

Tullow Oil plc

Tullow agrees heads of terms for sale of Kenyan assets for \$120 million

\$80 million near-term cash receipts

Option to back-in for 30% of potential future development phases at no cost

Transaction with Gulf Energy, a leading Kenyan energy and infrastructure group

15 April 2025 – Tullow Oil plc (Tullow) is pleased to announce that its wholly-owned subsidiary, Tullow Overseas Holdings BV, has signed a heads of terms agreement with Gulf Energy Ltd (the “Buyer”) to sell Tullow Kenya BV, which holds Tullow’s entire working interests in Kenya, for a total consideration of at least \$120 million (the “Transaction”).

The consideration will be split into a \$40 million payment due on completion, \$40 million payable at the earlier of Field Development Plan (FDP) approval or 30 June 2026, and \$40 million payable over five years from the third quarter of 2028 onwards. In addition, Tullow will be entitled to royalty payments subject to certain conditions. Tullow also retains a back-in right for a 30% participation in potential future development phases at no cost.

The Transaction is accretive to both equity and leverage and further accelerates Tullow’s deleveraging process.

This Transaction will constitute a significant transaction for the purposes of UKLR 7 of the UK Listing Rules (as came into effect on 29 July 2024). Further announcements will be made in due course upon full form transaction documentation being entered into by the parties.

Transaction highlights

- Minimum cash consideration of \$120 million, with additional royalty payments subject to certain conditions.
- Tullow retains a back-in right for a 30% participation (before Government back-in) in potential future development phases at no cost.
- Corporate sale of Tullow’s entire Kenyan portfolio of assets.
- All past and future liabilities will be transferred to the Buyer as part of the Transaction.
- Conditions precedent for completion of the Transaction include:
 - All necessary regulatory approvals.
 - Delivery of payment guarantees satisfactory to Tullow in relation to Tranche B and C (see Consideration Structure).
- Entering into the full sale and purchase agreement (SPA) is targeted within the coming months with completion of the Transaction and receipt of first payment during 2025.

Richard Miller, Chief Financial Officer and Interim Chief Executive Officer of Tullow, commented:

“Today’s announcement marks another step forward in Tullow’s accelerated deleveraging journey with near-term cash receipts of \$80 million and mitigating significant capital exposure, whilst retaining a material option on the future development of the project. I am confident that the proceeds from this transaction, coupled with the \$300 million from the disposal of our assets in Gabon, position the business strongly for a successful refinancing.”

“We look forward to working with Gulf Energy, who have the requisite financing to complete the transaction and are a strong and credible counterparty, and by doing so, unlock material value for the people of Kenya.”

Consideration structure

- Total consideration of \$120 million, consisting of:
 - **Tranche A:** \$40 million payable on Transaction completion.
 - **Tranche B:** \$40 million payable at the earlier of FDP approval or 30 June 2026.
 - **Tranche C:** \$40 million payable no later than 30 June 2033, subject to the following payment schedule:
 - Payments of \$2 million per quarter starting in the third quarter of 2028, provided Dated Brent oil price averaged at least \$65/bbl during the preceding quarter.
 - If \$40 million in aggregate has not been paid by 30 June 2033, the remainder will be due to Tullow as a bullet payment at that point irrespective of the prevailing oil price.
 - **Tranche D:** Quarterly royalty payments of \$0.5/bbl multiplied by 80% of total production, subject to oil price, resource and production related conditions.

CONTACTS

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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 energy company that is building a better future through responsible oil and gas development in Africa. The Company's operations are focused on its West-African producing assets in Ghana, Gabon and Côte d'Ivoire, alongside a material discovered resource base in Kenya. Tullow is committed to becoming Net Zero on its Scope 1 and 2 emissions by 2030 and has a Shared Prosperity strategy that delivers lasting socio-economic benefits for its host nations. The Group is quoted on the London and Ghanaian stock exchanges (symbol: TLW). For further information, please refer to: www.tullowoil.com.

Gulf Energy and its affiliated companies constitute a leading energy and infrastructure-focused group, engaged in oil and gas trading, power generation, and industrial construction. As the largest supplier of refined petroleum products into Kenya and the inland East African markets, Gulf Energy plays a critical role in the petroleum supply chain across East Africa and has the requisite experience, skill and manpower to complete the transaction and implement the project. For further information, please refer to: www.gulfenergy.co.ke.

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