2017, is in progress to identify prospects for future drilling.

South America

In Guyana, technical and commercial ranking of potential prospects across both the Kanuku and Orinduik licences is ongoing. The exploration team continues to see significant potential across multiple prospects in this area and the team is working to define which of these prospects will be further matured for drilling in 2019 and 2020.

In Peru, as previously announced in January 2018, Tullow agreed the terms to acquire a 100% stake in offshore Blocks Z-64, Z-65, Z-66, Z-67 and Z-68. However, in May 2018, the Supreme Decrees, authorising PeruPetro, the state regulator, to execute licence contracts for these blocks, were revoked by the Peruvian Government. Tullow was disappointed by this outcome, as the Group has operated throughout under the strict guidance of PeruPetro and the Ministry of Energy and Mines, and had complied with the process and procedures required under Peruvian law to agree new exploration licences. Since the revocation, Tullow has formally expressed its continued interest in the licences and will continue to work closely with PeruPetro towards execution of these licences.

In Jamaica, a 2,200 sq km 3D survey was completed successfully in May 2018 and the data will now be processed.

Financial Update

In the first half of 2018, Tullow expects to report revenue of $0.9 billion, gross profit of $0.5 billion and to generate $0.3 billion of free cash flow.

Strong free cash flow has enabled Tullow to further reduce its debt in the first half of the year and the Group expects net debt to be approximately $3.2 billion at 30 June 2018. Tullow's gearing ratio (net debt/Adjusted EBITDAX) at 30 June is expected to be around 2.1x. The Group's unutilised debt capacity and free cash at the end of June 2018 is expected to be approximately
$1.2 billion.

On 23 March 2018, Tullow completed its offering of $800 million of senior notes, due in 2025. The offering was significantly oversubscribed and increased from the initial offering of $650 million. Proceeds have been used to redeem, in full, senior notes due in 2020 and repay drawings on the Reserve Based Lending facility. The senior notes offering further extended Tullow's debt maturities, with no scheduled debt repayments until 2021.

On 4 April 2018, commitments under Tullow's Revolving Corporate Facility amortised in line with the schedule to $500 million, and on 18 April 2018 Tullow voluntarily cancelled a further $150 million of commitments under the facility, reducing financing costs of undrawn committed facilities.

Tullow's 2018 capital expenditure guidance remains unchanged at $460 million (excluding Uganda expenditure which will be repaid following completion of the Ugandafarm-down).

Onerous service contracts

In October 2016, Seadrill Ghana Operations Limited filed claims in the Commercial Court in London against Tullow Ghana Limited (TGL) seeking a declaration that TGL was not entitled to terminate the West Leo rig contract for force majeure. Seadrill is seeking payment of $277 million from TGL, before interest and costs. The case was heard by The Hon. Mr. Justice Teare in May 2018 and the judgment is expected to be handed down shortly. If Seadrill is successful in its claims, Tullow expects that any resulting liabilities will be shared amongst the TEN joint venture partners and Tullow's estimated share has been recognised in a provision.

Separately, Kosmos Energy is disputing, through an arbitration against TGL before the International Chamber of Commerce, its share of liability (c. 20%) of costs related to the use of the West Leo rig beyond 1 October 2016. This arbitration hearing took place in January 2018 and the tribunal's decision is also expected shortly. In the event that TGL is unsuccessful in defending the Commercial Court claims by Seadrill, the arbitration decision will determine whether Kosmos is liable for its share of the amounts payable to Seadrill.

FINANCIAL GUIDANCE

Guidance is provided in relation to Tullow's reporting to 30 June 2018 in advance of the Group's Half Year Results release on
25 July 2018. Guidance figures are subject to change.

SALES, REVENUE AND GROSS PROFIT

	1H 2018	1H 2017
West Africa working interest oil production (bopd)	76,200	76,400
Insurance - Jubilee business interruption equivalent (bopd)	11,200	5,000
Working interest gas production (boepd)	2,700	5,600
West Africa sales volumes (bopd)	68,500	70,600
Gas sales volumes (boepd)	4,900	6,100
Total revenue ($bn)	0.9	0.8
Other operating income - business interruption insurance proceeds ($bn)	0.1	0.1
Gross profit ($bn)	0.5	0.3
Administrative expenses ($bn)	0.06	0.05
Free cash flow ($bn)	0.3	0.2

Note 1: Working interest production volumes do not equate to sales volumes. This is due to variations in lifting schedules and because a portion of the production is delivered to host governments under the terms of Production Sharing Contracts.

Note 2: Total revenue does not include other operating income - business interruption insurance proceeds

REALISED PRICES

	1H 2018	1H 2017
Realised post hedge oil price ($/bbl)	67	58

HEDGING INSTRUMENTS

	1H 2018	1H 2017
Fair value of derivative instruments ($bn)	(0.1)	0.1

Note 3: The negative $0.1 billion fair value of derivative instruments (inclusive of deferred premium) above is calculated as of 31 May 2018. The period end figure to be reported in the Half Year Results may differ. The change in the fair value comprises of changes in the intrinsic value and the time value of the instruments, driven by changes in implied volatility and the movement in the forward curve during the period. Changes in the fair value are deferred in the hedge reserve and recycled to the income statement on realisation.

HEDGING POSITION

	2H 2018	2019	2020

Oil Volume (bopd)	45,000	32,232	7,997
Average floor price protected ($/bbl)	52.23	51.17	55.13

EXPLORATION COSTS WRITTEN OFF AND IMPAIRMENTS OF PROPERTY, PLANT, AND EQUIPMENT

	1H 2018	1H 2017
Exploration costs written off (pre-tax) ($bn)	0.01	0.01
Impairment of property, plant, and equipment (pre-tax), net ($bn)	-	0.6
Impairment of property, plant, and equipment (post-tax), net ($bn)	-	0.4

CAPITAL AND OTHER EXPENDITURE

	1H 2018	FY 2018
Capital expenditure ($bn)	0.2	0.5
E&A/D&O split (%)	20/80	20/80
Decommissioning expenditure ($bn)	0.06	0.12

Note 4: Capital expenditure excludes acquisition costs.
Note 5: Decommissioning expenditure is gross of any tax relief and relates largely to UK decommissioning activities.

DEBT SUMMARY

	1H 2018
Net debt ($bn)	3.2
Facility headroom and free cash ($bn)	1.2
Committed bank facilities - RBL/RCF ($bn)	2.8
Corporate Bonds ($bn)	1.8

Note 6: Corporate Bonds include $1.45 billion HY bonds and $0.3 billion convertible bonds

GROUP AVERAGE WORKING INTEREST PRODUCTION

Oil production	1H 2018 average production (bopd)	FY 2018 forecast (bopd)
Ghana		
Jubilee	23,300	27,700
TEN Oil	*30,700*	*30,900*
Total Ghana Oil	54,000	*58,600*
Equatorial Guinea		
Ceiba	*2,500*	2,400
Okume	*4,100*	*4,000*
Total Equatorial Guinea	*6,600*	*6,400*
Gabon		
Tchatamba	*4,300*	4,400
Limande	*1,700*	*1,600*
Etame Complex	*1,000*	*1,000*
Other Gabon	*5,200*	*5,200*
Total Gabon	12,200	12,200

Côte d'Ivoire	3,400	3,200
OIL PRODUCTION SUB-TOTAL	**76,200**	**80,400**
Jubilee production-equivalent insurance payments	11,200	8,300
OIL PRODUCTION SUB-TOTAL (inc. Jubilee production-equivalent insurance payments**)**	**87,400**	**88,700**
Gas production	**(boepd)**	**(boepd)**
UK	2,700	**1,900**
TEN gas	0	1,100
Gas SUB-TOTAL	**2,700**	**3,000**
GROUP TOTAL	**78,900**	**83,400**
GROUP TOTAL (inc. Jubilee production-equivalent insurance payments**)**	**90,100**	**91,700**

Provisional unaudited figures that may be subject to change

Notes to Editors

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 80 exploration and production licences across 16 countries which are managed as three Business Delivery Teams: West Africa, East Africa and New Ventures.

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