

News Release

Tullow Oil Business Update

RBL redetermination confirms debt capacity of \$1.9 billion and headroom of c.\$700 million Further cost savings identified

3 April 2020 - Tullow Oil plc (Tullow) provides this update following the successful completion of its RBL redetermination and identification of further cost savings as the company continues to adapt to the challenging external environment.

Les Wood, Chief Financial Officer, commented today:

"Securing the ongoing support of our RBL lending banks and confirming our debt capacity has been important given the current challenging environment. Today's positive news verifies the strength of our producing assets and robust hedging strategy which underpin the RBL and, combined with the further cost savings we have identified, confirms the strength of our liquidity in the medium-term. Nevertheless, strengthening the balance sheet continues to be a key priority with the Group seeking to raise proceeds in excess of \$1 billion through portfolio management."

"Elsewhere in the business, Tullow is responding well to the challenges presented by the Coronavirus pandemic with strong controls and processes in place to allow the business to operate as close to normal as possible in spite of these difficult times."

Reserves Based Lending (RBL) facility

Tullow is pleased to confirm that it has completed the bi-annual redetermination of its RBL credit facility with

\$1.9 billion of debt capacity approved by the lending syndicate. As a result, the Group has c.\$700 million liquidity headroom of undrawn facilities and free cash at the start of the second quarter of the year. This level of headroom is deemed appropriate by the Board considering Tullow's much reduced future capital commitments.

Tullow has voluntarily reduced facility commitments from \$2.4 billion to c.\$2.2 billion, effectively accelerating the first scheduled commitment amortisation from October 2020. The reduction in debt capacity and commitments will result in a reduction of finance costs. The next scheduled amortisation of \$211 million (commitment reduction, not repayment) will therefore be in April 2021. This amortisation schedule continues every six months until final maturity in 2024. The next contractual maturity in Tullow's capital structure is the \$300 million Convertible Bond in July 2021.

Cost savings

As previously announced, Tullow took actions to reduce its planned capital expenditure (capex) for 2020 by c.30% year-on-year. Following another review of planned activity, the business has identified further savings and is now targeting capex of c.\$300 million in 2020 (down from c.\$350 million) and decommissioning expenditure of c.\$65 million (down from c.\$100 million).

Savings have been identified primarily through the deferral of activities across the portfolio and through savings that can be realised by ongoing farm-down activities. In Ghana, for example, savings will be made through the early termination of the Maersk Venturer rig and the deferral of some well activity, combined with the removal of any non-critical work that does not focus on safety and asset reliability.

While focus has been on further capex reductions, Tullow continues to invest in projects yielding good returns and the Board has agreed to progress the next phase of the Simba development in Gabon which will pay back before the end of 2021 at \$30/bbl.

The Group's underlying operating costs remain less than \$12/bbl, with Ghana operating costs at c.\$9/bbl. With the benefit of the Group's hedging policy and production remaining on track within the Group's 70-80 kbopd guidance range, this results in a free cash flow breakeven oil price of c.\$35/bbl for the rest of the year.

Hedging

As outlined at Tullow's Full Year Results, the impact of reduced oil prices is mitigated by the Group's robust hedging strategy. Tullow has 60% of its 2020 sales revenue hedged with a floor of c.\$57/bbl and 40% of 2021 sales revenue hedged with a floor of c.\$53/bbl. Tullow's realised oil price in January and February 2020 was c.\$62/bbl and following the recent price drop, hedging receipts of c.\$30 million are forecast for March 2020.

COVID-19 (Coronavirus) update

The health and safety of Tullow's staff continues to be the Group's top priority and Tullow continues to carefully monitor the ongoing COVID-19 pandemic. Tullow has experience of managing infectious diseases of this nature following the significant contingency planning put in place during the West African Ebola outbreak in 2014. In our principal offices, Tullow staff are currently working from home in line with Host Government guidelines with negligible disruption to the business.

Production operations in West Africa have not been affected by COVID-19 as yet. In addition to the existing Infectious Disease mitigation plans already in place, Tullow is requiring all personnel to self-isolate in Ghana for two weeks before transferring to our FPSOs to ensure that the risk of a COVID-19 outbreak offshore is minimised. In the event that a case of COVID-19 is discovered offshore, robust mitigation and personnel evacuation plans are in place to ensure that the impact of any outbreak is minimised and operations are maintained.

FOR FURTHER INFORMATION CONTACT:

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Notes to Editors

Tullow Oil plc

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 70 exploration and production licences across 15 countries in Africa and South America.

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