2020 Annual Report and Accounts

Tullow is a well established, recognised oil and gas explorer and producer

Our focus is on producing low cost oil and gas in a safe, efficient and environmentally and socially responsible way.

Our key activities include generating material value for host countries, creating local business opportunities and building a compelling proposition for investors and a great place for employees to work.

Our portfolio of over 50 licences spans 11 countries. We are headquartered in London and our shares are listed on the London, Irish and Ghana Stock Exchanges.

Our investment case

Tullow has a production base underpinned by large resources with material organic growth potential. This is where we will spend over 90 per cent of our capital over the next 10 years. Our strong geoscience and subsurface skills enable us to maximise recovery and add additional resources which will provide further value from our producing base.

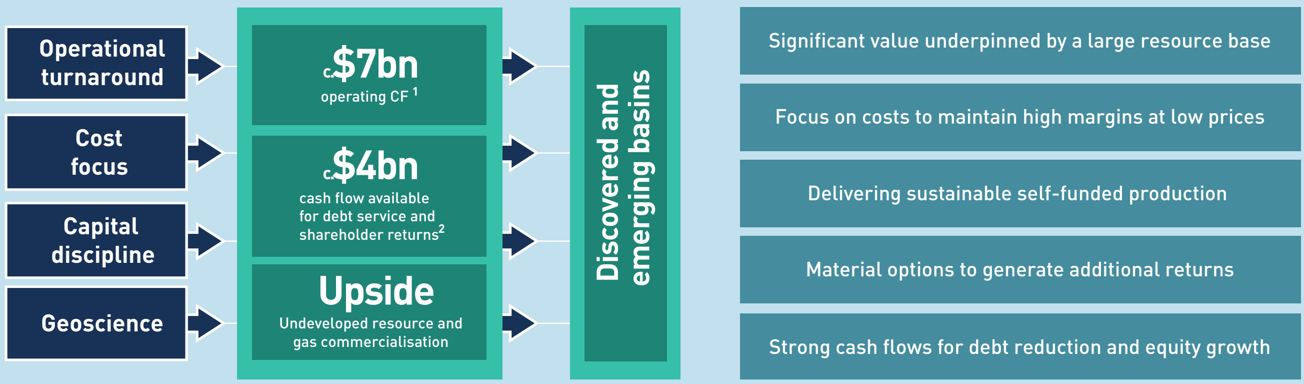
Tullow is in transition to a more reliable and consistent operating performance. With a focus on costs, we will deliver high margins and ensure that we generate cash flows to fund our investments and reduce net debt.

A disciplined approach to capital allocation ensures high returns and rapid paybacks and at $55/bbl flat nominal oil prices we can deliver c.$7 billion in underlying operating cash flow over the next 10 years with c.$4 billion pre-financing cash flow.

Tullow has significant positions in discovered and emerging basins. An innovative approach alongside deep geoscience and engineering expertise will allow us to unlock value in key basins such as Kenya, Guyana, Suriname and Argentina.

This new approach delivers a compelling combination of highly visible and sustainable cash flows with unique opportunities for additional value.

New approach delivers material value and cash flow



1. Cash flow from operating activities, before debt service, capital investment and decommissioning expenditure.
2. Cash flow from operating activities less capital investment and decommissioning expenditure.

1&2. Based on $45/bbl in 2021, $55/bbl flat nominal in 2022+. Read more about the Alternative performance measure disclosure on pages 151 and 152.

Key statistics

Group average working interest production

74,900 boepd

2019: 86,800 boepd

Reserves

260 mmboe

Proven and Probable Commercial Reserves

2019: 243 mmboe

Licences

53

Across 11 countries

2019: 74 licences across 14 countries

Lost Time Injury Rate (LTIR)

0.32

2019: 0.09

Strategic report

Corporate governance

Financial statements

Supplementary information

Year of resilience

A clear roadmap to deliver an efficient and effective organisation, which will ensure we generate sustainable cash flow, over the next 10 years, from our producing assets and realise value from our exploration portfolio

Revenue
$1.4bn
2019: $1.7bn

Capital investment
$288m[1]
2019: $490m

Underlying cash operating costs
$12.1/boe[1]
2019: $11.1/boe

Free cash flow
$432m[1]
2019: $355m

Adjusted EBITDAX
$0.8bn[1]
2019: $1.4bn

Net debt
$2.4bn[1]
2019: $2.8bn

Loss after tax
$(1,222)m
2019: $(1,694)m

Gearing
3.0 times[1,2]
2019: 2.0 times

1. Alternative performance measures are reconciled on pages 151 and 152.
2. Gearing ratio calculated as net debt/adjusted EBITDAX.

Our strategic roadmap

Our purpose is to build a better future through responsible oil and gas development

Our stakeholders

Our investors: Delivering sustainable returns on capital

Our host countries: Creating shared prosperity

Our people: Providing a great place to work

Our focused strategy

- Large discovered resource base with upside
- Safely delivering operational excellence at low cost
- Portfolio of well defined and resilient investment opportunities
- Disciplined capital allocation supports value creation and deleveraging
- Self-funded with significant capital flexibility
- Highly experienced and committed team

Managing our risks

Strategy	See more on page 33	Financial	See more on page 34
Stakeholder	See more on page 33	Organisation	See more on page 35
Climate change	See more on page 34	Conduct	See more on page 35
EHS or security	See more on page 34	Cyber	See more on page 35

Resilient and focused on returning Tullow to strength

The year ahead is a pivotal year for Tullow, where we lay the foundations for a robust and stable business capable of delivering attractive returns for our shareholders and host countries.

"I am pleased to conclude the year with much greater confidence in the future of Tullow. The business has a clear roadmap, to be delivered by a lean and highly skilled and committed team, focused on driving value for all our stakeholders."

Dorothy Thompson
Chair

Against the backdrop of the global pandemic and its impact on oil prices, market conditions and restrictions on movement of people and materials, Tullow has weathered the storm in 2020 with remarkable focus and determination, meeting production guidance and ending the year cash flow positive, inclusive of Uganda proceeds. Tullow's resilience is particularly noteworthy, given the tumultuous start to the year.

A new experienced leader is now at the helm of Tullow. Rahul Dhir was selected after a rigorous search process and officially joined the Company in July after several months of immersing himself in the business beforehand. Rahul's extensive leadership experience in both the technical and commercial aspects of the industry, coupled with his expertise in finance and private equity for the sector, are vital skills that have already been brought to bear in beginning the turnaround of Tullow's fortunes. Rahul's new leadership team is a good balance of long-serving Tullow leaders and new talent, who together have the breadth and depth of experience and complementary skills to manage the business.

Tullow has a clear strategic direction, with a new integrated leaner organisation structure, and a redoubled focus on driving value for our investors, host governments and our people. Rahul and his team have set out a compelling long term plan, which the Board has endorsed, and which was presented to the market in November at a Capital Markets Day event. At its core is the disciplined allocation of capital to maximise value from Ghana's significant resources and material organic growth potential. Assuming a flat nominal oil price of $55/bbl this plan expects to deliver approximately $7 billion in underlying operating cash flow over the next 10 years, with approximately $4 billion pre-financing cash flow.

Debt levels and near term maturities have been an area of concern in 2020; however, the initial $500 million in proceeds from the completion of the Uganda farm-down has reduced our net debt from $2.8 billion to $2.4 billion. The closing of this transaction marks Tullow's exit from its licences in Uganda after 16 years of operations in the Lake Albert basin. The country has been an integral part of Tullow's history. We pioneered exploration in Lake Albert, achieved prolific exploration success and played a major role in the founding and development of Uganda's oil industry. We will watch the progress of Uganda's oil and gas industry with much interest and we all wish the people and Government of Uganda and our former Joint Venture Partners every good fortune as they take this important project forward. The value from this transaction, coupled with the non-operated asset sales announced in February and strong cash flow from our growing production base in Ghana, will provide the means to address the debt maturities and progress refinancing options. In time, this will return the Company to a more stable capital base.

Regretfully, until Tullow has further reduced debt and strengthened its balance sheet, the dividend will continue to be suspended. However, the Business Plan that has been set out shows the route and ambition to return shareholder value as quickly as possible.

Purpose, organisation and culture

One of the areas of the business review carried out in 2020 was to make Tullow a more efficient and effective organisation. As a result of the review the Cape Town and Dublin offices were closed and staff headcount reduced by 53 per cent. The organisation is now stabilised, and the leadership team has set about rebuilding Tullow's culture in three key ways:

Firstly, communication has been a priority throughout the year, through formal and informal feedback and communication channels. Leadership has actively nurtured a culture of open, transparent and candid debate and information sharing. This has been a key change, which staff have welcomed with frequent positive feedback. This was augmented with the Tullow Advisory Panel, which comprises members of staff who represent all employee feedback. In the first half of 2020, some of my fellow Board members and I met with this panel frequently. Its feedback was invaluable in helping me and the Board appreciate what needed to change in Tullow's culture, leadership, ways of working, transparency and expectation management, and ultimately our performance as a business.

Secondly, Tullow has instituted a flatter organisational structure, allowing for shorter lines of management and more direct channels of communication with leadership.

Thirdly, the leadership has defined a new purpose and set of Values for the Company. Tullow's Leadership recognises that oil and gas will continue to play an essential role in the global energy mix for many years to come and will continue to bring significant wealth and social and economic development to oil exporting countries. As part of its 10 year plan, Tullow aims to invest $2.7 billion over the next decade, generating significant revenues for our host countries, creating local business opportunities, a compelling proposition for investors and a great place to work for our staff. In recognition of the necessary energy transition under way and peaking of oil demand, the only barrels that will be competitive are those that are low cost and produced in a safe and environmentally and socially responsible way. Therefore, our purpose as a business is to 'build a better future through responsible oil and gas development'.

Tullow's Values have also been re-set, to mark a clear break from the previous culture. The new leadership team has debated and arrived at a set of four core Values, developed in conjunction with staff via informal workshops, which you can read more about in Tullow's 2020 Sustainability Report. Tullow's new leadership is committed to setting the tone for the rest of the Company in demonstrating how important these Values are in guiding the right behaviour and culture, which will underpin Tullow's success as a business.

Board changes

Since 2018, 50 per cent of Tullow's Board members have retired or left by mutual consent and the Board has been bolstered most recently by Mitchell Ingram. Given the operational challenges experienced during 2019, the Nominations Committee resolved to appoint a Director with deep operational offshore experience. The Committee was delighted to appoint Mitchell Ingram, who as well as having significant offshore experience, understands our assets having previously worked for Anadarko, one of Tullow's Joint Venture Partners. The addition of Mitchell, combined with Rahul's leadership, has brought new focus and clarity to our Board discussions.

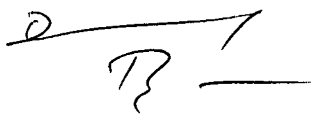
Tullow's Board gender diversity remains strong, with 33 per cent representation of women, and we remain committed to advancing the diversity of Tullow's Senior Management and overall workforce. Martin Greenslade, who joined us in 2019 but formally took over as Chair of the Audit Committee in April 2020, has also brought deep expertise and a fresh pair of eyes and approach to this critical Committee.

Climate change

We support the goals of the Paris Agreement, and for the second year we are reporting in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Our portfolio remains resilient to the threat of stranded assets, which you can read more about in the CFO statement on page 19. As made clear at our Half Year Results and Capital Markets Day, our emissions in Ghana have increased in the last year due to elevated levels of flaring in 2020, which was required for reservoir management and to sustain production levels. Our current emission levels are not aligned with our Climate Policy, and we have a defined plan to address this. This year we have completed a thorough analysis of various options to decarbonise our business in order to deliver Net Zero operations for Scope 1 and Scope 2 emissions by 2030. In 2021, we will begin work to decarbonise our operations as part of our 2021 business plan, which you can read more about on page 26. Additionally, work is underway to identify nature based carbon removal projects that Tullow will invest in to offset its residual hard to abate carbon emissions and achieve a carbon neutral or Net Zero status. Tullow grew its understanding of potential carbon offset approaches and partners in 2020. Through our carbon offset strategy we will align with both government priorities and emerging regulation on Article 6 of the Paris Agreement and build on our commitment to Shared Prosperity and creating socio-economic opportunities for our host communities.

Outlook

I am pleased to conclude the year with much greater confidence in the future of Tullow. The business has a clear roadmap, which will be delivered by a lean and highly skilled and committed team which, like the Board, is committed to driving value for our investors, our host governments and our people. I would like to thank our investors, our host governments and our staff for the support you have provided us over the course of this difficult and challenging year.



Dorothy Thompson
Chair

9 March 2021

Clarity on future plans, and a strong conviction to deliver

With a lean and focused organisation and disciplined capital allocation Tullow can deliver the material value held within our Ghana assets.

"Ultimately, this high-quality investment portfolio and capital discipline will drive visible, self-funded production growth, with strong cash flows, and enable Tullow to deleverage and generate material value."

Rahul Dhir
Chief Executive Officer

2020 has been a year of significant change for Tullow, and our collective focus has been on putting the business back on track to realise its considerable future potential. I officially joined Tullow in July but was able to spend several months before that being educated by members of staff and the Board on the various aspects of our assets and operations. Having immersed myself in the business over the last six months, I see that the road ahead is an exciting one, but not without its challenges. COVID-19 alone has presented our industry with major difficulties this year in keeping people safe and well, sustaining operations through restricted travel and weathering historically low oil prices. Tullow's teams have navigated these obstacles and delivered production in line with guidance despite a very difficult operating environment. Notwithstanding the significant drop in oil demand in the past year, I believe that oil and gas will continue to play a vital role in the global energy mix for the long term, generating material wealth and social and economic development for our host countries.

Tullow is a company with a substantial opportunity set, committed and talented people, and a promising future. It is a combination of these factors which made me join this business, and the value now defined through our long term plan has only strengthened my own personal commitment to ensuring Tullow achieves its potential.

A new diverse leadership team

My new leadership team brings a balance of fresh perspectives from outside whilst retaining a deep understanding of Tullow's business. Our complementary skills and depth of experience are enhanced by our common understanding of the opportunity ahead and being united in our mission to deliver value and cash flows.

Focus on cost, restructuring and operational turnaround

As I set out at the Capital Markets Day on 25 November, Tullow is currently focused on achieving a more reliable and consistent operating performance and a sustainable improvement in operating margins. Building confidence in our operational delivery is key. In working to achieve this, we have carried out a detailed assessment of our costs, our organisational structure and our operations. We have leveraged our deep internal knowledge, and incorporated input from outside from some of the best minds in the sector. As a result, we have gone through a comprehensive reorganisation: focusing our activities, reducing management layers, simplifying decision making and reducing our staffing levels by 53 per cent.

We approach 2021 as a year of transition when we will embed good performance, safe and reliable operations and active reservoir management. These, together with a singular focus on cost, will mean Tullow will be resilient to lower oil prices and capable of delivering high margins and cash flows to fund our investments, navigate our debt maturities, reduce overall debt levels and ultimately deliver shareholder returns.

Deep understanding of the resource base and definition of investment opportunities

Ghana is clearly currently where the prize lies for Tullow. We have a solid production base, underpinned by large resources with material organic growth potential. Of the 2.9 billion bbl of oil in place, we have only produced about 13 per cent or 400 million bbl, which leaves 2.5 billion bbl of oil in the ground with major infrastructure in place. This is an incredible and exciting resource.

Our non-operated assets in Côte d'Ivoire and Gabon are also important and continue to provide stable production and cash flows through defined projects, near-field exploration and licence extensions. These fields have flexible and valuable investment opportunities, including short-cycle near-field exploration projects with ready access to infrastructure.

We have systematically screened opportunities across our producing asset base in West Africa and high-graded high-return, short-cycle and quick payback investments. We have so far high-graded more than 60 investments, due to deliver an average of over 80 per cent IRR at $55/bbl long term flat nominal prices. We expect to add to this inventory, as we mature further investment opportunities. In addition, our strong geoscience and subsurface skills will help us to maximise recovery and add additional resources which will provide further value from our production base.

Rigorous and disciplined capital allocation will be our fundamental guiding principle to ensure that we are able to consistently invest in these high-return opportunities. We therefore plan to spend over 90 per cent of our future capital spend across our producing assets. Based on this investment plan, at $55/bbl flat nominal oil price from 2022 we can deliver approximately $7 billion in underlying operating cash flow over the next 10 years with approximately $4 billion pre-financing cash flow.

In addition, our positions in emerging basins in South America and in Kenya present further opportunities to unlock value. In Guyana and elsewhere in our emerging basins portfolio, we are working to better define the prospect inventory. Following the Government of Kenya's extension of our licences to the end of 2021, we are reassessing the development to make it viable at low oil prices. Our approach to unlocking value in these assets requires an innovative approach that leverages our deep geoscience and engineering expertise.

2020 business performance

Our safety performance in 2020 highlights an area for improvement. We registered eight Total Recordable Injuries and four Tier 2 loss of primary containment Process Safety Events. While no incident was life changing or caused irreparable harm to the environment, we are 100 per cent committed to ensuring our people and partners are safe at work and that we cause no harm to the environment or local communities, and so are redoubling our efforts in this area. In response to events during 2020, in Q4 our Ghana business instigated an IOGP Life Saving Rule promotion campaign, led by our leadership team. Through discussion on the nine rules, key lessons were learnt about how we must improve our attention to safety.

Despite 2020 being a difficult year, there were a number of notable achievements including the $575 million Uganda sale, successful RBL redeterminations against an unfavourable financial backdrop, the delivery of $125 million per annum in G&A savings, and strong operational uptime performance of over 95 per cent against a challenging backdrop of managing personnel through COVID-19 restrictions and improved delivery of gas exports.

Production revenues from our non-operated production and the $219 million cushion from our hedging programme helped deliver our $432 million positive cash flow position for the year. The loss of $1.2 billion after tax was driven by exploration write-offs and impairments related to lower oil prices.

Stakeholder engagement

Despite COVID-19 related travel restrictions, I have had the opportunity to meet virtually with many of our key stakeholders across Kenya, Gabon, Côte d'Ivoire, Suriname and Equatorial Guinea. In October, I was able to visit Ghana where I had the privilege of meeting His Excellency The President of Ghana, the Minister of Finance, the Minister for Energy and other senior officials. Their valuable feedback and insights, together with our efforts to work more closely and collaboratively with our Joint Venture Partners, will make us a stronger business, and ensure we are driving towards goals that are aligned with those of all our key stakeholders.

Committed to shared prosperity

Tullow's strong track record of creating shared prosperity in our host countries and communities, is one of the reasons that I was drawn to Tullow. Our commitment to shared prosperity is detailed further on page 24. However, I want to highlight one particular area which continues to have a material positive impact in Ghana. Since 2015, Tullow and partners have committed to supply at no charge to Ghana 200 bcf of wet gas from the Jubilee field (the "Jubilee Foundation Volume Gas") to the Ghana National Petroleum Company. Gas from the Jubilee field has fuelled in excess of a third of Ghana's domestic gas power generation, providing more than 6.5 million people with access to electricity over the last five years. This is just one area in which we are working to share prosperity with our communities and host nations.

Outlook

Our producing assets are underpinned by a large resource base with well-defined investment opportunities. This is complemented by our material positions in undeveloped resources and emerging basins. Together, this unique set of assets provides very significant value and material, organic growth options. Our singular focus on operating efficiencies and costs will ensure we maintain high margins even at low prices. Ultimately, this high-quality investment portfolio and capital discipline will drive tangible, self-funded production growth, with strong cash flows, and enable Tullow to deleverage and generate material value. Along this journey, our course will be set by the principle that our success, and that of our Joint Venture Partners, our host governments and communities and of course our investors are one and the same. We are clear about what we must do and are deeply committed to achieving success. In concluding, I would like to thank all our stakeholders for your patience and support during 2020 and I look forward to working with you to drive success in 2021.

Rahul Dhir

Rahul Dhir
Chief Executive Officer

9 March 2021

Our business model

New approach to deliver material value and cash flow from our production base and near-field and infrastructure-led opportunities in discovered and emerging basins

Our inputs

Our investors

1.4bn

Issued share capital

Our host countries

11

Countries of operation including the UK

53

Exploration and production licences

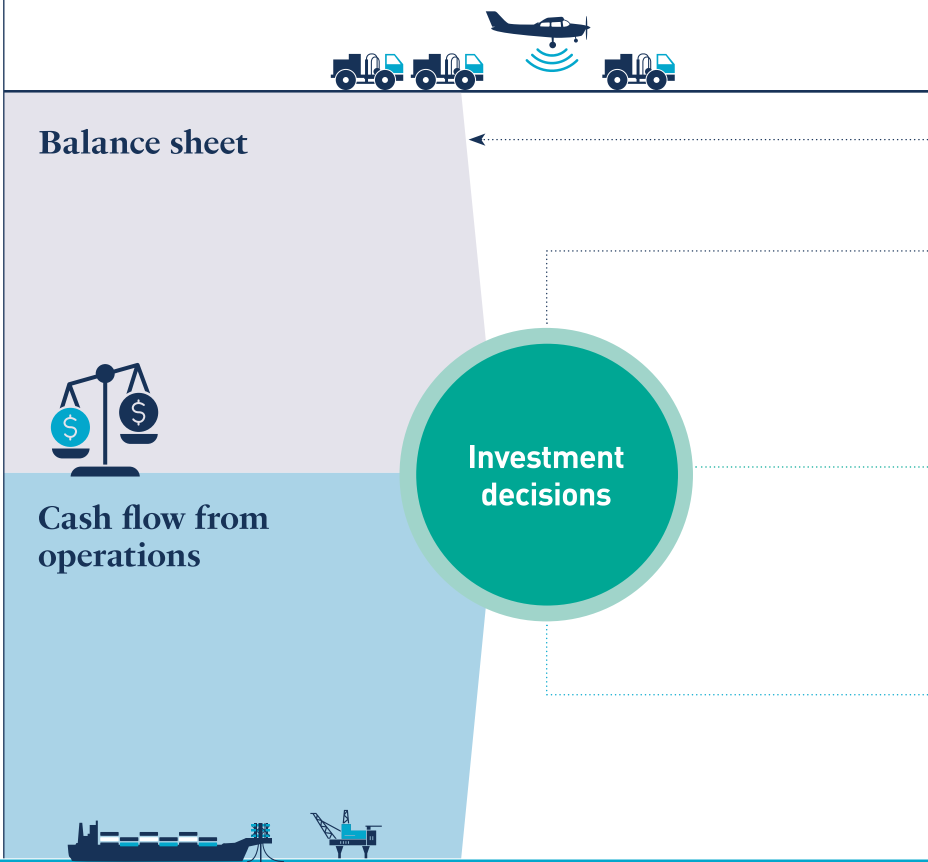
Our people

Highly experienced and committed professionals dedicated to safely discovering, producing and monetising oil

Our business

Tullow's business model is to find and monetise oil from our portfolio of assets across Africa and South America. Our activities are focused on generating cash flow from our production base and unlocking value from our significant positions in discovered and emerging basins. We have a prudent financial strategy with diverse sources of funding. We are focused on debt reduction and right-sizing our asset base through portfolio management.

We have material positions in emerging oil provinces in Africa and South America. We aim to unlock value from these resources whilst managing our capital exposure and remain agile to take advantage of exploration opportunities.

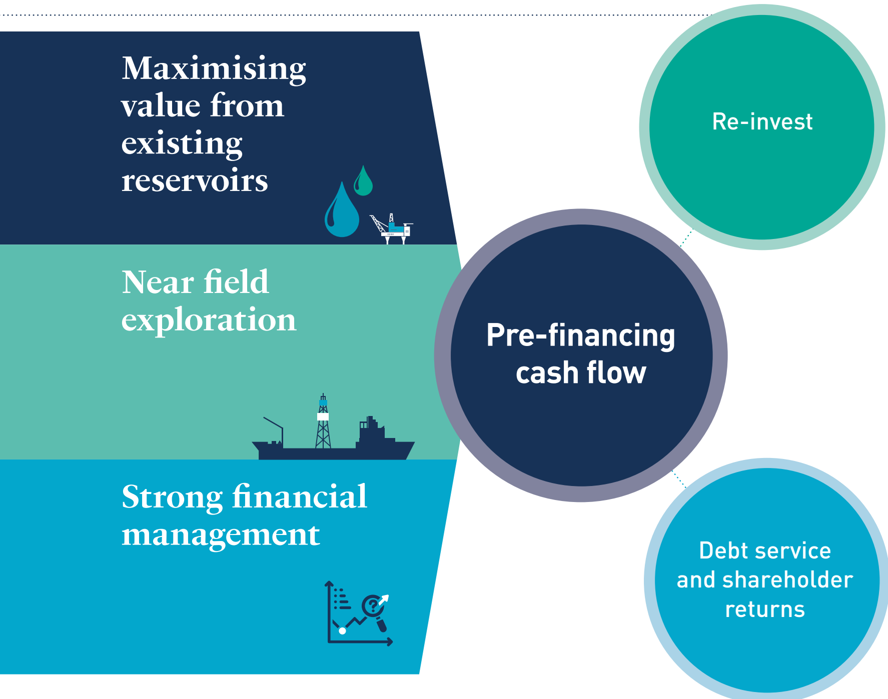


Maximising value from large resources

We focus on selective development of material oil discoveries we have found. We invest in low-cost, near-field wells drilled adjacent to our producing assets, as well as opportunities identified through exploration.

Production is the cash engine of our business and we are investing in in-field drilling programmes to extend production plateaus across our producing assets in West Africa.

Read more in our Operations Review on pages 14 to 16



How we create value

Our investors

$432m

Free cash flow

Our host countries

$375m

Payments to governments

74,900 boepd

Group average working interest production

$162m

Spend with local suppliers

Our people

Over 900

Instances of participation across 14 virtual wellness events across the UK and Ghana

A turbulent year

1 Geo politics

The COVID-19 pandemic dominated the political agenda both globally and in Africa in 2020

Over the past year, the key global political and economic risk has been the COVID-19 pandemic which appears to have started in China in late 2019. The pandemic has had a paralysing effect on global economies with almost all countries enacting lockdowns of varying stringency. With the arrival of vaccines in the last quarter of 2020, hopes for economic recovery in 2021 are very high but the recovery is likely to be uneven as it will take time to manufacture and distribute the various vaccines. In Africa, the day-to-day impact of COVID-19 appears to have been less devastating than in Europe and the US. This is likely due to a number of factors including climate, travel patterns and the median age of the population in Africa, which is 19 years, compared to Europe, where it is 40 years.

However, Africa has not been spared the economic consequences of the pandemic with the World Bank confirming in October 2020 that the continent would likely fall into recession for the first time since 1995. Furthermore, the World Bank also believes that the pandemic could drive up to 40 million people into extreme poverty in Africa in 2020, erasing at least five years of progress in fighting poverty.

The oil and gas sector in Africa has not been immune from the global economic shock with offshore drilling drying up almost completely. Overall, the pandemic and its consequences are likely to accelerate trends in Africa that were already apparent in 2019, including African governments appreciating the pace of change around the energy transition and seeking to maximise their resource potential more quickly. This was demonstrated by recent impetus in the Lake Albert development in Uganda. However, to compete for investment capital, they will need to take a more commercial approach in negations with potential partners than they have throughout the 2010s.

The Ghanaian Presidential Election took place in December 2020 with the incumbent President, HE Nana Akufo-Addo of the New Patriotic Party (NPP), returning to office for a second four year term. The concurrent parliamentary election returned a Hung Parliament for the first time in Ghana history with both main parties, the NPP and the National Democratic Congress (NDC), having the same number of seats (137) and an independent MP claiming one seat.

2 Oil price

2020 was one of the most turbulent years for oil prices, which dropped to levels not seen since 1990, with 8 million barrels taken from the market as a result of pandemic-induced restrictions

2020 was a year dominated by OPEC decisions and the COVID-19 pandemic, which together conspired to create a roller coaster of price action that saw ICE Brent trade within a $19-52/bbl range and average just $42/bbl. By February concerns about the virus outbreak outside China were damaging oil demand and prices. ICE Brent fell from $65/bbl to $55/bbl as the continued spread of COVID-19 dominated the headlines. On 8 March OPEC and Russia failed to reach an agreement on continuing their market intervention and further supply was suddenly heaped on a rapidly unbalancing market. When markets opened on 9 March, Brent suffered the largest one day percentage decline since the first Gulf War and prices kept on falling for the rest of the month. A group of OPEC and non-OPEC countries (OPEC+) finally responded to market outcry about the impending storage capacity reaching its limit and together held the Declaration of Cooperation meetings on 9 and 12 April which delivered a historic 9.7 million barrels per day cut in production starting on 1 May. However welcome, it would do nothing for the barrels being pumped in April. The threat of reaching tank-tops drove ICE Brent prices to their nadir on 21 April, hitting $19/bbl and taking WTI briefly into negative prices.

Late spring/early summer saw some cause for optimism as the cuts delivered the first step on a long road to recovery as the global oil surplus showed signs of stabilising, supported by further OPEC+ production curbs and Chinese demand recovery. The move upwards stumbled in September amid the continuing global increase of new COVID-19 cases. October saw a continued retreat in prices, as the expected demand recovery failed to materialise and into this weakening environment the fabled return of Libyan crude production, which ramped to over 1 million barrels per day added stress to an oversupplied market.

The year ended positively as COVID-19 vaccines rolled through all markets during November. Thus despite some returning OPEC+ production, optimism about a recovery in oil demand saw prices climb and ICE Brent averaged $50.35/bbl during December, the highest monthly settlement since February. At the end of 2020 OPEC+ met again and reached a compromise agreement to add 500 kbopd of production to the market in January; however, following further meetings Saudi Arabia took unilateral action to cut 1 million barrels per day of its own production to maintain the pace of rebalancing and driving prompt prices to $56/bbl.

3 Climate Change Policy and energy transition

Despite the postponing of COP-26 in 2020 the focus on climate and energy transition continued to intensify from investors, governments and the public alike

Despite great efforts to decarbonise and grow renewable energy supply, fossil fuels will continue to account for up to 50 per cent of the energy supply in 2050. The IEA's scenarios for long term oil demand range from the 'Current Policies Scenario' where oil demand continues to increase, approaching 120 million bopd to 2040, through to the Sustainable Development Scenario (aligned to the Paris goals) which sees a potential flattening in oil demand in the 2020s. Rising incomes in emerging markets and developing economies are expected to create strong underlying demand for mobility which will offset reductions in oil use in developed economies, where the electrification of transport and greater energy efficiency reduces demand. Despite the anticipated growth in recycling rates, oil demand as a feedstock in the petrochemical sector for production of plastics is likely to rise, especially in developing economies. In addition, growth will continue from energy and carbon-intensive sectors, such as steel, cement and heavy industry.

Even under the IEA's Net Zero emissions by 2050 pathway, where demand for oil declines from 98 million bopd in 2019 to 65 million bopd in 2030, an annual average reduction of >3.5 per cent, this decline rate is slower than the underlying rate of decline in supply that we would see if there were to be no investment in new or existing fields. In this case oil supply would decline by 8-9 per cent per year. Therefore, even in a scenario aligned to the Paris goals, billions of dollars are required to sustain lower levels of production.

Several global powers signalled their intention for greater ambition on climate action in 2020, with China targeting to decarbonise its economy by 2060, followed by the launch of its new carbon emissions trading scheme in early 2021. EU leaders agreed a more ambitious climate target of cutting net emissions by at least 55 per cent by 2030 compared to 1990 levels and the new Biden administration, immediately introduced a raft of climate-related executive actions shortly after the President's inauguration including re-joining the Paris Agreement, cancelling the presidential permit for the Keystone XL oil pipeline from Canada, and halting oil leases in the Arctic National Wildlife Refuge in Alaska.

In late 2020, United Nations Secretary General Antonio Guterres warned leaders the world was heading for a "catastrophic" 3°C of warming, as he urged them to declare a state of climate emergency in their countries until they become carbon neutral.

The industry is responding collectively and individually. In July 2020, the Oil and Gas Climate Initiative – a consortium of 12 member companies that includes major National Oil Companies around the world such as Saudi Aramco, China's CNPC, and Brazil's Petrobras, with combined crude oil output of approximately 25 million bopd, announced its target to reduce the collective carbon intensity of its upstream operations by 9 per cent by 2025.

The majority of the oil majors have continued their journey towards energy transition, which will see them divest mature assets in Africa and elsewhere, slash overall capital spending to their lowest in 15 years and allocate increasing levels of capital towards low-carbon energy solutions. Several of the oil majors have already declared peak oil production within their own portfolios and BP announced plans to cut fossil fuel output by 40 per cent by 2030. Royal Dutch Shell followed with plans to reduce oil production by 55 per cent by 2030.

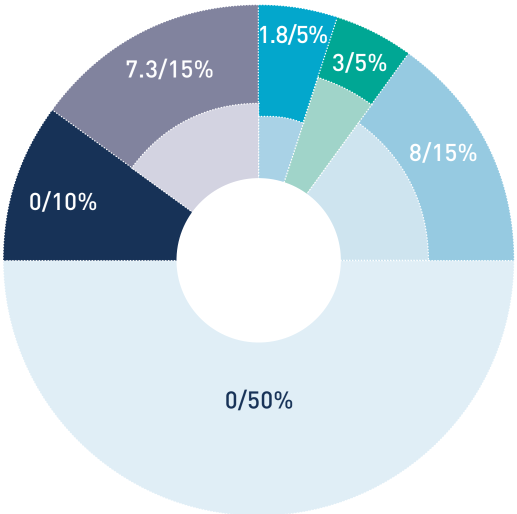
The industry faces increasing pressure by investors, lenders and supply chains to fully align with the Paris Agreement. Banks, sovereign wealth funds and other sources of external capital have declared intentions to reduce the carbon footprint of their portfolios whilst maintaining competitive returns. Upstream producers will be required to consider the carbon intensity when making development decisions driven by regulatory and economic factors. Carbon intensity of oil and gas products is increasingly benchmarked as a key performance metric.

These changes are likely to present significant opportunities but also challenges to Tullow in the coming decade. To read about Tullow's approach to climate risk management go to our Climate Risk and Resilience report.

Measuring our performance

Our scorecard aligns both executive pay and employees' performance related pay to Key Performance Indicators (KPIs) measuring our performance across a range of operational, financial and non-financial measures

2020 Scorecard



1.	Safety	0/10%
2.	Production	7.3/15%
3.	Financial	1.8/5%
4.	Energy transition	3/5%
5.	Strategic	8/15%
6.	Total Shareholder Return	0/50%

Remuneration Report pages 57 to 73

1. Safety
- Some very good performance in our production operations but disappointing overall performance

2. Production
- Production outturn in line with budget despite challenges of COVID-19 and OPEC+ restrictions

3. Financial
- Opex/boe higher due to additional COVID-19 costs and projects being deferred
- G&A delivered significant reductions in line with budget

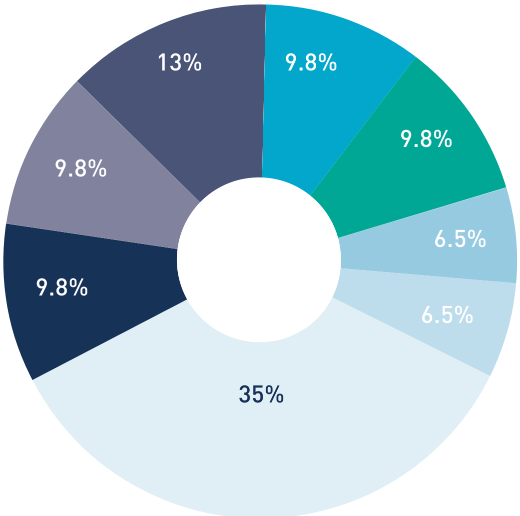
4. Energy transition
- Energy transition strategy agreed by Board

5. Strategic
- Net debt is $2.4 billion
- Stakeholder trust improving but more to do
- Forward strategy and 10 year plan defined

6. Total Shareholder Return
- TSR position is bottom quartile

Given the disappointing performance in oil production operations in 2019, robust KPI performance criteria were emphasised in the 2020 scorecard for safety and production. The scorecard also contained key KPIs to support the restructuring and repositioning of the Company in terms of cost, strategy including energy transition, stakeholder engagement and debt.

2021 Scorecard



1.	Safety	9.8%
2.	Working Capital and Cost Management	9.8%
3.	Production	13%
4.	Business Plan Implementation	9.8%
5.	Capital Structure	9.8%
6.	Sustainability	6.5%
7.	Leadership Effectiveness	6.5%
8.	Total Shareholder Return	35%

1. Safety
- Total Recordable Incident Rate (TRIR) of between 0.99 and 0.58
- Loss of Primary Containment (LOPC) Tier 1 and 2 as per IOGP of 1 or 0 (Tier 1)

2. Working Capital and Cost Management
- Group underlying operating cash flow (OCF)[1] of $430 million to $526 million

3. Production
- 54,000-60,000 barrels of oil produced per day[1]
- Jubilee FPSO availability[2] of between 93% and 95%
- TEN FPSO availability[2] of between 97% and 99%

4. Business Plan Implementation
- Achieve agreed work programme for $247 million[1] agreed budget

5. Capital Structure
- Agree appropriate debt refinancing

6. Sustainability
- Implement Net Zero plan
- Deliver 2021 Shared Prosperity plan and develop long term plan

7. Leadership Effectiveness
- Organisation positioned for sustainable success

8. Total Shareholder Return
- Creating shareholder value

The new scorecard reflects a focus on performance with clear output KPIs at the Group level balanced with a series of input targets across all other levels of the business. It ensures safety is prioritised alongside operational targets, and balances short term production targets with longer term capital structure, Business Plan implementation and leadership to stabilise and then grow our business, whilst delivering a robust response to sustainability.

1. After adjusting for the effects of the completion of the Equatorial Guinea and Dussafu asset sales at 31 March 2021.
2. Reflects projected efficiency of the vessels.

A review of our operations

Production, Reserves and Resources

In 2020, Tullow's West Africa oil assets performed in line with expectations delivering average working interest oil production of 74,900 bopd. In 2021, working interest oil production is expected to average between 60,000 and 66,000 bopd. This forecast will be adjusted for the sales of the Equatorial Guinea and Dussafu assets once these transactions complete. As laid out at the Group's CMD, investment focused on the Group's cash generative producing assets in West Africa is expected to increase production in 2022 and sustain it for the longer term.

Tullow's audited 2P reserves have increased from 243 mmboe at the end of 2019 to 260 mmboe at the end of 2020. Based on 27 mmboe of 2020 production, this represents an organic reserves replacement ratio of approximately 160%, underpinning the Business Plan presented at the CMD. This was largely driven by a 31.5 mmboe increase at Jubilee following improved field performance and the acceleration of development projects in the new plan. Tullow's audited 2C resources decreased from 1,102 mmboe to 640 mmboe, largely resulting from the Uganda asset sale.

Group average working interest production	FY 2020	FY 2021 guidance
Ghana	52.4	**40.5**
Jubilee	29.5	**24.3**
TEN	23.0	**16.2**
Equatorial Guinea	4.8	**4.8**
Gabon	15.5	**15.4**
Côte d'Ivoire	2.1	**2.3**
Oil production	74.9	**63.0**

Net Zero

Tullow has committed to becoming a Net Zero Company by 2030 on its Scope 1 and 2 emissions through a combination of decarbonising its operated assets in Ghana and pursuing a nature-based carbon removal programme. Investment in decarbonisation projects over the next three years will result in an increase in the gas handling capacity on Jubilee and enable process modifications on TEN, which will also put the Group on track to eliminate routine flaring in Ghana by 2025. To offset the residual difficult-to-abate carbon emissions, work is under way to identify nature-based carbon removal projects, such as reforestation, afforestation and conservation that Tullow will invest in to achieve its Net Zero ambition by 2030. We will also seek to align our carbon offset strategy with government priorities, emerging regulation on Article 6 of the Paris Agreement as well as our Shared Prosperity strategy, focused on creating socio-economic opportunities for our host communities.

Ghana

The effects of the COVID-19 pandemic on our operations have been managed safely across the business with no impact on Ghana production. This has been achieved in close cooperation with the Government of Ghana who have enabled effective testing and quarantine measures to be put in place. However, this increased the net cost of operations by approximately $10 million in 2020.

Both fields in Ghana performed in line with expectations in 2020, with the Jubilee field averaging 83,600 bopd gross (net: 29,500 bopd) and the TEN field averaging 48,700 bopd gross (net: 23,000 bopd). This production performance was supported by increased and sustained gas offtake nominations from the Government of Ghana, approval from the Ministry of Energy to increase flaring, higher than forecast facility uptime of over 95% at both FPSOs and improved well optimisation and water injection facility performance on the Jubilee FPSO.

To deliver an operational turnaround for the Ghana assets starting in 2020, key areas of focus have been asset integrity, process safety, maintenance and reliability. Gas offtake and water injection on Jubilee have been an important part of the strategy to address the decline in production in the absence of sustained drilling. The engineering work to increase redundancy and reliability has resulted in record levels of water injection with rates now in excess of 200kbwpd, despite a failure in a water injection riser in November 2020. Sustained water injection helps support reservoir pressure and improves overall sweep efficiency. Good progress has also been made on gas offtake. Onshore gas demand is stabilising, facility reliability has improved and there is greater alignment with the Government of Ghana on projected offtake. Overall this has resulted in current offtake levels of approximately 125 mmscfd. Gas processing and water injection capacities are both expected to be steadily enhanced through 2021 and beyond to deliver long term stable production.

In consultation with the Ghana joint venture partners and supported by expert advisors, a comprehensive review of the investment and production optimisation plans for Jubilee and TEN was conducted in the second half of 2020. The resulting plan was presented at the CMD and demonstrated the substantial potential of the Ghana portfolio given its large resource base and extensive infrastructure in place. It showed that, managed with a rigorous focus on costs and capital discipline, these assets have the potential to generate material cash flow over the next decade and deliver significant value for Ghana and investors.

The Maersk Venturer drillship has been contracted to start a multi-well programme which is envisaged to be for a minimum period of four years. The rig has arrived in Ghanaian waters and is scheduled to commence drilling in April. The same rig worked on the previous drilling programme in Ghana, but the contract was terminated due to the oil price impacts of the COVID-19 pandemic. The drilling hiatus, along with historical underinvestment has had a negative impact on 2021 production. In 2021, the rig is expected to drill and complete four wells in total, consisting of two Jubilee production wells, one Jubilee water injector well and one TEN gas injector well to provide pressure support to two Ntomme oil production wells. This well campaign is expected to begin to offset near term production decline and further wells in 2022 will see production materially recover and be sustained for the long term. This drilling programme incorporates lessons learned from the previous programme and is targeting a 20% reduction in drilling costs through simplified well designs, improved rig reliability and supply chain savings.

The final phase of the Jubilee Turret Remediation Project was the installation of a Catenary Anchor Leg Mooring (CALM) buoy to assist with offloading. The CALM buoy arrived in Ghana early in 2020 and following a series of delays, related to the impacts of COVID-19 and some equipment issues, the buoy and one of two offloading lines were installed at the end of 2020 and fully commissioned in early 2021. The tanker support vessels on contract since 2016 have now been released resulting in anticipated operating expense savings of $60 million (gross) per annum going forwards. Options for the potential need for and installation of a second offloading line are being considered.

Non-operated portfolio
Production from Tullow's non-operated portfolio averaged 22,400 bopd in 2020. Overall production in the first half of 2020 was stable at close to 24,000 bopd. However, in August 2020, the Simba field was required to be shut in to comply with the Gabon Government's OPEC+ quota. The field was shut-in for a total of two months having an annualised impact on Group production of approximately 1,000 bopd.

In February 2021, Tullow announced an agreement to sell its entire interests in Equatorial Guinea and the Dussafu assets in Gabon to Panoro Energy ASA (Panoro) for up to $180 million. These value accretive transactions will strengthen the balance sheet and enable the Group to focus on less capital intensive, higher margin assets elsewhere in the West Africa portfolio. The deal, with an effective date of 1 July 2020, is expected to complete in the first half of 2021 and will represent the sale of approximately 6,000 bopd and approximately 20 million barrels of 2P reserves.

In mid-January 2021, following a major incident aboard the CNR operated Espoir field FPSO in Côte d'Ivoire, production was shut in for approximately four weeks. Production is now returning to full capacity.

Decommissioning
Asset removal and sea-bed clearance activities in Tullow-operated licences in the UK North Sea were completed in the fourth quarter of 2020. Final surveys are planned in order to close out the operated decommissioning programme this year. The Group's non-operated decommissioning activities are ongoing and are expected to continue through to 2025.

In Mauritania, decommissioning of the Chinguetti field wells was suspended from March 2020 to January 2021, following the Government's decision to close the borders due to COVID-19. Planning and engineering for the decommissioning in Tullow-operated licences at the Banda and Tiof fields is in progress with operations expected to commence in the fourth quarter of 2021, subject to Government approval. The overall Mauritania decommissioning programme, scheduled to complete in 2022, is however anticipated to increase in cost by approximately $30 million over the next two years, an increase of $15 million since the CMD, due to COVID-related costs and a new requirement for increased levels of seabed clearance.

In aggregate, the Group's decommissioning expenditure is forecast to be approximately $100 million per annum for 2021 and 2022, decreasing to less than $20 million per annum for the subsequent three years.

Kenya
Throughout 2020, Tullow worked closely with its joint venture partners to progress the full field development plan. In August 2020, Force Majeure notices that had applied since May 2020 were withdrawn by Tullow and the joint venture partners. In September 2020, the Government of Kenya agreed to an initial extension for the 10BB and 13T licence blocks until 31 December 2020 and in December 2020, following approval of the 2021 Work Programme and Budget, granted a full extension until 31 December 2021 by which date the Group is required to submit a Field Development Plan.

At the CMD, Tullow announced a joint decision to re-assess the development plan and design a project that is economic at low oil prices whilst preserving the phased development concept. Tullow and its joint venture partners expect to complete a revised assessment of the project by the second quarter of 2021.

During 2020, the Early Oil Pilot Scheme (EOPS) successfully completed two years of production and all the required reservoir and production data gathering was completed as planned. Tullow and the joint venture partners then closed down EOPS and demobilisation of all rental equipment was completed. The reservoir and production data gathered during EOPS is now being used in redesigning the full field development concept. EOPS production of more than 350,000 barrels of oil from the Ngamia and Amosing fields provided six months' sustained rate and pressure data. The data confirms reservoir quality and continuity in both fields, enabling the Group to optimise plans to focus on the most productive wells at the crest of the fields, leading to improved rates per well and refined injector/producer patterns. The impact of this on plateau rates and recoverable resources is being assessed.

In parallel, the joint venture partners are also working closely with the Government of Kenya on securing approval of the Environmental and Social Impact Assessments and finalising the commercial framework for the project.

Separately, the farm down process was suspended in mid-2020 to allow time for the joint venture partners to complete their comprehensive review of the development concept, following which Tullow will assess its strategic options.

Uganda

On 23 April 2020, Tullow agreed the sale of its assets in Uganda to Total for $500 million in cash on completion plus $75 million in cash following the Final Investment Decision (FID) and incremental post first oil contingent payments linked to oil prices over $62/bbl. On 28 May 2020 CNOOC Uganda Limited informed both Tullow and Total that it had elected not to exercise its pre-emption rights. On 18 June 2020 Tullow published the shareholder circular relating to the transaction and on 15 July 2020 a General Meeting was held, at which the transaction received approval with over 99 per cent of the 56 per cent votes cast in favour.

On 6 August 2020 the Government of Uganda provided their consent to the transfer of operatorship from Tullow to Total and on 21 October 2020, Tullow announced that the Government of Uganda and the Ugandan Revenue Authority had executed a binding Tax Agreement that reflected the pre-agreed principles on the tax treatment of the sale of Tullow's Ugandan assets to Total. The Ugandan Minister of Energy and Mineral Development also approved the transfer of Tullow's interests to Total and the transfer of operatorship for Block 2. Consequently, the sale of the Uganda assets to Total completed on 10 November 2020 with $500 million consideration received on the same day.

Based on recent disclosures from Total at their Full Year results, Tullow expects FID for the Lake Albert Development to be taken this year which would trigger the $75 million payment to Tullow.

Exploration

At its CMD, Tullow stated that its focus in exploration was twofold. First, Tullow's exploration team will fully evaluate the prospective net risked resources of 900 million barrels of oil equivalent in emerging basins in Suriname, Guyana, Argentina, Namibia and Côte d'Ivoire. Secondly, the team will work to support Tullow's established producing operations in West Africa through near-field and infrastructure-led exploration.

In 2020, the Group withdrew from its exploration licences in Jamaica and the Comoros Islands and significantly reduced its footprint in onshore Côte d'Ivoire and Peru.

In January 2020, Tullow drilled the Carapa-1 well in the Kanuku licence, offshore Guyana. Although the well was uncommercial on a standalone basis, the result extended the prolific Cretaceous light oil play into the Group's Guyana acreage, across both the Kanuku and Orinduik blocks. Tullow is now working with its joint venture partners on the overall prospect inventory and developing plans to unlock value from this acreage.

In February 2020, Tullow drilled the unsuccessful Marina-1 well in the Z-38 licence offshore Peru, which encountered only light gas shows and Tullow is now exiting this licence.

In Suriname, the Goliathberg-Voltzberg North well in Block 47 is drilling currently and is targeting two prospective intervals in a Cretaceous turbidite play in approximately 1,900 metres of water. The well is being drilled by the Stena Forth drillship and a result is expected in the second quarter of 2021.

A multi-client seismic acquisition in Argentina commenced in the fourth quarter of 2019 over the Tullow-operated MLO 114 and 119 licences but was suspended in May 2020. This campaign re-started in late 2020 and is due to complete by the end of the first quarter of this year.

Our financial performance

Despite a challenging external environment, Tullow has successfully addressed many challenges and has developed a new approach to its business, underpinned by a robust financial framework.

"With our material self-help measures and a robust Business Plan, we have created a strong foundation to strengthen the balance sheet and deliver value."

Les Wood
Chief Financial Officer

Over the course of the year, Tullow focused on addressing the many challenges faced at the end of 2019, to put the Group on a firmer financial footing. It was a difficult year, including for the industry with the oil price reaching a low of just $19/bbl in April but a number of significant achievements are worth highlighting. These included the $575 million Uganda sale in a very challenging M&A market, successful RBL re-determinations against an unfavourable financial and industry backdrop and the delivery of significant annual G&A savings. In addition, the teams developed a self-funded long term Business Plan, which was communicated at our November 2020 Capital Markets Day, setting a solid foundation to deliver material value and cash flow and to address the Company's near term debt maturities.

2020 financial results

In 2020 Tullow generated $1.4 billion in revenue and, after $288 million of capital and decommissioning expenditure, and Uganda sales proceeds of $500 million, generated free cash flow of $432 million.

We have reported substantial pre-tax impairments and exploration write-offs totalling $1.2 billion. These were primarily driven by a $5/bbl reduction in the Group's long term accounting oil price assumption to $60/bbl and lower near term oil price forecasts. The impact of these impairments and write-offs led to a post-tax loss of $1.2 billion.

In 2020 our net operating costs reduced to $332 million (2019: $351 million), but unit operating costs increased to $12.1/bbl (2019: $11.1/bbl) as a result of lower Group production. Net G&A costs were reduced significantly to $87 million (2019: $112 million), whilst financing costs remained stable $314 million (2019: $322 million). During the year, we continued to reduce debt, ending the year at $2.4 billion (2019: $2.8 billion), with headroom on free cash and undrawn facilities of $1.1 billion.

The combination of all these results was a full-year EBITDAX of $0.8 billion (2019: $1.4 billion) and a net debt to EBITDAX gearing level of 3.0 times (2019: 2.0 times).

Developing a robust financial framework

It is important that our new approach is underpinned by a robust financial framework.

First, we need to have a strengthened balance sheet that is resilient to oil price volatility. In the last four years we have reduced net debt by over 50 per cent from a peak of $5 billion, but we must continue to prioritise cash flow in the near to medium term to further de-lever. We have set a clear path to reduce net debt to $1–1.5 billion and gearing well below 1–2 times by 2025.

Second, we need to allocate our capital in a disciplined way. We plan to focus over 90 per cent of capital on our producing assets which generate high returns, are resilient to lower oil prices and ultimately enable the Group to be self-funding.

Third, we will be focused on maximising the value from these assets while also seeking to unlock value from Kenya and our emerging basins.

Delivering a lower sustainable cost base

We have driven down all of our costs in response to the challenging external environment and to make the business more resilient to lower prices on a sustainable basis.

This has led to some difficult decisions which include closing our offices in Dublin and Cape Town and implementing a much leaner and streamlined organisation with headcount reduced by 53 per cent over the year.

We also took steps to enhance the financial organisation through two key initiatives. First, we have outsourced core elements of our finance and procurement processes to Accenture in Bangalore. Not only will this continue to improve Tullow's efficiency and control environment, but it will generate material savings over a five-year period. Second, we have taken the decision to centralise our Finance function. This will allow for greater standardisation, a stronger control environment and quicker financial decision making. Overall, these initiatives will generate in excess of $125 million of annual cash cost savings significantly exceeding the target we set ourselves at the beginning of the year.

Material asset sale proceeds support deleveraging

In November 2020, just seven months after signing the sale and purchase agreement, we received $500 million of proceeds for the sale of our Uganda assets to Total. This was an excellent achievement to support the significant net debt reduction seen during the year. On 9 February 2021, we also announced the sale of our interests in Equatorial Guinea and Dussafu asset in Gabon to Panoro for $140 million plus contingent payments of up to $40 million and we expect this deal to compete in the first half of 2021. The deal is value accretive and further strengthens the balance sheet. Market conditions made it difficult for us to progress farm-downs in Kenya and across our exploration portfolio. We are improving our understanding of all these assets and will review our strategic options in due course.

New approach supports deleveraging and value creation

The Capital Markets Day held in November 2020 outlined our plans to deliver approximately $7 billion of underlying operating cash flow over the next 10 years at a conservative $55/bbl nominal long term price, with approximately $4 billion pre-financing cash flow. Our year-end reserves audits have also underpinned the value of our assets and support the debt capacity available to us under the Reserves Based Lending (RBL) facility. The most recent redetermination of our RBL in February 2021 has resulted in debt capacity of approximately $1.7 billion at the start of March 2021, resulting in headroom of approximately $0.9 billion.

Disciplined capital allocation

Over the next 10 years, we plan to allocate over 90 per cent of our capital expenditure to our West African producing assets. The plan is to focus on the substantial resource base where there is extensive infrastructure in place. The first phase of investment will start in the second quarter of 2021 with the commencement of a multi-well drilling programme in Ghana. While the Group has material positions in Kenya, and emerging basins in South America, we plan to closely manage our capital exposure in these assets. In 2021, the main expenditure on non-producing assets will be the GVN-1 exploration well in Suriname. Full details of the 2021 capital allocation plan are provided in the Finance Review.

Insights from the Task Force on Climate-related Financial Disclosures (TCFD) scenario analysis

Tullow tests the resilience of its portfolio against two IEA scenarios: the Stated Policies Scenario and the Sustainable Development Scenario. These include both the projected oil and carbon price. Tullow's uses the long-term oil price of $60/bbl real but also tests the robustness of our portfolio against $55/bbl nominal. The Sustainable Development Scenario (SDS) – aligned to the Paris goals - projects a modest decline in prices to $57/bbl real by 2025 and to $53/bbl real by 2040, hence the limited negative impact on the Net Present Value in this scenario. While the majority of prospects in Tullow's portfolio remain commercially robust at $55/bbl, the further the presumed First Oil dates are into the future, the more the NPV is impacted. In the Stated Policies scenario, Tullow's portfolio is positively impacted. Tullow intends to mature its scenario analysis in 2021 to account for additional transition risks.

NPV of portfolio*	Stated Policies Scenario(SPS)[1]	Sustainable Development Scenario (SDS)[2]
Ghana	●	○
Non-op	●	○
Kenya	●	○
Exploration	●	○

Impact on NPV

● +10 to 20%

○ 0 to -9%

* Tullow uses the long term oil price of $60/bbl real but also tests our investments and Business Plan at $55/bbl nominal.

1. SPS projected 2040 oil price is $85/bbl – real.
2. SDS projected 2040 oil price is $53/bbl – real.

2021 outlook

2021 will be a year of transition as we start to grow production back to sustainable levels and start to generate significant free cash flow from 2022 onwards. With the forward curve in March well ahead of our budget oil price of $45/bbl we would forecast to be cash flow positive if sustained over the course of the year.

A clear priority for the first half of this year will be the refinancing of our near term debt maturities. We have appointed advisors and constructive discussions are ongoing with both the RBL banks and their advisors and advisors to the bondholders. We are confident that we will be able to reach agreement in the first half of 2021.

Overall, Tullow now has a long term plan, underpinned by a large resource base, that can deliver significant value and cash flow for all stakeholders. While challenges remain, 2021 is a key year to execute this plan and put Tullow back on track.

Les Wood

Les Wood
Chief Financial Officer

9 March 2021

2020 financial results

Financial results summary	2020	2019
Working interest production volume (boepd)[1]	**74,900**	84,800
Sales volume (boepd)	**74,600**	74,000
Realised oil price ($/bbl)	**50.9**	62.4
Total revenue ($m)	**1,396**	1,683
Gross profit ($m)	**403**	759
Underlying cash operating costs per boe ($/boe)[2]	**12.1**	11.1
Exploration costs written off ($m)	**987**	1,253
Impairment of property, plant and equipment, net ($m)	**251**	781
Operating loss ($m)	**(1,018)**	(1,385)
Loss before tax ($m)	**(1,273)**	(1,653)
Loss after tax ($m)	**(1,222)**	(1,694)
Basic loss per share (cents)	**(86.6)**	(120.8)
Capital investment ($m)[2]	**288**	490
Adjusted EBITDAX ($m)[2]	**804**	1,398
Net debt ($m)[2]	**2,376**	2,806
Gearing (times)[2]	**3.0**	2.0
Free cash flow ($m)[2]	**432**	355

1. Including the impact of production-equivalent insurance payments from the Jubilee field, Group working interest production was 74,900 boepd (2019: 86,800 boepd) including working interest gas production of nil boepd (2019: 100 boepd).
2. Alternative Performance measures are explained and reconciled on pages 151 to 152.

Production and commodity prices
Total Group working interest production averaged 74,900 boepd, a decrease of 12 per cent for the year (2019: 84,800 boepd). The decrease resulted from field decline and water-cut in Ghana partially offset by higher uptime on Jubilee. There have also been OPEC+ enforced production cuts impacting certain Gabon fields.

The Group's realised oil price after hedging was $50.9/bbl and $42.9/bbl before hedging (2019: $62.4/bbl and $64.3/bbl respectively). The impact of the COVID-19 pandemic on global oil demand resulted in depressed oil prices during 2020 and significant discounts to the Dated Brent benchmark oil price for the cargoes sold during April and May 2020. Low oil prices led to a gain on the realisation of commodity hedges, increasing total revenue by $219 million (2019: loss of $53 million).

Underlying cash operating costs, depreciation, impairments, write-offs and administrative expenses
Underlying cash operating costs amounted to $332 million; $12.1/boe (2019: $351 million; $11.1/boe). The 9 per cent increase in unit cash operating costs was principally due to lower production and increased operational costs incurred associated with COVID-19 which was partially offset by a reduction in underlying operating costs in the TEN and Jubilee fields.

Depreciation, depletion and amortisation (DD&A) charges on production and development assets amounted to $446 million; $16.3/boe (2019: $696 million; $22.0/boe). This decrease in DD&A per barrel is mainly attributable to 2019 and 1H20 impairments.

The Group recognised a net impairment charge on producing assets of $251 million in respect of 2020 (2019: $781 million). Impairments were primarily due to indicators of impairments identified in 1H20 as result of a reduction in short, mid and long term prices. In 2H20 an impairment reversal was recorded in respect of TEN and Espoir resulting in a full year impairment/reversal of $149 million and $(2.1) million respectively. This was as a result of increased booked 2P reserves and in the case of TEN additionally due to lower future capex assumptions associated with well costs.

The total exploration cost write-offs for the year ended 31 December 2020 were $987 million (2019: $1,253 million), predominantly driven by a write-down of the value of Kenya due to a reduction in the Group's long term accounting nominal oil price assumption from $65/bbl to $60/bbl and Uganda was written down to the fair value of the consideration as part of the disposal. The remaining write-offs include Marina-1 well costs in Peru and the write-off of licence level costs associated with Peru, Comoros, Côte d'Ivoire and Namibia due to lower levels of planned activity and licence exits.

Administrative expenses of $87 million (2019: $112 million) included an amount of $21 million (2019: $22 million) associated with share-based payment charges. The decrease in administrative expenses primarily relates to lower payroll costs due to the Company organisational restructuring. The organisational restructuring, which was completed in 2020, is expected to deliver sustainable annual cash savings of over $125 million per annum.

Restructuring costs and provisions for onerous leases
Changes to provisions in 2020 resulted in an income statement charge of $93 million (2019: charge of $4.2 million). The 2020 charge mainly relates to costs associated with the organisational restructuring which include redundancy and charges for onerous contracts. Of the $93 million provided for in 2020, $58 million was paid in cash.

Disposals

During 2020 the Group completed the disposal of its interests in Uganda for upfront cash consideration of $500 million, with $75 million due on FID and additional contingent future payments linked to oil prices. On completion $514 million was received in cash, representing the upfront consideration plus $14 million of completion adjustments. The $75 million payment due on FID has been recorded as a current receivable as it is expected to be received in 2021. After deducting transaction costs paid in 2020, net cash proceeds on disposal were $513.4 million.

Derivative financial instruments

Tullow continues to undertake hedging activities as part of the ongoing financial risk management to protect against commodity price volatility and to ensure the availability of cash flow for re-investment in capital programmes that are driving business delivery. Hedging was paused from April to June 2020 due to the very low oil price environment. Hedging restarted in July 2020 but focused only on 2021.

All of the Group's derivatives are Level 2 (2019: Level 2). There were no transfers between fair value levels during the year.

At 31 December 2020, the Group's derivative instruments had a net positive fair value of $2 million (2019: net negative $12 million).

2021 hedge position at 31 December 2020	bopd	Bought put (floor)	Sold call	Bought call
Collars	39,000	$48.12	$66.47	–
Three-way collars (call spread)	1,000	$50.00	$72.80	$82.80
Total/weighted average	40,000	$48.17	$66.63	$82.80

The 2022 hedging position at 31 December 2020 was c.2,000 bopd hedged with an average floor price of $50.63/bbl. In February 2021, the Group added a further 9,000 bopd of 2022 straight put options. The new average protected level is $41/bbl.

Net financing costs

Net financing costs for the year were $255 million (2019: $267 million). The decrease in financing costs is associated with the reduction in interest on borrowings due to a reduction in the average level of net debt in 2020 compared to 2019 and a reduction in finance costs associated with the TEN FPSO lease. Net financing costs include interest incurred on the Group's debt facilities, foreign exchange gains/losses, the unwinding of discount on decommissioning provisions, and the net financing costs associated with leased assets, offset by interest earned on cash deposits and capitalised borrowing costs.

Taxation

The net tax credit of $52 million (2019: expense of $41 million) primarily relates to tax charges in respect of the Group's production activities in West Africa, as well as UK decommissioning assets, reduced by deferred tax credits associated with exploration write-offs, impairments and provisions for onerous service contracts.

Based on a loss before tax for the period of $1,273 million (2019: loss of $1,653 million), the effective tax rate is 4.1 per cent (2019: negative 2.4 per cent). After adjusting for non-recurring amounts related to restructuring costs, exploration write-offs, disposals, impairments, provisions for onerous service contracts and their associated deferred tax benefit, the Group's adjusted tax rate is 35.6 per cent (2019: 70.3 per cent). The adjusted tax rate has decreased due to utilisation of previously unrecognised losses in the UK and prior year adjustments offset by the impact of withholding tax.

The Group's future statutory effective tax rate is sensitive to the geographic mix in which pre-tax profits and exploration costs written off arise. Unsuccessful exploration is often incurred in jurisdictions where the Group has no taxable profits such that no related tax benefit results. Consequently, the Group's tax charge will continue to vary according to the jurisdictions in which pre-tax profits and exploration cost write-offs occur.

Loss for the year from continuing activities and loss per share

The loss for the year from continuing activities amounted to $1,222 million (2019: $1,694 million). Basic loss per share was 86.6 cents (2019: 120.8 cents).

Reconciliation of net debt	$m
Year-end 2019 net debt	2,805.5
Sales revenue	(1,396.1)
Operating costs	331.7
Operating and administrative expenses	376.7
Cash flow from operations	**687.7**
Movement in working capital	(118.4)
Tax paid	107.5
Purchases of intangible exploration and evaluation assets and property, plant and equipment	430.9
Other investing activities	(515.2)
Other financing activities	356.7
Foreign exchange loss on cash	(3.7)
Year-end 2020 net debt	**2,375.6**

Capital investment

Capital expenditure amounted to $288 million (2019: $490 million) with $206 million invested in development activities and $82 million invested in exploration and appraisal activities. This includes $7 million associated with Uganda which was reimbursed by Total on completion of the Uganda Transaction.

Tullow will continue to focus on capital discipline with 2021 capital investment largely directed at maximising value from the Group's producing assets. The Group's 2021 capital expenditure is expected to total c.$265 million. The capital investment total comprises Ghana capex of c.$140 million primarily associated with the reinstatement of drilling in 2021, West Africa non-operated capex of c.$60 million, Kenya capex of c.$5 million, and exploration spend of c. $60 million.

Borrowings

During the year, commitments under Tullow's Reserves Based Lending facility reduced from $2,400 million to $1,980 million following voluntary cancellations of commitments in March and May. Tullow's debt facilities further include $300 million convertible notes due in 2021, $650 million senior notes due in 2022 and $800 million senior notes due in 2025. Liquidity headroom of unutilised debt capacity and free cash was $1.1 billion at the end of 2020. Tullow's RBL facility is subject to bi-annual debt capacity redeterminations. In October 2020, Tullow requested a redetermination to commence following the CMD and to complete in January 2021. Tullow subsequently agreed with the lenders under the RBL facility to an extension of the January 2021 redetermination date by up to one month. The redetermination concluded in early March with c.$1.7 billion debt capacity approved by the lending syndicate.

On 26 February 2021 the Group submitted a liquidity forecast test to the lenders in respect of the February 2021 RBL redetermination. The Directors concluded that the information submitted to the lenders under the RBL facility fulfilled the requirements of the liquidity forecast test. At the date of approving the Annual Report and Accounts, an approval in respect of this test is yet to be received; therefore, a risk remains that the Group could fail this test.

As at 31 December 2020, the Group has assessed it does not have an unconditional right to defer payment of the RBL facility, Senior Notes due 2022 or Senior Notes due 2025 based on a forecast breach in covenants, as such these borrowings have been classified as current. Refer to going concern disclosure for further details

Credit ratings

Tullow maintains corporate credit ratings with Standard & Poor's and Moody's Investors Service. In March 2020, Standard & Poor's downgraded Tullow's corporate credit rating to CCC+ from B and assigned a negative outlook; consequently, Standard & Poor's also downgraded the rating of Tullow's corporate bonds to CCC+ from B, in line with the corporate credit rating. In October, Standard & Poor's affirmed the corporate credit rating at CCC+ and revised the outlook to stable. In March, Moody's Investors Service downgraded Tullow's corporate credit rating to B3 from B2 and placed the rating under review for a possible downgrade; consequently, the rating of Tullow's corporate bonds was lowered to Caa2 from Caa1. In November, Moody's Investors Service downgraded Tullow's corporate credit rating to Caa1 from B3 and assigned a negative outlook; the rating of Tullow's corporate bonds remained unchanged at Caa2.

On 5 February 2021 Standard & Poor's placed Tullow's CCC+ corporate credit rating and CCC+ corporate bond rating on negative credit watch.

Liquidity risk management and going concern

Assessment period and assumptions

The Group closely monitors and carefully manages its liquidity risk. Cash flow forecasts are regularly updated, and sensitivities run for different scenarios, including, but not limited to, changes in commodity price and different forecasts for the Group's producing assets. The Directors consider the going concern assessment period to be 13 months to April 2022, thereby including the maturity of the $650 million Senior Notes due in April 2022 in the assessment. Management has applied the following oil price assumptions for the going concern assessment:

- Base Case: $50/bbl for 2021, $55/bbl for 2022; and
- Low Case: $45/bbl for 2021, $50/bbl for 2022.

The Low Case includes, amongst other downside assumptions, an 8 per cent production decrease compared to the Base Case as well as deferred receipts from portfolio management and increased outflows associated with ongoing disputes. No mitigating actions have been included in either cases.

The Base Case and Low Case scenarios forecast sufficient financial headroom for the 12 months from approval of the 2020 Annual Report and Accounts on 10 March 2021. However, both scenarios forecast a shortfall in April 2022 following the repayment of the $650 million Senior Notes due in April 2022, which falls within the liquidity forecast test periods in respect of the February 2021, September 2021 and March 2022 RBL redeterminations. Both cases assume amendments or waivers are received for any forecast Liquidity Forecast Test or gearing covenant breach as described below.

Refinancing proposal

The Base Case and Low Case scenarios forecast a liquidity shortfall in April 2022, which could result in a failure to pass the Liquidity Forecast Test, as described below, in respect of the February 2021, September 2021 and March 2022 RBL redeterminations, and the gearing covenant tests, as described below, in respect of 30 June 2021 and 31 December 2021. The Group's management has therefore commenced discussions with its existing and potential new creditors, the objective of which is to raise new funding and/or agree certain amendments to the terms, including the covenants and/or maturity dates, of some or all of the RBL Facility, the Convertible Bonds, the 2022 Senior Notes and the 2025 Senior Notes with, if necessary, such amendments being approved by shareholders (Refinancing Proposal). Whilst the Directors believe that a Refinancing Proposal would be in the commercial interests of all stakeholders, there can be no certainty that the creditors and, if necessary, shareholders will agree to a Refinancing Proposal, implementation of which is therefore outside the control of the Group.

Liquidity Forecast Test covenants compliance

As part of each RBL re-determination process the Group is required to demonstrate to the reasonable satisfaction of the relevant majority of its lenders under the RBL Facility that it has, or will have, sufficient funds available to meet the Group's financial commitments for a period of 18 months starting from the first month immediately following the relevant RBL redetermination (Liquidity Forecast Test).

On 26 February 2021 the Group submitted a Liquidity Forecast Test to the lenders in respect of the February 2021 RBL redetermination. The Directors concluded that the information submitted to the lenders under the RBL Facility, which is different from the Base Case and the Low Case scenarios described above and includes mitigating actions, fulfilled the requirements of the Liquidity Forecast Test. At the date of approving the 2020 Annual Report and Accounts, an approval in respect of this test is yet to be received, therefore a risk remains that the Group could fail this test.

If the lenders under the RBL Facility were to conclude that the information submitted does not fulfil the requirements of the Liquidity Forecast Test and the Group was unable to cure the resulting default by the end of April 2021, there would be an event of default. Such event of default would allow the lenders under the RBL Facility, at their discretion, to cancel the RBL Facility and demand that all outstanding borrowings under the RBL Facility be repaid and/or enforce their security rights. This would in turn trigger other creditors' rights to call cross-defaults under the other financing arrangements of the Group (namely the Convertible Bonds, the 2022 Senior Notes and the 2025 Senior Notes) which could result in the entirety of the Group's borrowings potentially becoming immediately repayable by the end of April 2021. While discussions in respect of a Refinancing Proposal are continuing the Directors believe that, if required, a waiver of such a potential event of default in respect of the Liquidity Forecast Test could be agreed with the lenders under the RBL Facility.

The Group is also required to submit Liquidity Forecast Tests in respect of the September 2021 and March 2022 RBL redeterminations. The Base Case and Low Case scenarios forecast, before mitigations, a potential liquidity shortfall and therefore a potential failure of these tests. However, the Directors believe that a Refinancing Proposal could be implemented in time for the September 2021 RBL redetermination such that no shortfall will be forecast as part of the Liquidity Forecast Tests in September 2021 and March 2022. If no Refinancing Proposal has been implemented, and refinancing discussions were no longer continuing, by September 2021 there would be a significant risk of the Group entering into, or being in, insolvency proceedings, the implications of which are described in the section Implications and material uncertainties below.

Gearing covenant compliance

The RBL Facility contains a gearing covenant which is tested for each 12-month period ending on 30 June and 31 December each year, and which requires that net debt of the Group as defined in the RBL Facility agreement is lower than 3.5 times consolidated EBITDAX (earnings before interest, tax, depreciation and exploration write-offs) for each relevant 12-month period. Under both the Base Case and the Low Case scenarios, the Group's gearing is forecast to be in excess of the RBL gearing covenant when calculated at 30 June 2021 and 31 December 2021, the two testing dates falling within the going concern assessment period.

The Group has requested an amendment in respect of these gearing covenant testing dates as part of the Refinancing Proposal described above. In the event that such amendments are not agreed on time for the testing date falling on 30 June 2021, the Directors would expect to request a waiver or amendment for that testing date only in the first instance, and if needed for the testing date falling on 31 December 2021 in the second half of the year. The Directors believe that the Group would be able to secure such amendments or waivers, which would be both consistent with past practice and the Directors' reasonable expectation of the commercial interests of the Group and its lenders.

If the Group is unable to agree an amendment or waiver of the gearing covenant, if required, in respect of the 30 June 2021 testing date, the Directors will deliver to the relevant lenders a notification of non-compliance, which is required to be delivered as soon as the Group's unaudited financial statements for the half year ended 30 June are available, but no later than 28 September 2021. If a subsequent 75-day period expires without the Company having resolved the non-compliance there will be an event of default under the RBL Facility by mid-December 2021.

Implications and material uncertainties

The Directors note that implementing a Refinancing Proposal or obtaining amendments or waivers in respect of covenant breaches is outside the control of the Group. If the Directors are unable to implement a Refinancing Proposal or, if necessary, obtain amendments or waivers in respect of covenant breaches, the ability of the Group to continue trading would depend upon the Group being able to negotiate a financial restructuring proposal with its creditors and, if necessary, that proposal being approved by shareholders. Whilst the Board would seek to negotiate such a financial restructuring proposal with its creditors, there is no certainty that the creditors would engage with the Board in those circumstances. There would therefore be a significant risk of the Group entering into insolvency proceedings, which the Directors consider would likely result in limited or no value being returned to shareholders.

The Directors have concluded that the uncertainties associated with implementing a Refinancing Proposal and obtaining amendments or waivers in respect of covenant breaches or, in the event a Refinancing Proposal is implemented, the revised covenants are subsequently breached, are material uncertainties that may cast significant doubt that the Group will be able to continue as a going concern. Notwithstanding these material uncertainties, the Board's confidence in the Group's ability to implement a Refinancing Proposal supports the preparation of the financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

Events since 31 December 2020

The six-monthly redetermination of Tullow's Reserves Based Lending (RBL) facility was originally expected to conclude at the end of January. Tullow and its lending banks agreed to extend the process by up to one month, which allowed for additional time to review Tullow's new Business Plan and operating strategy. Tullow has now received approval for a new debt capacity amount under the facility of $1.7 billion.

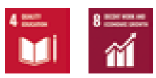
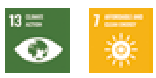
On 9 February 2021, Tullow announced that it signed two separate sale and purchase agreements with Panoro for all of Tullow's assets in Equatorial Guinea (the EG transaction) and the Dussafu asset (the Dussafu transaction) in Gabon for $180 million consisting of up to US$105 million for the EG Transaction, up to US$70 million for the Dussafu Transaction and a further US$5 million consideration to be paid after both transactions have completed. The EG Transaction constitutes a Class 1 transaction under the UK Listing Rules and is subject to the approval of Tullow's shareholders. The Dussafu Transaction constitutes a Class 2 transaction and therefore does not require shareholder approval. Completion of the EG Transaction and the Dussafu Transaction are not inter-conditional. However, both transactions are subject to customary government and other approvals.

On 2 March 2021, further to the announcement made on 9 February 2021, Tullow published the shareholder circular relating to the transaction having received approval from the Financial Conduct Authority. The General Meeting to approve the transaction will take place on 18 March 2021.

Embedding sustainability into our business

This disclosure is complemented by Tullow's 2020 Sustainability Report and Climate Risk and Resilience Report, which can be found at tullowoil.com/sustainability

Our approach to sustainability is driven by our purpose to build a better future through responsible oil and gas development. Sustainability is operationalised across the business through the implementation of our strategy, management standards, governance and audits. Our approach also considers the expectations of our key stakeholder groups, our host governments and communities, our shareholders and banks, and our employees as well as the material issues for the sector, reflected in the work of the International Petroleum Industry Environmental Conservation Association (IPIECA) and the UN Sustainable Development Goals (SDGs). Our sustainability framework, set out below, has four pillars which combine all these inputs and expectations. In 2020, the only update to the framework was to consolidate the focus on the SDGs which we can meaningfully aim to contribute towards:

Strategic pillar	Safe operations	Shared prosperity	Environmental stewardship	Equality and transparency
Key themes	Safety and wellness Responsible production	Local content and capacity Developing local skills Social investment	Climate resilience Protecting ecosystems	Good governance Promoting equality
Material topics	Employee health and safety Process safety Emergency response	Local content and capacity Community development Social investment	Climate change Biodiversity Water Spills Waste	Compliance Anti-corruption Inclusion and diversity Human rights Tax transparency
SDG alignment				

Safe operations

Zero
Total Recordable Injuries on Jubilee and TEN

Zero
Total Recordable Injuries in our Kenya facilities

The safe operations pillar of our sustainability framework covers safe working, safe processes and emergency response. Tullow is committed to the highest standards of health and safety and we strive every day to maintain a positive safety culture across our business. We work hand in hand with our contractors as one team, working to keep everyone safe and healthy. We adhere to all laws and regulations governing safe working and, in many cases, our internal standards go above the requirements of the law.

Managing Tullow's response to the COVID-19 pandemic dominated much of the year. This included working to protect our staff from the disease and fatigue due to longer rotation shifts and managing operations at periods with minimal crew. Thorough risk assessments and plans were put in place across our operations, both on the FPSOs and in the office to protect the health of our staff and contractors. Go to our Sustainability Report for more information on how our business managed COVID-19 in our operations throughout 2020.

Tullow's 2020 performance

We had a disappointing safety performance in 2020. None of the eight Total Recordable Injuries (TRIs) were life changing, but nevertheless, we strive to eliminate injuring people working on our operations.

We achieved zero Recordable Injuries on our Ghana FPSOs and Kenya facilities; however, despite these positive aspects of our safety performance, during 2020 we experienced a similar number of High Potential Incidents (HiPos) compared to 2019. Following a number of HiPo events associated with our Tullow Ghana operations, the Tullow Ghana leadership held a series of safety stand-downs across all parts of the business. The discussions were rich, the passion to improve safety performance was evident and a clear improvement plan has been developed.

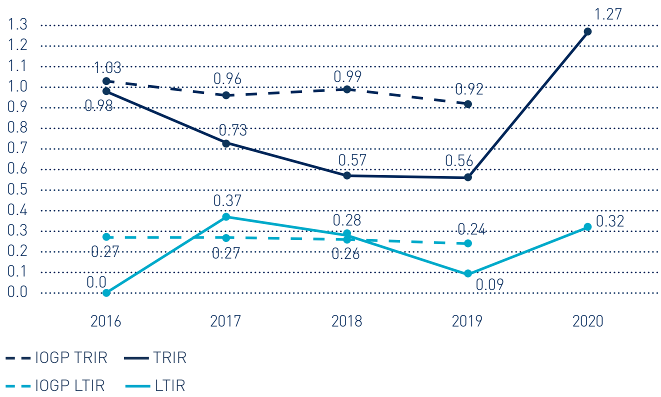
Sadly, we recorded a third-party fatality in Ghana, when a contracted truck was involved in a road traffic accident. We continuously work with third-party road freight contractors to ensure that all appropriate measures are implemented to reduce such events.

In 2020 we have spent time analysing similar or repeated incidents that have occurred over the years at our Ghana operations. These reviews have informed where our assurance activities are to be focused and are leading to improvements to our incident investigation processes.

One of the highlights of 2020 was Tullow Ghana's IOGP life-saving rule awareness-raising campaign. It spanned a three-month period and involved senior leadership and all contractors in our operations, promoting each rule via presentations, experience sharing, quizzes and more.

The data below shows Tullow's Total Recordable Injury Rate and Lost Time Injury Rate relative to the IOGP average.

Total Recordable Injury Rate (TRIR) and Lost Time Injury Rate (LTIR)
per million hours worked



Process safety

Overall, our process safety performance in 2020 improved with zero Tier 1 Process Safety Events (PSE) related to Loss of Primary Containment (LOPC) releases. However, we experienced four Tier 2 process safety LOPCs, three on the Jubilee FPSO and one on the TEN FPSO. These events were controlled and mitigated by the on-board safety systems and resulted in no harm or injury to any individual, and no environmental damage.

There have also been some significant changes to our Jubilee operations, including the finalising of the permanent spread mooring and commissioning of the oil offloading system. These have resulted in significant risk changes and therefore the formal safety assessments and Safety Case have been updated. Workforce engagement during Safety Case updates is vital and has been an important part of the process.

Read our Sustainability Report to find out more about Tullow's new cumulative risk model (CRM); approach to managing spills and releases; adoption of the IOGP Process Safety Fundamentals; and asset protection and emergency response.

Shared prosperity

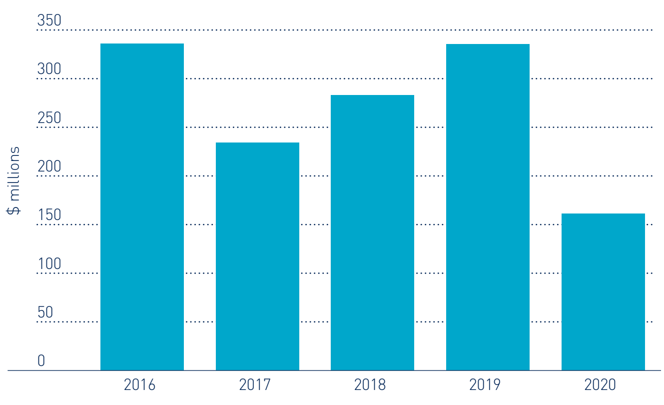
$1.9bn
Spent with local suppliers over the last seven years

>$3.2m
Financing for local businesses through Invest in Africa

Shared prosperity is central to our approach to sustainability. It reflects our aspiration to ensure that our operations in our host countries not only bring business benefits to Tullow, but also lasting improvements in the quality of life and opportunities for the communities which live nearby. It is comprised of three main areas: Local Content, Skills Development and Socio-economic Investment.

With regards to our Local Content expenditure, Tullow's 2020 spend in all categories of suppliers in all areas of operations reduced by 52 per cent to $162 million (2019: $336 million) due to a curtailment in activities because of significantly lower oil prices. Local Content expenditure was particularly impacted as key activities such as drilling were suspended, and other work programmes deferred or cancelled. Despite such reductions in spend Tullow continued to support and champion local suppliers, with notable successes in the Ghana logistics and marine sectors. Tullow has a renewed focus on Local Content as we restart activity in Ghana with a multi-year multi-well drilling programme in Q2 2021.

Total spend with indigenous suppliers



Environmental stewardship

Net Zero commitment

Tullow supports the goals of Article 2 of the Paris Agreement, "holding the increase in the global average temperature to well below 2°C and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels", and formalised this support in our Climate Policy published in April 2020. We also recognise that meeting the goals of Article 2 of the Paris Agreement requires global carbon emissions to peak as soon as possible and then to decline to reach Net Zero in the next 30–50 years. To underline this commitment, Tullow has committed to achieving Net Zero by 2030 (Scope 1 and 2), with an interim target to eliminate routine flaring by 2025.

Despite this long term commitment, Tullow's operational carbon emissions increased significantly in 2020. Tullow's Scope 1 emissions in 2020 were 2.03 million tonnes of CO_2 e (2019: 1.26 million tonnes CO_2 e), a 61 per cent increase on 2019 due to elevated levels of flaring, required for better reservoir management and sustained production levels. For a full explanation and the history behind our elevated flaring levels, go to our Climate Risk and Resilience Report. As a result of increased flaring, emissions intensity relative to production grew from 134 tonnes of CO_2 per thousand tonnes of hydrocarbon produced in 2019 to 220 tonnes of CO_2 per thousand tonnes of hydrocarbon produced in 2020. The carbon intensity expressed as kg CO_2 e/boe is 17 kg CO_2 e/boe in 2019 and 29 kg CO_2 e/boe in 2020.

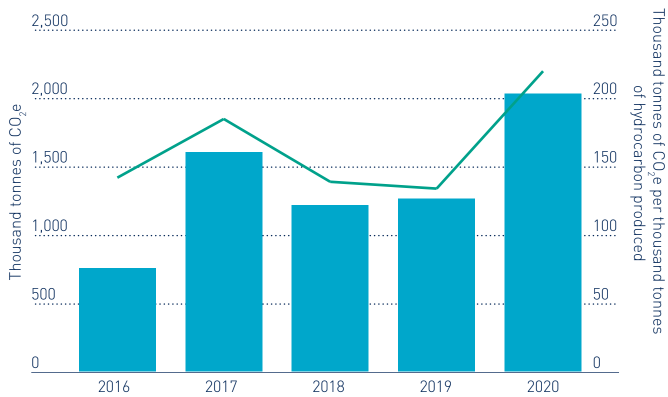
In 2020, Tullow formed a Net Zero Task Force to define an energy transition strategy for Tullow to achieve Net Zero emissions (Scope 1 and 2). The Net Zero Task Force, in conjunction with an external expert consultant, evaluated several options to decarbonise our Ghana operations. Full details on the approach and methodology taken can be found in our Sustainability Report. Given Tullow's most material source of Scope 1 emissions is flaring produced gas to sustain oil production, the elimination of routine flaring is a key objective of the Net Zero plan and Ghana business. Over the next five years, this will be achieved by managing the business' current dependency on the need for routine flaring, namely debottlenecking of gas systems on Jubilee and TEN and achieving increased gas offtake from the Government of Ghana. Investments are being made over the next three years to increase the gas handling capacity on Jubilee and enable process modifications on TEN.

Key to eliminating the need for routine flaring is maintaining the consistency of gas supply from Jubilee and TEN fields and the corresponding offtake from the Government of Ghana. At the end of 2020, Tullow was exporting ~135 mmscfd to shore, consistent with the Government of Ghana offtake nomination. This will need to be maintained to utilise the gas being produced from the higher number of producer wells as part of Tullow's 10 year plan. For 2021, our target is to achieve an offtake level between 100 and 135 mmscfd as an optimum level to support oil production. There is strong alignment and a robust commercial foundation between the JV Partners and the Government of Ghana to achieve the targeted levels.

Tullow and its JV Partners are actively discussing a long term firm gas supply and offtake agreement with the Government of Ghana which is anticipated to create material value to all parties involved and which underpins the projected outlook for the 10 year Business Plan.

These decarbonisation efforts will set Tullow on a path to reduce emissions by ~40 per cent by 2025 relative to 2020 levels on a net equity basis across our operated and non-operated portfolio. Further identified emissions reduction initiatives for our Ghana assets can reduce emissions by an additional 5 per cent.

Total Gross operated CO_2e emissions and carbon intensity for Scope 1 & 2



To offset its residual hard to abate carbon emissions, work is under way to identify nature-based carbon removal projects, such as, reforestation, afforestation and conservation that Tullow will invest in to achieve its Net Zero ambition by 2030.

We will also seek to align our carbon offset strategy with government priorities, emerging regulation on Article 6 of the Paris Agreement as well as our shared prosperity strategy, focused on creating socio-economic opportunities for our host communities.

Carbon accounting

Tullow has begun reporting for the first time in 2020 emissions from our non-operated portfolio across our assets in Gabon, Equatorial Guinea and Côte d'Ivoire. The equity share of emissions from these assets in 2020 was 318,271 CO_2 e. This is separate and in addition to the Scope 1 and 2 emissions described in the table below. As a result, Tullow's indirect emissions associated with our value chain, or Scope 3 GHG emissions, increased significantly. However, given our primary area of control and influence is our operated emissions, this is where our decarbonisation efforts will continue to focus, in collaboration with our Joint Venture Partners.

SECR requirements[1&2]

Emissions type	2019	2020
Group Scope 1 emissions (tCO_2e)	1,263,258	**2,032,027**
Group Scope 2 emissions (tCO_2e)	1,688	**1,281**
UK Scope 1 emissions (tCO_2e)	240	**271**
UK Scope 2 emissions (tCO_2e)	713	**566**
Global energy use (Gwh)	2,862	**2,682**
UK energy use (Gwh)	4	**3.6**

1. GHG data is from managed operations and that the calculation methodology can be found in the Basis of Reporting and GHG Calculation Methodology document which can be found at www.tullowoil.com/sustainability
2. EY has provided limited independent assurance over Scope 1 and 2 emissions.

Energy efficiency action

Tullow Ghana installed solar panels on the roof of the new office in the Takoradi Shore base in 2020. Power savings of 35–40 per cent have been generated since their installation. For more information go to our Sustainability Report.

Task Force on Climate-related Financial Disclosures

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Tullow is reporting for a second consecutive year in alignment with TCFD, reflecting the Company's recognition of the threat posed by climate change and the need to reduce global greenhouse gas (GHG) emissions.

In 2020 we updated our purpose, which is to 'build a better future through the responsible development of oil and gas'. Underpinning this purpose is the Senior Leadership Team and Board's belief that oil and gas will play an essential role in the global energy mix for the long term, even if oil demand peaks in the coming decades. While recognising the energy transition is under way and that a number of companies have started their journey to move away from hydrocarbons, we believe that host governments around the world will continue to greatly value the capability, connectivity and capital that IOCs provide. Therefore, our focus for the foreseeable future will be oil and gas. Tullow plans to invest billions of dollars over the next 10 years, generating significant revenues for our host countries, creating local business opportunities, reducing our carbon footprint and building a compelling proposition for investors and a great place to work for employees. Nevertheless, the decarbonisation of the global economy presents oil exploration and production companies with fundamental new challenges, which our TCFD disclosure addresses.

Actions that we have taken to manage and mitigate the risks to our business from climate change are: classifying climate change as a principal risk in our corporate governance and risk management processes; committing to achieve Net Zero by 2030; understanding decarbonisation opportunities across our operations and implementing appropriate reduction initiatives while maintaining safety and reliability standards; ensuring our business strategy is responsive to evolving climate-related legal and regulatory developments; and increasing transparency in our performance reporting and openness in our engagement about climate change risks.

Tullow's CFO, Les Wood, discloses on page 19 our asset-level climate change scenario analysis, conducted to assess the resilience of our portfolio against future climate change scenarios. Tullow currently only tests the resilience of its portfolio using projected oil prices from two scenarios published by the International Energy Agency (IEA) – the Stated Policy Scenario, which assumes the climate policies and targets announced by governments (prior to 2018) are enacted, consistent with a temperature rise of at least 2.7°C, as well as the Sustainable Development Scenario, in which the world succeeds in the internationally recognised goal of meeting the Paris Agreement to limit global warming to below 2°C. In 2021, Tullow will evolve its scenario analysis to take account of transition risks. For our full TCFD reporting go to our Climate Risk and Resilience Report.

Equality and transparency

Ethical behaviour

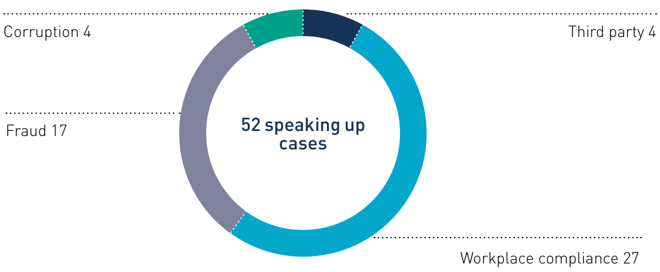
Our Code of Ethical Conduct governs the way we work and conveys a clear message to all staff and stakeholders on how we commit to compliance with laws and regulations, as well as our ethical standards. The Code of Conduct is clear on our zero tolerance for bribery, corruption and other forms of financial crime and this position is strongly reinforced by Tullow's Management and Board. The Code also covers our position and controls with regards to human rights, lobbying and advocacy, prevention of the facilitation of tax evasion, anti-slavery and the General Data Protection Regulation.

We require those who deliver services to us, or who act on our behalf, to abide by the Code and meet the requirements of specific business ethics and compliance clauses in their contracts. This ensures that third parties do not cause us to breach our own Code. Prior to awarding contracts, we conduct risk-based third-party due diligence to assess risks related to ownership structure, anti-bribery and corruption, sanctions, trade restrictions, human rights and labour conditions. In 2020, we digitised our due diligence processes and implemented a workflow management process to allow for third parties to be screened automatically against sanctions and trade restrictions lists, and for red flags to be escalated in real time for review by our internal Ethics and Compliance team. This process improvement further ensures that due diligence is performed effectively and efficiently and in a timely manner.

During 2020, we relaunched the annual eLearning on the Code to all staff. This focused on raising awareness of key issues such as anti-bribery and corruption, anti-tax evasion, due diligence, human rights, diversity and inclusion, and the importance of employee wellbeing. In addition, all staff are required to submit an annual Code Certification which is a disclosure on how they have complied with the Code in the preceding period. We achieved over 99 per cent completion of this process by the end of 2020 with the balance being completed in January 2021.

In 2020, we recorded 52 speaking up cases, including four submitted via our confidential speaking up line, Safecall. We investigated all reported possible or actual breaches of the Code and consequently two people left the Group or had their contracts terminated.

Speaking up



2020 total socio-economic contribution

Our payments to governments, including payments in kind, amounted to $375 million in 2020 (2019: $413 million). Total payments to all major stakeholder groups including suppliers and communities, as well as governments, brought our total socio-economic contribution to $542 million (2019: $753 million). In addition to payments to governments, this included $162 million spent with local suppliers, and $4.7 million in discretionary spend on social projects. Our total payments made to the Ghanaian Government in 2020 amounted to $180 million (2019: $270 million).

Our people

Restructuring our business and making Tullow a compelling place to work

2020 was a year of significant change for Tullow and its people. We fundamentally reset our business and we made sure those impacted were treated respectfully and fairly. In parallel, we redesigned our Employee Value Proposition to make Tullow a compelling place to work and to empower and incentivise employees to focus on the regeneration of our business.

Supporting our people through change

Tullow undertook significant restructuring of its organisation in 2020, with a reduction of 53 per cent in staff headcount and the closure of the Cape Town and Dublin offices. Tullow ensured that throughout this process people were treated fairly and with respect and that the changes were well communicated. In all locations, local legislative requirements were followed to ensure the legal notification requirements were met. Where appropriate, suitable notice periods were provided, and representative bodies were consulted. The process used objective and appropriate selection criteria for redundancies and ensured no discrimination via the selection process on the basis of gender, race, age or the raising of past concerns. In all markets, Tullow's severance payments exceeded statutory minimums and in all locations employees were provided with access to support and counselling via employee assistance and career transition programmes. As required, we also made available internal Occupational Health services. During this re-organisation we have redeployed staff to other roles where possible in order to avoid redundancy.

Localisation

As an oil company based largely in Africa, localisation is fundamental to the way we do business in our host countries, and to helping to build local skills and contribute to improving local livelihoods. We hire local people as a preference wherever possible, and adapt recruitment qualification thresholds to ensure a broad and inclusive pool of potential candidates. Despite the extensive organisational changes in 2020, we continue to retain deep expertise of African talent within our business and are looking to develop and promote that talent in order to localise more expatriate roles in the medium term.

In order to access talent from the wider market, we have recently undertaken an external global talent mapping exercise to understand the leadership potential and technical expertise in the African diaspora in the oil and gas sector. Additionally, we are looking to establish an external advisory panel of senior Ghanaians to provide objective, external perspectives to the Company. For more information on our localisation programme, please go to the Sustainability Report.

Gender pay

We continue to report on the gender pay gap in the UK as required by law, and have a gap of 43 per cent at median hourly wage rates in 2020. We face an ongoing challenge to recruit and promote qualified and experienced women in technical roles in the oil and gas sector, and this has resulted in a higher proportion of men in senior roles. For our full 2020 Gender Pay Gap Report, go to our website.

Gender diversity	2018	2019	2020
Board diversity	13% (1/8)	37.5% (3/8)	**33% (3/9)**
Leadership diversity	25% (2/8)	25% (1/4)	**20% (1/5)**
Senior Management diversity	21% (14/68)	20% (12/61)	**18% (4/22)**
Workforce diversity	31% (303/990)	32% (305/951)	**27% (129/473)**

2020 pay and bonus gaps

	Women's hourly rate		Women's bonus pay	
	2019	**2020**	2019	**2020**
Lower (mean)	35%	**38%**	44%	**37%**
Lower (median)	43%	**43%**	46%	**43%**

2020 pay quartiles

	Men		Women	
	2019	**2020**	2019	**2020**
Top quartile	89%	**88%**	11%	**12%**
Upper middle quartile	83%	**88%**	17%	**12%**
Lower middle quartile	62%	**59%**	38%	**41%**
Lower quartile	52%	**45%**	48%	**55%**

Percentage received bonus pay

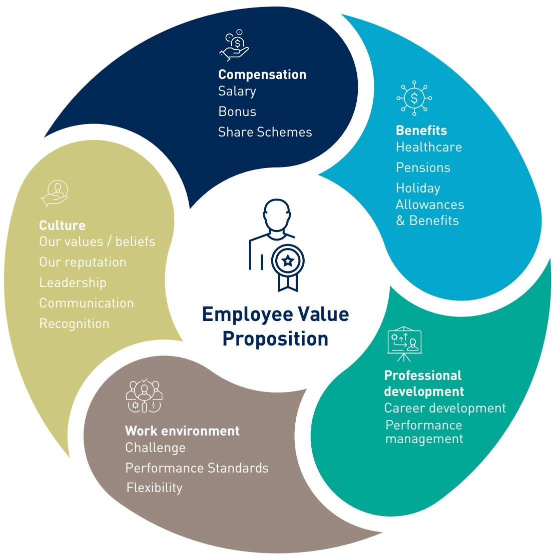
	Men		Women	
	2019	**2020**	2019	**2020**
	95%	**94%**	96%	**96%**

Employee engagement

Tullow's Chair and CEO recognise the importance of engagement and significantly increased the level of internal communications throughout the year relative to 2019. This included detailed written and town hall communications from the Senior Leadership Team helping staff understand what changes were being implemented, the rationale and timings of those changes and how they would impact individual teams. The Senior Leadership Team also initiated a programme of coffee mornings – small group discussions to ensure staff had ample opportunity to raise concerns or questions, helping them to adapt to the organisational change and stay connected. Tullow also organised a Health and Wellbeing Fortnight, providing a series of events and opportunities for staff to prioritise their mental and physical wellbeing.

Employee Value Proposition (EVP)

In 2020, Tullow redesigned its EVP to ensure the Company has a compelling proposition for its staff and to make clear what Tullow expects from its employees by way of upholding the Company Values and work ethic. Tullow's EVP is comprised of the elements within the graphic below. Go to our Sustainability Report to read more about our new EVP.



We proactively manage risks

At Tullow, we recognise that effectively managing risks and opportunities is essential to our long term success. This is particularly true in the current risk environment and our ability to identify, assess and successfully manage current and emerging risks is critical in helping us achieve our strategic objectives and protecting long term shareholder value

Risk oversight and governance

A risk focused culture and tone is instilled across all levels at Tullow and driven by the Board. The Board is responsible for overseeing the principal and enterprise level risk identification, assessment and mitigation process. To this end, the Board undertakes a bi-annual assessment of the risks facing the Company, including those risks that could threaten our business strategy, operating model, future performance, solvency and liquidity. Emerging risks are discussed by the Board and the Senior Leadership Team periodically throughout the year.

The Board is also responsible for ensuring Tullow maintains an effective risk management and internal control system and works closely with Tullow's Senior Leadership Team to ensure this is in place. The Senior Leadership Team is collectively responsible and accountable for monitoring principal and enterprise wide risks, with individual members taking ownership for risks that fall within their business area.

Tullow recognises that risk cannot be fully eliminated and that there are certain risks the Board and/or the Senior Leadership Team will decide that they are happy to accept when pursuing strategic business opportunities. However, these decisions are made at an appropriate authority level and reflect Tullow's defined risk appetite.

Tullow's risk governance framework is illustrated below:

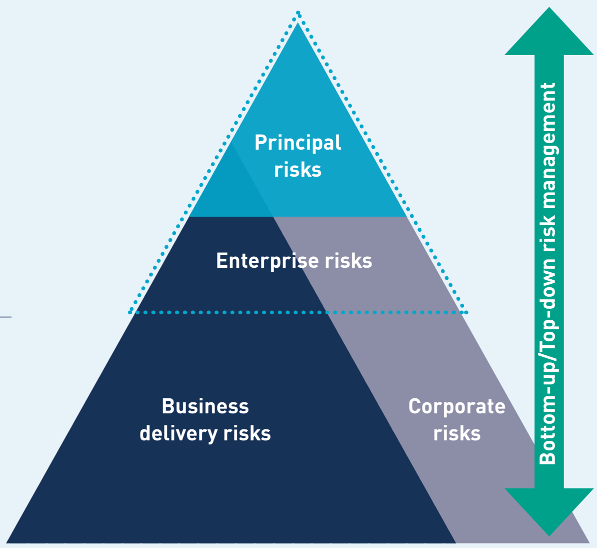
Tullow risk governance framework:

Board

- Oversees identification, assessment and response to enterprise level risks (annual planning)
- Sets risk appetite
- Monitors effectiveness of risk management process

Senior Leadership Team (SLT)

- Sets the tone for an effective risk management culture
- Identifies and assesses enterprise level risks (bi-annually)
- Monitors effectiveness of risk reduction actions for those risks and decides the focus of effort (bi-annually)
- Decides which enterprise risks require periodic Board review



Business leadership

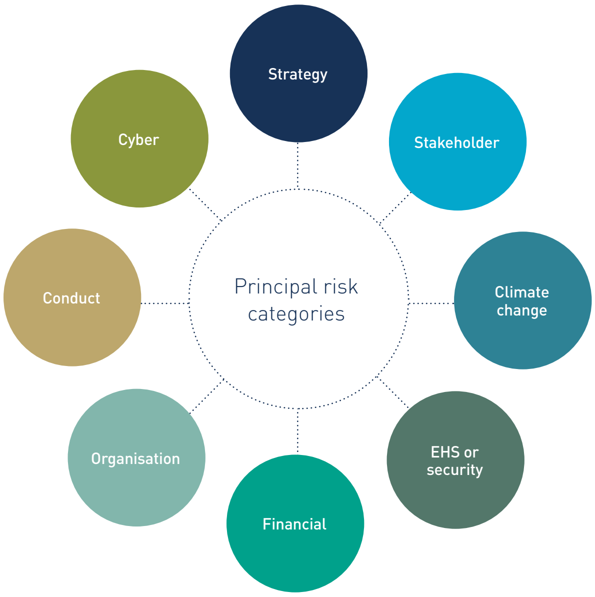
- Ensures compliance with standards set
- Identifies and assesses their respective business delivery risks (at least annually)
- Ensures effective risk mitigation actions are planned
- Monitors effectiveness of risk mitigation and response plans (at least quarterly)

Business functions

- Sets functional standards
- Identifies and assesses respective corporate risks (at least quarterly)
- Ensures effective risk mitigation actions are planned
- Monitors effectiveness of functional risk mitigation and response plans across business (quarterly)

Every layer of the organisation is responsible for identifying key risks and managing them to the acceptable level (as set by the Board)

Categories of principal risks



Risk management process

Our risk management framework takes a 'top down, bottom up' approach to risk, ensuring that ownership and responsibility for identification, assessment and management of key risks and opportunities is embedded throughout the business. The Board sets the context for risk management through defining the strategic direction and risk appetite for the organisation.

Risk management framework

Risks identification and assessment

Each Business Unit and function is responsible, and accountable, for managing risk and risk mitigation within their remit. The leadership team in that area reviews and reassesses risk on at least a quarterly basis to evaluate the strength of existing controls and determine whether additional risk reduction actions are needed to ensure the risk level is within the risk appetite set by the Board.

Consolidation of business risks

To facilitate assessment of the main risks facing the business, Tullow's leadership undertakes a bottom-up review of the key risks faced by the business. The key risks in each area are identified by the Business Units and functions in the Company, including mitigating actions and any emerging risks. These are consolidated upwards into the Company risk register and assessed according to their likelihood of occurring over a five year period, and the potential consequences to Tullow in terms of safety, reputational, financial, legal and regulatory impact.

From this, the Senior Leadership Team identifies the enterprise level risks which can be either a single risk, or a set of aggregated risks which, taken together, are significant for Tullow. A member of the Senior Leadership Team has ownership and accountability for stewardship of each of the enterprise level risks. As a collective, the Senior Leadership Team review and discuss the enterprise risks to challenge whether mitigations are being effectively executed within the agreed timeframe.

On a bi-annual basis the enterprise risks are discussed by the Board to provide 'top down' challenge and support. The outcome of this, as well as key messages, are communicated back down to the Business Units and functions to facilitate risk awareness and effective decision making throughout the organisation.

Risk appetite

The Board sets Tullow's risk appetite and acceptable risk tolerance levels for each of the principal risk categories. In considering Tullow's risk appetite, the Board reviewed the risk process, the assessment of enterprise level risks and the existing controls and mitigating actions that drive towards residual risk. During this process, the Board articulated which risks Tullow should not tolerate, which should be managed to an acceptable level and which should be accepted in order to deliver our business strategy.

The risk appetite is reviewed at least annually by the Board to ensure that it reflects the current external and market conditions. The Board last reviewed the risk appetites in February 2020. The Senior Leadership Team reviewed the risk appetite statements in February 2021 against the revised principal risks and the Board will next review the risk appetite statements in March 2021.

Lines of defence

First line of defence
Business leadership
(ownership and management of risk)
- Own and manage business risks. Implement and execute controls in business. Monitor risks and control at business level.
- Assurance provided through self-reviews and focused assurance reviews.
- Projects – implement and execute controls at site/project level. Monitor risks and controls at site/project level.

Second line of defence
Heads of functions (risk management and oversight)
- Set functional standards (minimum controls) and monitor compliance with them.
- Provide challenge at key decision points (life cycle value chain, business plans, budgets, contracts, transactions).
- Own and manage functional risks. Implement and execute controls.
- Assurance provided through periodic reporting and focused reviews.

Third line of defence
Internal Audit (independent assurance)
- Provide independent assurance of respective governance, internal control systems and controls across all levels of the business.
- Assurance provided through risk-based internal audits.

Internal control
A foundation of effective governance, risk management and control has been established throughout the organisation. Core to this is our Integrated Management System (IMS) which sets out all mandatory policies, standards and controls necessary to manage our activities and associated risks. The effectiveness of the internal control framework is reviewed through the risk management process and challenged as described above. In addition to this, the Senior Leadership Team and Audit Committee perform an annual review of the effectiveness of internal control.

Nature of assurance
- Assurance activities are put in place across the three lines of defence to assure against key risks. These specifically focus on areas where there are internal/external changes, control failures and historical issues.
- Business leadership acts as the first line of defence and is responsible for ensuring their key risks are being managed effectively and that adequate controls are in place to manage those risks.
- Group oversight acts as a second line of defence and as well as setting functional standards is responsible for ensuring compliance with them. They obtain assurance through periodic reporting and focused assurance reviews. They are also responsible for identifying and managing risks that fall under their remit. Given the change in business structure and reporting lines the assurance provided over the second line of defence is currently under review.
- Internal Audit acts as the third line of defence and is responsible for providing independent assurance through its risk-based internal audit programme. The Internal Audit Plan and outputs are reviewed by the Audit Committee. Agreed actions for improving the control environment and managing risk are owned by assigned individuals and monitored through Tullow's performance review process. The Audit Committee monitors the implementation for recommendations arising.
- Tullow's risk management and assurance processes provide the Board and the Management Team with reasonable, but not absolute, assurance that our assets and reputation are protected.

Evolution of Tullow's management of risk and control
Organisational and strategic changes made throughout the year have redefined ownership and point of decision making across the business. The changes aimed to promote accountability and challenge at a senior level and remove the need for multiple layers of review as Tullow becomes a more agile business.

During 2020 the risk management and control framework has been evolved to align to the new ways of working and this will continue to evolve into 2021. Although the controls have been in place to mitigate key risks throughout 2020 the nature of these controls has changed and the business has launched a programme of transformation to review key processes and the IMS to make sure it continues to be fit-for-purpose for the new business structure.

The risk framework has been realigned to the new business reporting lines and senior risk owners have been identified to ensure that a greater culture of risk awareness and challenge is instilled throughout the business with an increased focus on mitigating actions. This will continue into 2021 including updating the accountability framework and reviewing the assurance processes in place over the newly defined key controls.

Tullow's risk profile
The Company risk profile has been closely monitored throughout the year, with consideration given to the risks to delivering the Business Plan as well as whether the COVID-19 pandemic or oil price volatility resulted in any new risks or changes to existing risks. Risks associated with COVID-19 have been considered and managed across all principal risk categories.

Strategy risk

Link to 2021 scorecard – Business Plan Implementation

Risk of failure to deliver operations, development and subsurface objectives

Risk owner: Rahul Dhir

Risk details	Risk mitigations
Tullow has developed a Business Plan to deliver material value and cash flow. This will help Tullow reduce leverage and create value for our shareholders. The success of the plan is reliant on delivery of clear targets and disciplined allocation of capital and our human resources. Failure to achieve the objectives will impair value and loss of shareholder confidence and support. Key execution risks not addressed elsewhere include: - Lack of ability to increase oil production and replenish our resource base will reduce our ability to deliver value and cash flow and could ultimately impair our ability to reduce leverage - Operational and subsurface challenges prevent us from achieving our planned oil production - Ghana gas market constraints reduce our planned gas offtake which would impact oil production and our ability to reduce flaring - Unable to progress the preparation of FDP in Kenya and therefore any exercise to unlock Kenyan potential - Inability to unlock the potential in emerging basins may reduce value creation opportunities - High concentration risk in Ghana and Gabon	- Well defined and integrated plan to deliver the necessary inputs needed to achieve Business Plan objectives - Clear KPIs and accountability defined - Ongoing business performance review process to monitor performance - Large portfolio of high-return drilling and investment opportunities defined with JV support in Ghana and across non-operated assets - Improvements in facilities' reliability through targeted interventions - Simplified well design and reduced completion complexity - Integrated planning across subsurface, drilling and projects teams - Alignment with Government of Ghana on gas offtake for 2021 with longer term negotiations under way - Active engagement with JV and Government of Kenya to progress preparation of FDP in Kenya - Exploration plan in place for emerging basins, particularly Argentina, Guyana and Suriname

Risk of failure to deliver commercially attractive projects and operations due to sustained low oil price

Risk owner: Les Wood

Risk details	Risk mitigations
The nature of the industry within which we operate means the volatility of oil price is always a risk that Tullow remains exposed to. - Prolonged low oil price and increased volatility would lead to a decrease in asset values and reduced access to funding	- Cost base reduced substantially to be viable in a lower oil price environment - 60 per cent of 2021 oil entitlement hedged at an average floor price of \$48/bbl - Proven, tested and successful business continuity process and plans in place for managing COVID-19

Stakeholder risk

Link to 2021 scorecard – Leadership

Risk of disruption to business due to inability to manage stakeholder relations

Risk owner: Rahul Dhir

Risk details	Risk mitigations
The value of our assets and cash flow generation may be eroded by unreasonable financial/fiscal demands by host governments or actions that impair contract sanctity. There is a risk of political interference in our operations that may impact our ability to award contracts to the appropriate service providers. Inability to manage relations with key ministries, regulators and the wider community could result in delays in relevant approvals and community ill will.	- Well defined plan to engage proactively with all key stakeholders: all relevant stakeholders identified and relationship accountabilities defined - Communication plan developed to educate stakeholders on the broader impact of the Business Plan on the nation - Reliance on robust stabilisation clauses in all our Petroleum Agreements. - Tax advice obtained

Climate change risk

Link to 2021 scorecard – Sustainability

Risk of failure to manage impact of climate change | **Risk owner: Julia Ross**

Risk details	Risk mitigations
The climate agenda is an increasing area of focus globally, particularly for Tullow as we evolve the business and work towards improving our approach to environmental impact. Failure to manage the impact of climate change arising from evolving policies and increased volatility and downside risk in oil prices could affect the commerciality of our portfolio, lead to loss of licence to operate and result in limited access to/increased cost of capital. - There may be challenges to delivering a suitable strategy to address climate change due to limited resources available	- Cross-functional team established to identify opportunities to reduce carbon emissions across our operations and/or investment in nature-based carbon removal projects to offset emissions impact - 2030 Net Zero (Scope 1 & 2) commitment and pathway identified to decarbonise our Ghana assets - Long term gas offtake options support elimination of flaring - Enhanced understanding of climate related financial risks including TCFD climate disclosure in our Annual Report - Stress test the portfolio to ensure its resilience to IEA's Sustainable Development scenario

EHS or security risk

Link to 2021 scorecard – Safety, Production and Business Plan Implementation

Risk of asset integrity breach or major production failure | **Risk owner: Wissam Al-Monthiry**

Risk details	Risk mitigations
The nature of our operations will always have an inherent risk of a major incident resulting in fatalities, loss of production, and/or extensive damage to facilities, the environment or communities. The nature of our business at the moment means that we are reliant on several key operated assets as well as our non-operated and exploration portfolio. - A large gas release/asset integrity breach due to a topside event resulting in a Major Accident Event may occur, which may lead to injury to personnel, a prolonged production outage and potential significant environmental damage	- Asset and well integrity and maintenance programmes with regular internal verification and external assurance - Independently Verified Safety Case Document establishing quantitative risk estimate assuming effective systems and risk tolerance thresholds - FPSO periodic planned shutdowns to carry out required inspection, maintenance, repair and modification works - Inherently Safer Design principles application in engineering modifications - Assurance and Compliance management including Class - Increased level of assurance activity on the FPSO with Tullow Offshore field managers undertaking significant assurance activities offshore - Comprehensive all-risk insurance in place

Financial risk

Link to 2021 scorecard – Financial Performance and Capital Structure

Risk of insufficient liquidity and funding capacity | **Risk owner: Les Wood**

Risk details	Risk mitigations
Tullow remains exposed to erosion of its balance sheet and revenues due to oil price volatility, unexpected operational incidents, ongoing costs associated with the COVID-19 pandemic, failure to complete portfolio options and inability to refinance. - Tullow may have difficulty securing a resolution of debt maturities due to failure to deliver its Business Plan, which may lead to insufficient liquidity and potential impact on funding capacity	- Range of high-quality assets that could be sold as part of portfolio management to unlock capital and pay down debt - Leverage targets and minimum headroom policy approved by the Board - 2020 year-end undrawn facility headroom and free cash of \$1.1 billion - Dynamic working capital and cash flow management including ability to flex capital investment - Solid foundation to address debt maturities

Risk that we fail to deliver a sustainable capital structure | **Risk owner: Les Wood**

Risk details	Risk mitigations
Tullow's ability to deliver the Business Plan is dependent on developing a timely and sustainable capital structure. - Tullow may have challenges in the timely delivery of a sustainable capital structure; this could impact the ability to cover debt servicing costs over an extended period or continued operations as the capital structure is being implemented. Both scenarios could potentially negatively impact the ability to deliver the Business Plan	- Plan to prioritise investments with high returns and short payback - Solid foundation to address debt maturities - RBL redetermination plan in place - Plan to drive gearing to 1x-2x with appropriate liquidity headroom

Organisation risk

Link to 2021 scorecard – Business Plan Implementation and Leadership

Risk that the transformation plan fails to support the strategy and deliver cost savings

Risk owner: Julia Ross

Risk details	Risk mitigations
Tullow may be unable to maintain or improve operational performance and pursue growth if the Company is unable to evolve, maintain and sustain its organisational capabilities and deliver identified cost savings and successfully fully implement its planned transformational organisation change. - The objectives/cost savings of the Transformation Project may not be achieved. This may result in a negative impact on cash flow and an organisation that is no longer fit-for-purpose from a cost perspective	- Transformation team established which includes external advisors - Bottom-up review with external consultant - Transformation plan developed and key milestones identified and tracked - Organisation restructured; headcount reduced by 53 per cent and outsourcing of certain routine activities - Cost-driven performance management being implemented

Risk that the people strategy and culture do not support the strategy

Risk owner: Julia Ross

Risk details	Risk mitigations
Tullow's success depends on the quality of talent it can attract and retain and a strong ethically minded and performance-focused culture. - Tullow may be unable to attract and retain suitably experienced individuals which could lead to a lack of sufficient resource and capability to deliver core business activities. This may result in an inability to meet strategic objectives and increased constraints on the capacity and moral of remaining staff	- Revised Employee Value Proposition (EVP) launched in 2020 aligning to restructured organisation - New approach to performance management being implemented across the organisation - A renewed focus on Diversity and Inclusion - Review in progress to update succession plans for senior and critical roles - Focus on health and wellbeing; rolling wellness programme

Conduct risk

Link to 2021 scorecard – Business Plan Implementation and Leadership

Risk of major compliance breach

Risk owner: Mike Walsh

Risk details	Risk mitigations
Tullow maintains high ethical standards across the business, without which the Company could be exposed to increased risk of non-compliance with bribery and corruption legislation or contractual obligations along with other applicable business conduct requirements. - In particular, an unforeseen material compliance breach could lead to regulatory action, an unsettled litigation/dispute or additional future litigation that may result in unplanned cash outflow, penalty/fines and a loss of stakeholder confidence in management	- Annual Code of Ethical Conduct staff eLearning and code certification process - Third-party due diligence procedures and assurance processes in place - Misconduct and loss reporting standard and associated procedures in place - Well established Anti-Bribery and Corruption governance - Process in place for GDPR investigations - Anti-tax evasion risk assessment undertaken with clear mitigation actions identified - Recorded and investigated 52 concerns raised, of which 50 cases are closed. Appropriate actions have been taken including employee dismissal (for serious breaches)

Cyber risk

Link to 2021 scorecard – Business Plan Implementation and Leadership

Risk of major cyber attack

Risk owner: Mike Walsh

Risk details	Risk mitigations
The external cyber threat environment is continuously evolving and intensifying; therefore, this is an ongoing risk that requires constant monitoring and management. - Tullow may suffer an external cyber attack which could have far reaching consequences for the business. This could result in loss of sensitive personal or commercial data or allow external parties to limit our ability to operate, seize production or potentially trigger a major incident	- Advanced security operations centre in place providing 24/7 network and device monitoring - Security incident event management systems in place. - Security awareness programme in place - Joint Tullow/MODEC industrial control system security programme in place - Corporate security programme in place - Annual mandatory security and GDPR awareness training - Staff susceptibility to phishing regularly tested

Statement by the Directors in performance of their statutory duties in accordance with s172(1) of the Companies Act 2006

2020 was a year in which the Board of Directors of Tullow Oil plc considered and implemented material decisions. The Board consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken throughout the year ended 31 December 2020.

Tullow's purpose is to build a better future through responsible oil and gas development, and we are focused on creating sustainable long term value for each of our stakeholders. To achieve this, the Board has established the Company's strategic roadmap see page 3, it has placed priority on good engagement with all stakeholders (see page 48) and it has considered and monitored the Company's principal risks (see pages 31 to 35). The Board takes each of these matters into account and the likely long term consequences of its decisions when pursuing the Company's purpose.

Following the release of the Company's 2019 full year results in which the Directors concluded there was a material uncertainty that the Group would be able to operate as a going concern, the Directors received specific training on all their duties and obligations as Directors, including those under s172 of the Companies Act 2006, to enable them to better consider the Company's various stakeholders appropriately when making decisions.

The disappointing operational and financial performance of the Company in 2019 required the Board to make some challenging decisions in 2020 on the structure of the business and its portfolio of assets for the benefit of the Company's shareholders and creditors, which ultimately led to a comprehensive reorganisation of the business, including disposal and restructuring parts of the portfolio, the closure of certain offices and a reduction in our staffing levels by 53 per cent. During this process, certain Directors met with the employee Tullow Advisory Panel (see page 48) and the feedback received was relayed to the Board as a whole. This assisted the Board in working with the Executive to ensure that both departing and remaining staff were treated fairly and with the respect they deserved.

When the Board was considering the decision to reduce the level of the Group's operations in Kenya, it took into consideration the potential impacts on our host country of Kenya and its local communities. As a result, although the operations were reduced, the Board ensured that sufficient funding was made available to the relevant Group subsidiary to continue providing water to the local communities and the Safety and Sustainability Committee of the Board has a continuing role in monitoring the effective handover of this and other specific social investment projects in Kenya.

When the Board was considering the decision to dispose of the Group's assets in Uganda which would likely benefit certain of the Company's stakeholders, the Safety and Sustainability Committee sought assurances over the arrangements for the transition and continued support for the Company's other stakeholders which were reliant upon the social investment projects in Uganda.

When the Board was considering the allocation of capital during its comprehensive reorganisation of the business and approval of the 2021 budget, it took into account the interests of the Company's stakeholders, including its shareholders and creditors, to seek an appropriate balance of investing in the long term value of the Company's assets for our shareholders and meeting the near term obligations of our creditors.

The Board believes strongly in the importance of being a responsible operator across all aspects of our business. In this regard, the safety of Tullow's workforce and the communities in which we operate is critical to our purpose, the quality of our relationships with host countries is very important and remains a priority, and our ability to respond to society's demand for the transition to a low-carbon energy supply by achieving our 2030 Net Zero target is now a central component of our strategy.

In the short term we will seek to establish a more stable capital structure for the business that will provide a sound foundation to benefit all of our stakeholders in the long term.

These are some of the principles which the Directors took into consideration when setting the 2021 KPI scorecard and the Board will continue to monitor in the year ahead.

Viability statement

In accordance with the provisions of the UK Corporate Governance Code, the Board has assessed the prospects and the viability of the Group over a longer period than the 12 months required by the 'going concern' provision. The Board assesses the business over a number of time horizons for different reasons, including the following: Annual Corporate Budget (i.e. 2021), Two-year Forecast (i.e. 2021–2022), Five-year Corporate Business Plan (i.e. 2021–2025), and Long term Plan. The Board conducted the review for the purposes of the Viability Statement over a three-year period. The three-year period was selected for the following reasons:

i. in light of the current highly volatile market environment the Group considers the Group's facility and free cash headroom, debt: equity mix, and other financial ratios, over a three-year period as opposed to the five-year Corporate Business Plan period;

ii. the current contractual maturity of the Group's $300 million Convertible Notes due in July 2021 and $650 million Senior Notes due in April 2022 fall within a three-year period and as such the three-year period is largely aligned with Tullow's funding cycle; and

iii. this also aligns with the current transitional business cycle with the significant projected increase in production and operating cash flow generation in 2023 following a period of significant capital investment in the Group's producing assets.

Notwithstanding this fact the Group will continue to monitor the business over all time horizons noted above.

As noted on pages 22 to 23 in the Group's going concern assessment, the Directors have concluded that the uncertainties associated with implementing a Refinancing Proposal and obtaining amendments or waivers in respect of future forecast covenant breaches or, in the event a Refinancing Proposal does complete, the revised covenants are subsequently breached, are material uncertainties that may cast significant doubt that the Group will be able to continue as a going concern.

On a longer term basis, when considering the Viability Statement under the Base Case assumptions and a combination of reasonably plausible low case scenarios over the three-year period, the same uncertainties exist. However, the Base Case assumes that the Group's Refinancing Proposal is successfully completed and the Group obtains amendments or waivers in respect of future forecast covenant breaches or, in the event a Refinancing Proposal is implemented, the Group obtains amendments or waivers in respect of any breaches of revised covenants, which results in, the Group forecasting liquidity headroom over the three-year period. The Group has additional mitigating actions available to it should the combination of reasonably plausible low case scenarios arise, including reductions to capital investment, protection of oil price volatility through hedging, further portfolio management and, if required, raising additional capital. The Directors are committed to delivering a refinancing proposal, and further mitigating actions if a combination of reasonably plausible low case scenarios arises, and they therefore believe that the Group continues to be viable over the three-year assessment period.

Tullow has also assessed its viability in line with the IEA's Sustainable Development Scenarios; see page 19 for details.

Principal risks*	Base Case assumption	Downside scenario
Strategy risks	Production is assumed to be in line with the Business Plan. Oil price: 2021: $50/bbl, 2022: $55/bbl, 2023+: $55/bbl.	8 per cent reduction in production. Oil price: 2021: $45/bbl, 2022: $47.5/bbl, 2023+: $50/bbl.
Stakeholder risks	Associated with host government stakeholders the Group has included $87 million outflow associated with tax exposures (refer to page 107 to 108 for a description of the Group's uncertain tax positions).	Exposure beyond the $87 million included in the Base Case is either not anticipated to occur within the three-year assessment period or is not reasonably plausible to occur at all.
Climate change risk	The key impact of climate change on the Groups' portfolio of assets is reflected in oil prices, which are assumed as: 2021: $50/bbl, 2022: $55/bbl and 2023+: $55/bbl.	In a downside scenario the Group has assumed a reduction in the Base Case assumption which is below the current IEA SDS scenario of: 2021: $45/bbl, 2022: $47.5/bbl, 2023+: $50/bbl.
EHS or security risks	Production, operating costs and capital investment are assumed to be in line with the Business Plan.	8 per cent reduction in production.
Financial risks	Contractual maturities of debt instruments. However, the refinancing proposal is assumed as a mitigating action.	Contractual maturities of debt instruments. However, the refinancing proposal is assumed as a mitigating action.

* For detailed information on risk mitigation, assurance and progress in 2020 refer to discussion of the detailed risks above.

For Organisational Risk, Conduct Risk and Cyber Risk the Group has assessed that there is no reasonably plausible scenario that can be modelled in isolation or in combination with other risks from a cash flow perspective.

Non-financial reporting

Tullow aims to comply with the non-financial reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006. The table below outlines to stakeholders Tullow's position, principal policies, main risks and KPIs on key non-financial areas.

Requirement	Group approach and policies
Environment Further information: Environment, see pages 26 to 27.	Oil and gas production carries a high risk of environmental impact and incidents related to production processes. Our product and the process associated with its production generate carbon emissions which contribute to climate change. Tullow is working to reduce its impact on the environment through its Net Zero 2030 commitment and through its standards and policies.
Employees Further information: Our People, see pages 28 to 29. Further information: Health and Safety, see page 25.	Tullow aims to create an inclusive environment, free from discrimination, where individual differences and the contributions of all our staff are recognised and everybody is treated fairly. We have zero tolerance for any form of discrimination and decisions related to recruitment selection, development or promotion are based upon aptitude and ability only.
Social policy Further information: Community relations, go to our Sustainability Report online.	We engage with communities early in the planning process to identify the key impacts, both positive and negative, of our operations. We maintain ongoing dialogue to provide information about Tullow's activities and create opportunities for people to contribute to decisions which affect them. We always listen to feedback and concerns, answer enquiries and register grievances made by community members.
Respect for human rights Further information: Our Approach, go to our Sustainability Report online.	Tullow respects and promotes internationally recognised human rights as set out in the Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. When considering new investments, we review associated potential human rights issues and their relationship to our operations.
Anti-corruption and anti-bribery Further information: Anti-corruption and anti-bribery, see page 28.	Tullow has zero tolerance of any form of corruption. We conduct our business honestly, fairly and transparently and we do not exercise improper influence on any individual or entity. We are subject to many anti-bribery laws in the jurisdictions within which we work and, as a UK registered company, are required to comply with the UK Bribery Act (2010).

This Strategic Report and the information referred to herein have been approved by the Board and signed on its behalf by:

Dorothy Thompson
Chair

9 March 2021

Adam Holland
Company Secretary

9 March 2021

Documents	Related KPIs	Related principal risks
Climate Policy Safe and Sustainable Operations Policy Code of Ethical Conduct Non-Technical Risk Standard	Level 0 KPI: Embed Sustainability across the organisation. Level 1 KPI: Progress Net Zero plan.	Climate change risk on page 34 EHS or security risk on page 34
Code of Ethical Conduct	Level 0 KPI: Leadership effectiveness. Level 2 KPIs: Quarterly employment engagement pulse checks; redefine commitment to inclusion and diversity; develop localisation plans.	Organisation risk on page 35 EHS or security risk on page 34
Code of Ethical Conduct Non-Technical Risk Standard	Level 1 KPIs: Deliver 2021 social investment plan and develop long term shared prosperity strategy; implement revised local content plan.	Stakeholder risk on page 33
Human Rights Policy Code of Ethical Conduct	Level 2 KPI: Code of Ethical Conduct training completed by all staff.	Stakeholder risk on page 33 Conduct risk on page 35
Code of Ethical Conduct	Level 2 KPI: Code of Ethical Conduct training completed by all staff.	Conduct risk on page 35

A framework for corporate governance

As a UK-listed company Tullow Oil plc's governance policies and procedures are based on the Financial Reporting Council's UK Corporate Governance Code (the Code) and the Financial Reporting Council's Guidance on Board Effectiveness, both of which can be found at www.frc.org.uk. This Directors' Report summarises how the Group has complied with the Code during the year ended 31 December 2020 and describes changes to the governance structure that took place before year end. The Code sets out how governance is achieved through the application of its five main principles and their supporting provisions:

- Board leadership and Company purpose;
- division of responsibilities;
- composition, succession and evaluation;
- audit, risk and internal control; and
- remuneration.

Board leadership and Company purpose

The Board is accountable to shareholders and the Group's other stakeholders for the creation and delivery of long term, sustainable operational and financial performance for the enhancement of shareholder and stakeholder value. The Board meets these aims through setting the Group's objectives, Values and strategy and ensuring that the necessary resources are available to achieve the agreed strategic priorities. During 2020 the Group has been focused on cost, restructuring and operational turnaround to achieve a more reliable and consistent operating performance and a sustainable improvement in operating margins. Our purpose is to build a better future through responsible oil and gas development.

The Board operates through a governance framework with clear procedures, lines of responsibility and delegated authorities to ensure that strategy is implemented, and key risks are assessed and managed effectively. These are underpinned by the Board's work to set the Group's core Values, behaviours, culture and standards of business conduct and to ensure that these are clearly understood by the workforce, shareholders and other stakeholders.

The Board also ensures that there is sufficient engagement with the Group's stakeholders such that their views can be considered in Board decision making. The Group's stakeholders are divided into the following main groups: our investors, our host countries and their communities, our people.

Read more about our stakeholders and the Values in our Sustainability Report

Division of responsibilities

The Chair is responsible for leadership of the Board and its overall effectiveness whilst the Chief Executive Officer is responsible for the operational management of the business, for developing strategy in consultation with the Board and for implementation of the strategy with the Executive Team. One of the non-executive Directors has been selected by the Board to be the Senior Independent Director. The Board is fully satisfied that the Senior Independent Director demonstrates complete independence and robustness of character in this role. The Senior Independent Director is available to meet shareholders if they have concerns that cannot be resolved through discussion with the Chair or for matters where such contact would be inappropriate. In addition, during the year the Senior Independent Director meets with the other non-executive Directors, without the Chair present, to discuss the Chair's performance. The Chair meets regularly with the other non-executive Directors, without executives Directors present, to review Board discussions and engagement as well as the performance of the Executive Team.

The Chair offers governance meetings with shareholders at least once a year to receive their direct feedback. In line with the guidance issued by the Institute of Chartered Secretaries and Administrators (ICSA), the Board has approved formal terms of reference for a Committee of the Executive Directors. The separation of responsibilities between the Board and the Senior Leadership Team is clearly defined and agreed by the Board and is published on the Group's website.

The Board consists of seven independent non-executive Directors and two Executive Directors. The independent non-executive Directors consist of an independent non-Chair, one Senior Independent Director and five independent non-executive Directors.

The Board of Directors

Chair, Executive Directors, Senior Independent Director and non-executive Directors

The Board operates under the leadership of the Chair and is collectively responsible for setting the Company's strategy to deliver long term value to shareholders and other stakeholders. The Board ensures the appropriate resources, leadership and effective controls are in place to deliver the strategy. The Board also sets out the Company's culture and Values, monitors business performance, oversees risk management and determines the Company's risk appetite. The Board delegates some of its responsibilities to the Board sub-committees. The Board is accountable for the stewardship of the Company's business to the shareholders and other stakeholders.

Audit Committee

Responsible for financial reporting, audit, internal control and risk management processes.

pages 49 to 53

Nominations Committee

Responsible for Board composition, appointment of Directors and succession planning.

pages 54 to 55

Safety and Sustainability Committee

Responsible for health, safety, environment, climate change, shared prosperity, security and business sustainability.

page 56

Remuneration Committee

Responsible for reward and compensation for Executive Directors, the Chair and Senior Managers and reviewing the remuneration arrangements of the workforce.

pages 57 to 73

Senior Leadership Team[1]

Chief Executive Officer, Chief Financial Officer and three Group Directors

The Senior Leadership Team operates under the leadership of the Chief Executive Officer and is responsible for the delivery and execution of the Board's strategy as well as the day-to-day management of the Company's business including operational performance. The Senior Leadership Team is accountable to the Board.

1. Governance framework in place as of July 2020.

The Executive Directors consist of the Chief Executive Officer and the Chief Financial Officer.

From the period 9 December 2019 to 9 September 2020, Dorothy Thompson performed the role of Executive Chair on an interim basis. Rahul Dhir was appointed as Chief Executive Officer on 1 July 2020. Following the appointment of the new CEO, the Board undertook a review of the schedule of matters reserved for the Board and also the division of responsibilities between the Chair of the Board, the Chief Executive and the Senior Independent Director, and all of these are available on our website.

Notwithstanding Dorothy Thompson's role as Executive Chair on an interim basis, the Board has reviewed the criteria set out in the Corporate Governance Code and the FRC's Guidance on Board Effectiveness and considers each of the non-executive Directors to be independent in character and judgement with no conflicts of interest. In addition, the Board is satisfied that all non-executive Directors have disclosed their other significant commitments and confirmed that they have sufficient time to discharge their duties effectively. The Board is also of the view that no one individual or group of individuals dominates decision making.

As part of the governance framework, the Board has delegated some of its responsibilities to four Committees: the Audit Committee, the Nominations Committee, the Safety and Sustainability Committee and the Remuneration Committee. The Board is satisfied that the Committees have sufficient time and resources to carry out their duties effectively. Their terms of reference are reviewed and approved annually by the Board and the respective Committee Chairs report on their activities to the Board. The individual Committee terms of reference can be found on the Group's website. Director attendance at Board and Committee meetings is summarised in the table overleaf.

Committee Reports on pages 49 to 73

Board and Board Committee attendance 2020

Director	Board (12)	Audit Committee (6)	Nominations Committee (3)	Safety and Sustainability Committee (4)	Remuneration Committee (4)
Rahul Dhir[2]	7				
Mitchell Ingram[2,4]	3			2	1
Les Wood	12				
Dorothy Thompson	12		3	4	
Jeremy Wilson	12	6	3		4
Steve Lucas[1]	3	2[3]	1[3]		
Mike Daly	12		3	4	4
Sheila Khama	12			4	
Genevieve Sangudi	12	6			4
Martin Greenslade	12	6			

1. Denotes Director(s) who were no longer Directors of the Company as at 31 December 2020.
2. Denotes Director(s) who joined the Company part way through the year.
3. Denotes Director(s) who ceased to be a Committee member part way through the year.
4. Mitchell Ingram joined the Safety & Sustainability Committee and the Remuneration Committee part way through the year.

The Board is supported and advised by the Company Secretary who ensures that it has the policies, processes, information, time and resources it needs for it to function effectively and efficiently. The Company Secretary is also responsible for ensuring compliance with all Board procedures and for providing advice to Directors when required. The Company Secretary acts as secretary to the Audit, Nominations, Safety and Sustainability and Remuneration Committees and has direct access to the Chairs of these Committees.

The Board typically meets seven times a year. One of those meetings is devoted to an extensive review of the long term strategy of the business and another is usually held at an overseas office of the Group to provide the Board with deeper insights into the Company's operations and an opportunity to engage with stakeholders. In response to the challenges faced by the Company during 2020, as well as the asset disposals implemented by the Group, the Board and certain of its Committees met more frequently than usual and also held a number of calls between meetings. Due to the restrictions imposed by the COVID-19 pandemic, the majority of these meetings were held via video-conference. Unfortunately the Board was unable to travel as a group to an overseas office. However, the Chair and later the Chief Executive were able to visit certain overseas offices, including Ghana, and engage with a variety of stakeholders.

The focus of the Board's meetings during the first half of the year was on operational performance, the re-organisation of the Group and the reduction in costs. The second half of the year focused on capital allocation, a revision of the long term Business Plan, the Company's long and short term financing strategy, stakeholder engagement, the energy transition and sustainability. Later in the year, the Board focused on culture, Values and employee proposition. At various meetings during the year, the Board also reviewed the key risks facing the Company and discussed the Group's appetite for those risks.

Composition, succession and evaluation

To ensure that serving Executive Directors and Senior Managers of the Company continue to possess the necessary skills and experience required for the strategy of the business, the Board has established a Nominations Committee to oversee the process of appointments and succession planning for Directors and other Senior Managers. The role of the Nominations Committee is critical in ensuring that the Group's Board and Committee composition and balance support both the Group's business ambitions and best practice in the area of corporate governance.

During 2020, there were a number of Board changes. In April, after eight years on the Board, Steve Lucas stepped down as a non-executive Director and Chair of the Audit Committee, whereupon Martin Greenslade, who was appointed to the Board in November 2019, was appointed Chair of the Audit Committee. Martin is a serving Executive Director at Land Securities Group plc and brings extensive financial experience to the Committee. In April 2020, we announced that Rahul Dhir would be appointed as the new Chief Executive Officer and, after several months of prior induction, he joined the Board in July. Rahul brings extensive leadership experience in oil and gas and finance to Tullow. In September, Mitchell Ingram was appointed as an independent non-executive Director of Tullow. Mitchell is a highly experienced oil and gas executive who has had a distinguished career with senior positions at Occidental Petroleum, BG Group and, most recently, Anadarko, where he was a member of the Group's Executive Committee. Mitchell is Chair of the Safety & Sustainability Committee and a member of the Remuneration Committee. Further detail on the appointment process for these Directors can be found in the Nominations Committee Report on pages 54 to 55

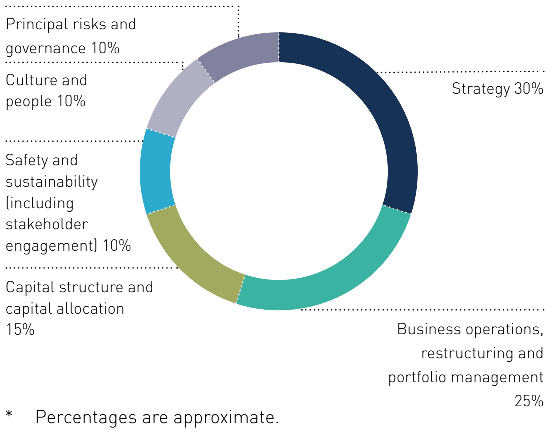
Upon joining the Board, the Directors received induction programmes which were specifically designed to complement their background, experience and knowledge with a more detailed understanding of the upstream industry and other matters regularly discussed by the Board. The programmes included one-to-one meetings with senior management, functional leaders and visits to the Group's principal offices and operations. The Directors also received an overview of their duties, corporate governance policies and Board processes.

Directors are initially appointed for a term of three years. All of the Directors will seek re-election at the next Annual General Meeting. The Board will set out in the Notice of Annual General Meeting its reasons for supporting the re-election or election of each of the Directors.

As part of the ongoing evaluation of the Board's effectiveness, and following the externally facilitated evaluation of the Board in 2019, the Board carried out an internal evaluation of its performance and that of its Committees in 2020. This was facilitated by the Company Secretary with input from the Chair of the Board, the Senior Independent Director and the Chair of the Committees. The review required each of the Directors to submit responses to a series of questionnaires to reflect their individual performance, the performance of the Board as a whole and the main areas under consideration by the Board and its Committees. Contributors to Board and Committee meetings and the wider group of direct reports to Senior Managers were also provided with the opportunity to provide their feedback to be incorporated into the evaluation. All responses were compiled and discussed at the Board and relevant Committee meetings.

The evaluation reported a number of positive observations including that the Board is willing to address challenging issues with decisiveness, and a number of examples were cited such as the rationalisation of the business in 2020 and the sale of the Uganda assets. The review found again that the Board conducts its business in an environment where freedom of expression, diversity of opinions and challenge are both encouraged and accepted. The Board recognised it has progressed issues that were raised in the 2019 evaluation, for example, an appropriate organisational structure and an improvement in the accountability of performance management. The review also found that the Board had some areas in which to progress further development. Actions have already been created for key areas and incorporated into planning for 2021. These include a strategy for improved engagements with specific stakeholders, the further development of the long term strategy of the business and its associated risks, more regular assurance of sub-surface asset integrity, and more engagement with the second tier of management.

Board time* (%)



* Percentages are approximate.

Nominations Committee Report on pages 54 and 55

Shareholder Engagement

At the AGM on 23 April 2020, a significant number (33 per cent) of votes were cast against Resolution 13. The Resolution sought the authority for Directors to make allotments of shares in accordance with routine practice in the UK and complied with the guidance published by the Investment Association and the Pre-Emption Group. Being an Ordinary Resolution, it was passed but the vote against was a clear statement from a few of our shareholders. Following the AGM, our Chair of the Board has engaged with our major shareholders who voted against the resolution and now has an understanding of the concerns raised by them. The concerns relate to the potential dilution of their existing shareholdings and the Board has noted these concerns.

Audit, risk and internal control

The Board has delegated responsibility to the Audit Committee to satisfy itself on the integrity of the Financial Statements and announcements on financial performance, overseeing the relationship with the external auditor and reviewing significant financial reporting and accounting policy issues.

The Audit Committee has also assumed responsibility for overseeing the Group's internal audit programme and the process of identifying principal and emerging risks and ensuring that they are managed effectively. As part of that process, the Company's internal financial controls and internal control and risk management systems are assessed annually.

The Directors acknowledge their responsibility for the Group's systems of internal control which are designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication and to comply with the requirements of the Code. Overall control is ensured by a regular detailed reporting system covering both operational and commercial performance and the state of the Group's financial affairs.

The Board has procedures for identifying, evaluating and managing principal risks that impact the Group and these are regularly reviewed. Tullow recognises that any systems of risk management and internal control can only provide reasonable, and not absolute, assurance that material financial irregularities will be detected or that the risk of failure to achieve business objectives is eliminated. However, the Board does seek to ensure that Tullow has appropriate systems in place for the identification and management of key risks, including emerging risks. In accordance with the requirements of the Code, the Board has established procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long term strategic objectives.

Safety and Sustainability Committee

The Board has delegated to this Committee the responsibility and oversight of the Company's occupational and process safety, people and asset security, health and environmental stewardship. The Committee monitors performance and key risks associated with these areas. The Committee also provides oversight of the implementation of the Company's strategic priorities with respect to sustainability, namely: a Net Zero delivery plan, shared prosperity, responsible operations, environmental stewardship, and equality and transparency. The Committee has been strengthened by the recent appointment of Mitchell Ingram, who is an engineer and a highly experienced oil and gas executive. Mitchell was appointed Chair of the Committee in January 2021.

Audit Committee

The Audit Committee retains responsibility for oversight of the external audit of reserves and resources. Board governance was strengthened by the nomination of a non-executive Director with appropriate technical expertise who has responsibility for engagement with the Chief Petroleum Engineer on all matters relating to reserves and resources. The same non-executive Director is available to assist with technical concerns raised through the Company's confidential speaking-up service, Safe Call, and has also recently been appointed as a member of the Audit Committee. The Company's external independent reserves auditor meets with the Audit Committee at least once a year to provide the Committee with an opportunity to ask questions and provide challenge to Senior Management's assumptions.

Audit Committee Report pages 49 to 53

Remuneration Committee

The policies and practices for determining the remuneration of the Executive Directors and the Senior Managers have been delegated to the Remuneration Committee. The principal role of the Remuneration Committee is to develop and maintain a Remuneration Policy that ensures Executive Directors and Senior Managers are rewarded in a manner that closely aligns with the successful delivery of the Company's long term purpose and strategy as well as those of the shareholders and other stakeholders, including the workforce.

Remuneration Committee Report pages 57 to 73

Board oversight of climate change and disclosures in alignment with TCFD

Tullow has recognised that climate change and the decarbonisation of the global economy represent fundamental strategic risks to its business. Climate-related risks have, accordingly, been designated as an enterprise level risk (and a distinct principal risk category) with the Board as a whole assuming direct responsibility for overseeing the identification and assessment of, and response to, these risks. Directors have responsibility for ensuring they remain sufficiently informed of climate-related risks to Tullow and the broader energy sector in order to be able to meet their fiduciary duties under the UK Companies Act 2006.

The Board will take particular account of the financial impact on Tullow's existing portfolio stemming from the risks of lower oil demand, lower oil prices and potential carbon taxes associated with scenarios aligned with the goals of the Paris Agreement. The Board will also use these scenarios to evaluate the commercial viability of new development projects and exploration campaigns.

The Board will monitor indications of any changes in Tullow's access to and cost of capital and debt, particularly stemming from shifts in investor sentiment towards the oil and gas sector related to climate change. The Board will agree Tullow's carbon management and performance, including targets for emissions reductions, as part of Tullow's commitment to becoming a Net Zero company by 2030 (Scope 1 & 2 emissions). In addition, the Board will receive updates relating to host governments' energy transition and climate resilience plans as well as requests for support for private sector initiatives in those countries.

Safety and Sustainability Committee Report page 56

The main Tullow Board is supported by its four Committees – Audit, Nominations, Safety and Sustainability and Remuneration – to ensure governance related to climate change is implemented through the Company's existing governance structure.

Audit Committee

The Committee oversees the process of evaluating the financial impact of scenario analysis on our portfolio and ensure it is appropriately and transparently reflected in our financial disclosures including valuation of reserves.

Nominations Committee

The Committee ensures the Board and Senior Leadership Team have access to the relevant skills and capabilities to assess, address and report on exposure to climate change and the low carbon transition.

Safety and Sustainability Committee

The Committee has full oversight of Tullow's operational performance on carbon emissions management and how that performance translates into sustainability benchmarks and ratings scores, recognising the growing importance of these tools in investor decision making. In addition, the Safety and Sustainability Committee has broader oversight of Tullow's sustainability disclosure, ensuring it is balanced, complete and accurate.

The Director of People and Sustainability, Julia Ross, is designated as the owner of climate-related risk. She is ultimately responsible for determining Tullow's strategic response to climate change and the energy transition, for identifying, assessing and managing climate-related risks and opportunities and for monitoring the progress of mitigation actions. She is supported in this by the other members of the Senior Leadership Team.

The Senior Leadership Team is responsible for reviewing the commercial resilience of Tullow's portfolio against the assumptions of the IEA, or other challenging scenarios, at least annually and evaluating the risks to the commercial viability of new development projects and exploration campaigns. The Senior Leadership Team will also set and monitor targets established to improve climate performance and periodically review Tullow's mitigation of climate risks.

Climate change risks, opportunities and scenario assumptions (including oil demand, oil price, and carbon taxes) are considered and integrated into all stages of the business cycle and into financial accounting processes.

Each part of the business will evaluate climate-related risks and opportunities within their areas of responsibility, bearing in mind the cross-cutting nature of climate change risk which may affect other principal risk categories including strategy risk, stakeholder risk, EHS risk, financial risk, organisation risk and conduct risk.

Remuneration Committee

The Board approved the inclusion of a KPI in the 2021 scorecard which aligns executive pay and employees' performance-related pay. The KPI is to embed sustainability across the organisation, including to progress the Net Zero Plan.

Compliance

The Board is satisfied that the Group has complied in full with the Code during the year ended 31 December 2020, with the following exceptions:

i. The Directors' Remuneration Policy, approved by shareholders in 2020, provides that Executive Director pension contributions for new Executive Directors are aligned (as a percentage of salary) with those available to the workforce. However, it provides that pension contributions for existing Executive Directors will be frozen at the 2019 cash amount and adjusted downwards so they are aligned (as a percentage of salary) with those available to the workforce by 1 January 2023. This does not comply with Provision 38 of the Code which requires these contributions to be aligned with those available to the workforce; however, this is reflective of Provision 143 of the FRC's Guidance on Board Effectiveness, which acknowledges that it may not be practical to alter existing contractual arrangements. The Board confirms that the pension contributions for the recently appointed Chief Executive Officer's are aligned (as a percentage of salary) with those available to the workforce.

ii. In contravention to Provision 9 of the Code, the roles of Chair and the Chief Executive Officer were temporarily performed by Dorothy Thompson on an interim basis while the search for a new Chief Executive Officer was conducted. The appointment of Rahul Dhir as the new Chief Executive Officer was announced in April 2020 and took effect on 1 July 2020.

Dorothy Thompson
Chair

9 March 2021

Board of Directors

N S

Dorothy Thompson
Chair

Age: **60**

Tenure: **2 years**

Appointment: **2018**

Independent: **Yes**

Key strengths

Executive leadership, public company governance and leadership, investor relations, corporate finance, accounting and audit, business development, risk management, technology and innovation.

Experience

Dorothy brings extensive leadership and governance experience to Tullow developed over a 35-year career in business. Dorothy spent 12 years, until the end of 2017, as chief executive officer for Drax Group plc, the international power and energy trading company. Before joining Drax, Dorothy worked for InterGen Services Inc, and PowerGen plc. She started her career in development banking with the Commonwealth Development Corporation and the National Development Bank of Botswana, roles in which Dorothy gained significant experience in emerging markets in Africa. In addition, Dorothy spent nine years as a non-executive director of Johnson Matthey plc. Dorothy holds BSc (Hons) and MSc degrees in Economics from the London School of Economics and Political Science and was appointed a Commander of the Order of the British Empire in 2013.

Current external roles

Dorothy is currently a non-executive director of Eaton Corporation plc, an international power management company, where she chairs the governance committee and serves on the audit committee. In addition, Dorothy is a director of the Court of the Bank of England, where she chairs the audit and risk committee, is the senior independent director and is a member of the nominations committee and the real time gross settlement renewal committee.

Rahul Dhir
Chief Executive Officer

Age: **55**

Tenure: **<1 year**

Appointment: **April 2020**

Independent: **No**

Key strengths

Upstream business, exploration, development and operations, executive leadership, capital markets, M&A, environment, health, safety and sustainability.

Experience

Rahul brings substantial leadership experience in the oil and gas industry to Tullow, having founded Delonex Energy, an Africa-focused oil and gas company in 2013. Prior to establishing Delonex, Rahul spent six years at Cairn India as chief executive officer and managing director. Under his leadership Cairn India successfully completed a $2 billion IPO and grew to a market value of nearly $13 billion with operated production of over 200,000 barrels of oil equivalent per day. Rahul started his career as a Petroleum Engineer, before moving into investment banking where he led teams at Morgan Stanley and Merrill Lynch, advising major oil & gas companies on merger and acquisition and capital market related issues.

Current external roles

Member of the International Board of Advisors at the University of Texas at Austin.

Les Wood
Chief Financial Officer

Age: **58**

Tenure: **3 years**

Appointment: **2017**

Independent: **No**

Key strengths

Upstream business, corporate finance, accounting and audit, business development, risk management, executive leadership, investor and government relations.

Experience

Les brings considerable financial and commercial expertise to Tullow, including major mergers and acquisitions delivery, joining in 2014 as Vice President Commercial and Finance after a 28-year career at BP plc. Les held a number of senior roles at BP plc including chief financial officer for BP plc Canada and BP plc Middle East as well as global head of business development. Les holds a BSc (Hons) in Chemistry from Herriot Watt University, Edinburgh, and an MSc in Inorganic Chemistry from Aberdeen University.

Current external roles

None.

A N S

Mike Daly
Non-executive Director

Age: **67**

Tenure: **6 years**

Appointment: **2014**

Independent: **Yes**

Key strengths

Upstream business, exploration and appraisal executive leadership, business development, executive and public company leadership, technology and innovation, environment, health, safety and sustainability.

Experience

Mike brings significant upstream experience to Tullow from a 40-year career in the oil and gas business. Mike spent 28 years at BP plc where he held a number of senior executive and functional roles within the exploration and production division across Europe, South America, the Middle East and Asia, including eight years as head of exploration and new business development. He also served on BP's executive team as executive vice president exploration, accountable for the leadership of BP's exploration business. Mike was a member of the World Economic Forum's Global Agenda Council on the Arctic and has served on the advisory board of the British Geological Survey. He is a visiting professor at the Department of Earth Sciences, Oxford University. He holds a BSc in Geology from the University College of Wales and a PhD in Geology from Leeds University. Mike is also a graduate of the Program for Management Development, Harvard Business School, and in 2014 was awarded The Geological Society of London's Petroleum Group Medal.

Current external roles

Non-executive director of Compagnie Générale de Géophysique, a global provider of geoscience and geophysical services to the oil and gas industry, where he is chair of the health, safety, environment and sustainable development committee. President of the Geological Society of London, a registered UK charity.

A

Martin Greenslade
Non-executive Director

Age: **55**

Tenure: **2 years**

Appointment: **2019**

Independent: **Yes**

Key strengths

Corporate finance, accounting and audit, risk management and executive and public company leadership.

Experience

Martin, a chartered accountant, brings extensive corporate financial experience to Tullow from a 32-year career in the property, engineering and financial sectors in the UK and across Africa, Scandinavia and Europe. Since 2005 Martin has been chief financial officer at Land Securities Group plc, a listed UK real estate company. Previously, he spent five years as group finance director of Alvis plc, an international defence and engineering company. Martin holds an MA in Computer and Natural Sciences from Cambridge University and is also a graduate of the Stanford Executive Program, Stanford University, California.

Current external roles

Martin is currently chief financial officer and board member at Land Securities Group plc. Martin is also a board trustee of the International Justice Mission, a human rights charity focused on protecting the poor from violence and ending human slavery.

S

Sheila Khama
Non-executive Director

Age: **63**

Tenure: **2 years**

Appointment: **2019**

Independent: **Yes**

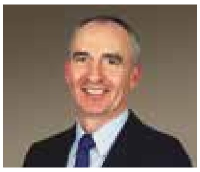
Key strengths

Extractives project and policy reform, executive leadership, corporate governance, business development, public–private partnership and sustainability.

Experience

Sheila brings to Tullow a wealth of executive experience in the banking and natural resources sectors across Africa. Sheila served as the chief executive officer of De Beers Botswana from 2005 to 2010, after which she served as a director of the extractives advisory programme at the African Centre for Economic Transformation. In 2013, Sheila took up a position as director of the Natural Resources Centre at the African Development Bank, Abidjan, Côte d'Ivoire. Sheila subsequently became a policy adviser at the World Bank in Washington in 2016. In both roles she advised host governments on sustainable development policies for natural resources. During this time she also represented the African Development Bank as an observer on the international board of directors of the Extractive Industries Transparency Initiative. Sheila holds a BA from the University of Botswana and an MBA from the Edinburgh University Business School.

Current external roles
Sheila is currently a member of the Advisory Panel of LafargeHolcim, the United Nations Sustainable Development Solutions Network, the Advisory Board of the Centre for Sustainable Development Investment, Columbia University, and the audit committee of the United Nations Office of Operations, as well as a non-executive director of the Development Partner Institute.



R S

Mitchell Ingram
Non-executive Director

Age: **58**
Tenure: **<1 year**
Appointment: **2020**
Independent: **Yes**

Key strengths
Upstream business, corporate finance, accounting and audit, business development, risk management, executive leadership, investor and government relations.

Experience
Mitchell brings a wealth of oil and gas executive experience to Tullow, having established a distinguished career spanning over 28 years of experience in the oil and natural gas industry. Mitchell joined Anadarko in 2015 and became executive vice-president of International, Deep Water, and Exploration in 2018. Prior to this, he served as development director and then asset general manager for the Karachaganack field in Kazakhstan at BG Group, following his time as managing director of QGC Australia. Mitchell began his career at Occidental and spent 22 years in a number of technical and operational roles in the UK North Sea, Qatar and Libya. Mitchell holds a BSc in Engineering Technology from Robert Gordon University in Aberdeen.

Current external roles
None.

A R

Genevieve Sangudi
Non-executive Director

Age: **44**
Tenure: **2 years**
Appointment: **2019**
Independent: **Yes**

Key strengths
Corporate finance, accounting and audit, business development, risk management, executive leadership and investor relations.

Experience
Genevieve brings considerable marketing, investment and fund management experience to Tullow from a 22-year career in the financial sector in the US and across Africa. Genevieve began her career in business development as a marketing executive at Proctor & Gamble, Boston, before joining Emerging Capital Partners, a pan-African private equity firm, as a partner and managing director. At Emerging Capital Partners Genevieve served on the boards of portfolio companies working closely with the executive teams and set up the company's operations in Nigeria. Since 2011, Genevieve has been managing director, Sub-Saharan Africa, for the American private equity company Carlyle Group, based in Johannesburg, South Africa, leading on a number of significant transactions in Gabon, Tanzania, Nigeria and Uganda. Genevieve holds a BA from Macalester College, St Paul, Minnesota, an MA in International Affairs from Columbia University, New York, and an MBA from the Columbia Business School, Columbia University.

Current external roles
Genevieve is currently managing director, Sub-Saharan Africa, for the American private equity company Carlyle Group.

A N R

Jeremy Wilson
Senior Independent Director

Age: **56**
Tenure: **7 years**
Appointment: **2013**
Independent: **Yes**

Key strengths
Corporate finance, accounting and audit, business development, risk management, executive leadership, public company governance and leadership and investor relations.

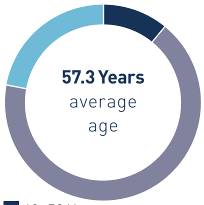
Experience
Jeremy brings extensive strategic and corporate finance experience to Tullow developed over a 30-year business career. Most recently Jeremy spent 26 years at the investment bank JP Morgan where he held a number of senior executive roles including head of European mergers and acquisitions, co-head of global natural resources and diversified industrials and latterly vice chair of the bank's energy group. Up until mid-2020 Jeremy was a non-executive director of John Wood Group plc, an international engineering company providing project and technical services to the energy industry, where he served as a senior independent director on the audit and nominations committees and chair of the remuneration committee. Jeremy holds an MSc in Engineering from Cambridge University.

Current external roles
Jeremy is founder, owner and chair of the Lakeland Climbing Centre.

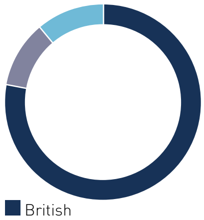
Board composition statistics

Tenure

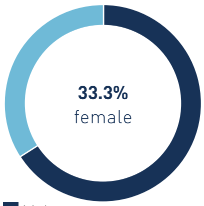
Age



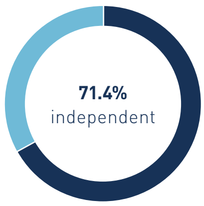
Nationality



Gender



Independence



Committee membership key

- Committee Chair
- A Audit Committee
- N Nominations Committee
- R Remuneration Committee
- S Safety and Sustainability Committee

Engaging with our stakeholders

COVID-19 posed significant challenges in the Board's ability to build on its relationships with all of Tullow's key stakeholder groups during 2020. Nevertheless, the Board sought out opportunities to engage virtually with our key stakeholders which include investors and creditors, host countries and Tullow staff. Engagements were undertaken by the Chair, individual Directors and non-executive Directors and feedback from these engagements is considered during Board discussions and decision making.

Our key stakeholders	How the Board engaged
Our investors	- Early in 2020, the Chair and Senior Independent Director met with shareholders to discuss governance issues including the new Directors' Remuneration Policy and the search for a new CEO. As a result, the feedback received was incorporated into the Policy which was approved by shareholders at the AGM, and the feedback on succession helped shape our CEO search. - Throughout the year, the Chair, and later the new CEO, met virtually with major investors to discuss business performance, deleveraging and refinancing after the Full Year Results and Half Year Results market updates. - The Senior Independent Director met with major shareholders to discuss governance issues. - The CEO and CFO hosted a Capital Markets Day event in November for shareholders. - The CFO has hosted regular meetings with lending banks as part of our six-monthly redetermination, and with banks and bondholders as part of our refinancing discussions. - The Chair hosted a virtual Annual General Meeting which was also attended by the Directors. At that meeting, we received a significant number of votes against a particular resolution (resolution 13) and so the Chair and CFO engaged with shareholders with major shareholders and their views have been taken into consideration.
Our host countries	- The Chair met virtually with HE the President of Ghana, ambassadors and key officials of certain host countries. - The Chair and CEO engaged with HE the President of Uganda in the lead up to and post the completion of the Uganda transaction. - The CEO after joining the business in July met in person with HE the President of Ghana, the Minister of Energy and the Minister of Finance in September. - Additionally, the CEO met virtually with many of our key stakeholders across Kenya, Gabon, Côte d'Ivoire, Suriname and Equatorial Guinea.
Our people	- The Chair and non-executive Directors met with members of the Tullow Advisory Panel during the course of the year, taking on valuable feedback as the Company went through a significant restructuring and the feedback received help shape the assistance provided and communications on the matter. - The CEO hosted regular virtual town hall events which included open Q&A throughout the year, as well as small group discussions, and took feedback via an anonymous survey. - The CEO reached out and met virtually with certain individuals who, due to the pandemic, were severely delayed in being reunited with their families.

Dear shareholder

I am pleased to present my first report to you as Chair of the Audit Committee. Steve Lucas, the previous Chair, stepped down from the Board and the Audit Committee at the 2020 AGM after eight years and I would like to thank him for the perspectives and challenge which he provided. Most recently, Mike Daly has been re-appointed to the Committee to provide valuable oil and gas experience.

The Audit Committee continues to focus on ensuring that Tullow has a strong system of financial and non-financial controls, risk management and internal audit. In particular, the Audit Committee's activities in 2020 included oversight of Tullow's financial reports, disclosures in key transactional documents, as well as assessing the effectiveness of the Company's risk management and internal control processes. In this report, I also outline key areas of financial judgement and estimation, which were considered in Tullow's accounts and the action taken by the Committee to ensure they fairly reflect Tullow's financial position.

2020 was a year of significant change and challenges for Tullow. An organisational restructuring programme was undertaken, first under Dorothy Thompson as Executive Chair and then under Rahul Dhir, who joined as CEO in July 2020. The focus of the Audit Committee has reflected this with a strong emphasis on controls, the carrying value of assets and the going concern assessment. The Committee has also reviewed management's implementation of the outsourcing of key finance and supply chain processes to Accenture in Bangalore, which was part of the organisational restructuring. The Committee's focus was on the maintenance and enhancement of the Group's control environment during this transition.

We have monitored the completion of the transition to Ernst & Young LLP as the Company's statutory external auditor for 2020, following shareholder approval of its appointment at the 2020 AGM. The Committee has been encouraged by the additional focus and insight provided by the new auditor, especially in the areas of significant judgements and their use of data analytics.

The Audit Committee conducted an external review of the Company's Internal Audit function and its operating model, and oversaw the appointment of a new Head of Internal Audit and Risk. This was particularly important due to the significant changes that occurred within the organisational structure of the business during 2020.

Based on the results of the annual effectiveness review of risk management and internal control systems, the Audit Committee concluded that the system of internal controls operated effectively throughout the financial year and up to the date on which the Financial Statements were signed. There were areas identified for improvement and the Audit Committee is confident that they are in the process of being addressed.

During 2020, the Financial Reporting Council (FRC) reviewed Tullow's Annual Report and Accounts for 2019. We are pleased with the outcome of the review as no material findings were reported by the FRC. It did, however, request additional information and suggest some improvements around the Company's disclosures on certain areas of judgement and uncertainty, which have been addressed in our 2020 Annual Report and Accounts.[1]

Before advising the Board on the approval of the 2020 Annual Report and Accounts, the Committee asked the Senior Leadership Team to demonstrate to the Committee its processes and procedures for ensuring that the report contains the relevant information necessary for shareholders to assess Tullow's position, performance, business model and strategy and that it is fair, balanced and understandable.

Martin Greenslade
Chair of the Audit Committee

9 March 2021

1. We have been requested by the FRC to include their following statement regarding inherent limitations of its review: "Our review is based on your Annual Report and Accounts and does not benefit from detailed knowledge of your business or an understanding of the underlying transactions entered into. It is, however, conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework. FRC supports continuous improvement in the quality of corporate reporting and recognises that those with more detailed knowledge of your business, including your Audit Committee and auditor, may have recommendations for future improvement, consideration of which we would encourage. Our letters provide no assurance that your Annual Report and Accounts is correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements. Our letters are written on the basis that the FRC (which includes FRC's officers, employees and agents) accepts no liability for reliance on them by the Company or any third party, including but not limited to investors or shareholders."

Governance

Martin Greenslade was appointed Audit Committee Chair in April 2020 following the AGM. Martin is a chartered accountant. He has been chief financial officer at Land Securities Group plc since 2005 thus meeting the requirement of the UK Corporate Governance Code for the Audit Committee to have at least one member who has recent and relevant financial experience. The other members of the Audit Committee are Mike Daly, Genevieve Sangudi and Jeremy Wilson. Together, the members of the Committee demonstrate competence in the oil and gas industry, with Mike Daly having significant prior experience in oil and gas companies, while other Committee members also bring a wider range of industry, commercial and financial experience, which is vital in supporting effective governance. The Company Secretary serves as the secretary to the Committee.

The Chief Financial Officer, the Group General Counsel, the Group Financial Controller, the Head of Internal Audit and Risk and representatives of the external auditor are invited to attend each meeting of the Committee and participated in all of the meetings during 2020. The Chair of the Board and the CEO also attend meetings of the Committee by invitation and were present at most of the meetings in 2020. The external auditor and the Head of Internal Audit and Risk have unrestricted access to the Committee Chair.

In 2020, the Audit Committee met on six occasions and also held conference calls between meetings to consider specific items. Meetings are scheduled to allow sufficient time for full discussion of key topics and to enable early identification and resolution of risks and issues. Meetings are aligned with the Group's financial reporting calendar.

The Committee reviewed its terms of reference during the year to ensure they comply with relevant regulation, including the UK Corporate Governance Code 2018, the Companies Act 2006, the FRC's 2016 Guidance on Audit Committees, the FRC's 2014 Guidance on Risk Management, Internal Control and Related Financial and Business Reporting and the FRC's Revised Ethical Standards 2019. The Audit Committee's terms of reference can be accessed via the corporate website. The Board approved the terms of reference on 3 December 2020.

Summary of responsibilities

The Committee's detailed responsibilities are described in its terms of reference and include:

- monitor the integrity of the Financial Statements of the Group, reviewing and reporting to the Board on significant financial reporting issues and judgements including going concern and viability assessments;
- review and, where necessary, challenge the consistency of significant accounting policies, and whether appropriate accounting standards have been used;
- review the content of the Annual Report and Accounts and advise the Board on whether it is fair, balanced and understandable and if it provides the information necessary for shareholders to assess Tullow's position, performance, business model and strategy;
- monitor and review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems;
- consider the level of assurance being provided on the risk management and internal controls systems and whether it is sufficient for the Board to satisfy itself that they are operating effectively;
- review the adequacy of the whistleblowing system, and the Company's procedures for detecting and preventing fraud;
- review and assess the annual Internal Audit Plan, its alignment with key risks of the business and coordination with other assurance providers and receive a report on the results of the Internal Audit function's work on a periodic basis;
- oversee its relationship with the external auditor including assessing its independence and objectivity, review the annual audit plan to ensure it is consistent with the scope of the audit engagement, and review the findings of the audit;
- assess the qualifications, expertise and resources of the external auditor and the effectiveness of the audit process; and
- oversee the system of ethics and compliance, including its procedures to prevent bribery and corruption, and response to any significant instances of non-compliance.

Key areas reviewed in 2020

The Committee fully discharged its responsibilities during the year and the following describes the work completed by the Audit Committee in 2020:

Annual Report

For the Audit Committee and the Board to be satisfied with the overall fairness, balance and clarity of the final report, the following steps are taken:

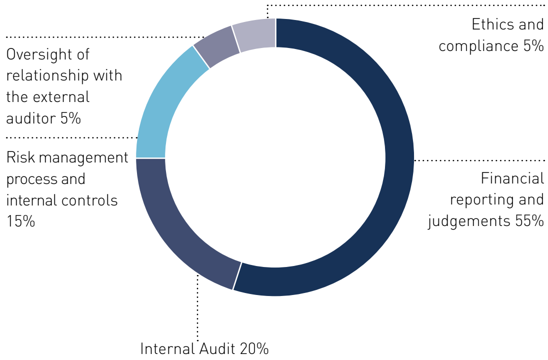
- collaborative approach taken by the Group, with support from the Executives and Group functions and direct input from the Board;
- a central dedicated project team working closely with our external auditor;
- early engagement and planning, taking into consideration investors' feedback, regulatory changes and leading practice;
- comprehensive guidance issued to key report contributors across the Group;
- validation of data and information included in the report both internally and by the external auditor;
- a series of key proof dates for comprehensive review across different levels in the Group that aim to ensure consistency and overall balance; and
- Senior Management and Board review and sign-off.

Financial reporting

As part of the financial reporting process, the Committee kept under review ongoing and emerging financial reporting risks and judgements. The Committee met in September 2020 to review half-year Financial Statements and in December 2020 and January 2021 to discuss an initial view of key financial reporting risks and judgements before the year-end process. Finally, the Committee met for the full-year accounts approval in March 2021. At each stage of the process, the Committee considered the key risks identified as being significant to the 2020 Annual Report and Accounts as well as accounting policy changes and their most appropriate treatment and disclosure. The primary areas of judgement considered by the Committee in relation to the 2020 accounts and how these were addressed are detailed overleaf. The related Group accounting policies can be found on pages 97 to 108.

Significant financial judgements and areas of estimation	How the Committee addressed these judgements and areas of estimation
Carrying value of intangible exploration and evaluation assets	A detailed accounting paper was received by the Committee from management on the Group's exploration and evaluation assets, with a separate paper for Kenya and Uganda, given their materiality. The papers documented management's assessment of indicators for impairment and, if required, showed calculations for the impairments. The Committee reviewed these papers and challenged management's position, with particular focus on the Kenya and Uganda development projects following the decrease in the Group's oil price assumption, at both the November and February Audit Committee meetings. Furthermore, the Committee met and discussed the Group's reserves and resources with the Group's external reserves auditor, TRACS, at the March Committee meeting to confirm that the hydrocarbon volumes audited by TRACS support the impairment assessment. The Committee supported management's assessment that an impairment was required in respect of Kenya based on the value-in-use assessment performed and that impairment of Uganda should reflect the consideration received on disposal. The Committee also concurred that exploration assets in Comoros, Namibia, Côte d'Ivoire and Guyana should be written off as proposed by management and ensured there was an appropriate disclosure of this judgement in the Annual Report and Accounts.
Carrying value of property, plant and equipment	The Committee received and reviewed the papers prepared by management on the Group's oil price and discount rate assumptions, which are used in the assessment of the carrying value of PP&E. At the September, December and March Audit Committee meetings these assumptions were challenged by the Committee compared to independent oil price forecasts. The Committee also challenged the Company's calculation of discount rates, with particular focus on the asset and exploration risk adjustments made by management to a peer group weighted average cost of capital. At the September, December and March Audit Committee meetings the Audit Committee reviewed and challenged detailed papers on management's assessment of impairment triggers and resulting impairment tests for PP&E. The Committee gave particular focus to TEN, given the materiality of historical impairments made to that asset. The Committee also discussed the Group's reserves and resources with the Group's external reserves auditor, TRACS, at the March Committee meeting to gain comfort over management's view of the carrying value of PP&E. The Committee concurred with the impairment and impairment reversals proposed by management and ensured there was an adequate disclosure of this judgement in the Annual Report and Accounts.
Going concern and viability	A detailed accounting paper and cash flow analysis was prepared by management and provided to the Committee, which then reviewed and challenged the assumptions and judgements in the underlying going concern and Viability Statement forecast cash flows. The Committee discussed with management the risks, sensitivities and mitigations identified by management to ensure the Company can continue as a going concern. The Committee agreed with management that there are, however, material uncertainties in relation to this assessment. The Committee also discussed the three-year time horizon used by management for the Viability Statement. The Committee concurred with management's assessment and ensured there was an adequate disclosure of this judgement in the Annual Report and Accounts.
Decommissioning costs	A detailed paper was prepared by management detailing the Group's decommissioning provision assumptions making reference, where appropriate, to relevant third-party reports, operator estimates and market data. At the January Audit Committee meeting, the Committee challenged the reasonableness of management's assessment of the changes to estimated decommissioning costs made during 2020. The Committee concurred with management's assessment and ensured there was an adequate disclosure of this judgement in the Annual Report and Accounts.
Provisions	A detailed accounting paper was prepared by management on provisions and reviewed by the Committee. This included a summary of independent legal advice on such disputes where appropriate. The Committee regularly monitors the risk by receiving regular summaries of all open litigations and disputes as part of the Group's Quarterly Performance reporting. The Committee then challenged management's position at the December and March Audit Committee meetings. The Committee concurred with management's assessment and ensured there was an adequate disclosure of this judgement in the Annual Report and Accounts.
Uncertain tax and regulatory positions	Detailed accounting papers on all tax and regulatory exposures were prepared by management for the Committee's review. Where relevant, the papers included summaries of external legal or tax advice on particular tax claims and assessments received. The Committee also met with the Head of Tax in the September meeting to discuss and challenge the key judgements and estimates made including the likelihood of success and the quantum of the total exposure for which provision had been made. The Committee concurred with management's assessment and ensured there was an adequate disclosure of this judgement in the Annual Report and Accounts.

Allocation of Audit Committee time* (%)



* Percentages are approximate.

External auditor

Making recommendations to the Board on the appointment or re-appointment of the Group's external auditor, overseeing the Board's relationship with the external auditor and overseeing the selection of a new external auditor, and assessing the effectiveness of the external audit process is a key responsibility of the Audit Committee.

- The UK Corporate Governance Code states that the Audit Committee should have primary responsibility for making a recommendation on the appointment, re-appointment or removal of the external auditor. On the basis of the competitive tender process carried out in 2018, the Committee recommended to the Board that it recommend to shareholders the appointment of Ernst & Young LLP as Tullow's statutory auditor, which was duly appointed at the 2020 AGM.
- The external auditor is required to rotate the audit partner responsible for the Group audit every five years. Mr Paul Wallek is Ernst & Young LLP's lead audit partner with effect from 2020.
- The Audit Committee assessed the qualifications, expertise and resources, and independence of Ernst & Young LLP as well as the effectiveness of the audit process. This review covered all aspects of the audit service provided by Ernst & Young LLP, including obtaining a report on the audit firm's own internal quality control procedures and consideration of the audit firm's annual transparency reports in line with the UK Corporate Governance Code. The Audit Committee also approved the external audit terms of engagement and remuneration. During 2020 the Committee held private meetings with the external auditor. The Audit Committee Chair also maintained regular contact with the audit partner, Mr Paul Wallek, throughout the year. These meetings provide an opportunity for open dialogue with the external auditor without management being present. Matters discussed included the auditor's assessment of significant financial risks and the performance of management in addressing these risks, the auditor's opinion of management's role in fulfilling obligations for the maintenance of internal controls, the transparency and responsiveness of interactions with management, confirmation that no restrictions have been placed on it by management, maintaining the independence of the audit, and how it has exercised professional challenge.
- In order to ensure the effectiveness of the external audit process, Ernst & Young LLP conducts an audit risk identification process at the start of the audit cycle. This plan is presented to the Audit Committee for its review and approval and, for the 2020 audit, the key audit risks identified included going concern and covenant compliance, impairment of tangible oil and gas properties, oil and gas reserves estimation, impairment of Kenya and Uganda intangible exploration and evaluation assets, revenue recognition and estimation of decommissioning provisions. These and other identified risks are reviewed through the year and reported at Audit Committee meetings where the Committee challenges the work completed by the auditor and tests management's assumptions and estimates in relation to these risks. The Committee also seeks an assessment from management of the effectiveness of the external audit process. In addition, a separate questionnaire addressed to all attendees of the Audit Committee and Senior Finance Managers is used to assess external audit effectiveness. As a result of these reviews, the Audit Committee considered the external audit process to be operating effectively.
- The Committee closely monitors the level of audit and non-audit services provided by the external auditor to the Group. Non-audit services are normally limited to assignments that are closely related to the annual audit or where the work is of such a nature that a detailed understanding of the Group is necessary. An internal Tullow standard for the engagement of the external auditor to supply non-audit services is in place to formalise these arrangements. It was revised in 2018 and is reviewed bi-annually. It requires Audit Committee approval for all non-trivial categories of non-audit work. A breakdown of the fees paid in 2020 to the external auditor in respect of audit and non-audit work is included in note 4 to the Financial Statements.
- In addition to processes put in place to ensure segregation of audit and non-audit roles, Ernst & Young LLP is required, as part of the assurance process in relation to the audit, to confirm to the Committee that it has both the appropriate independence and the objectivity to allow it to continue to serve the members of the Company. This confirmation is received every six months and no matters of concern were identified by the Committee.

External auditor rotation

Following the tender conducted in 2018, the Board appointed Ernst & Young LLP in December 2018 as the Group's statutory auditor for the financial year commencing 1 January 2020. This appointment was approved by shareholders at the 2020 Annual General Meeting. Throughout 2020, management has engaged with Ernst & Young LLP and Deloitte LLP, the Group's previous statutory auditor, to ensure a smooth transition.

Internal controls and risk management

Responsibility for reviewing the effectiveness of the Group's risk management and internal control systems is delegated to the Audit Committee by the Board.

In 2020, the Audit Committee reviewed, discussed and briefed the Board on risks, controls and assurance, including the annual assessment of the system of risk management and internal control, to monitor the effectiveness of the procedures for internal control over financial reporting, compliance and operational matters.

The Audit Committee obtained comfort over the effectiveness of the Group's risk management and internal control systems through various assurance activities that included:

- audits undertaken by the Internal Audit team;
- assurance undertaken by the Group functions and Business Units;
- enterprise risk management and assurance processes;
- the external auditor's observations on internal financial controls identified as part of its audit; and
- regular performance, risk and assurance reporting by the Business Unit and Corporate teams to the Board.

During the year, in concert with the Board, the Audit Committee completed a robust assessment of the significant risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. This assessment included the identification of emerging risks. The assessment process included engagements with the Senior Leadership Team helping to support understanding, ownership and accountability of enterprise-wide risks across all layers of the Company. For each of the principal risk categories the Board reviewed the risk strategies and associated risk appetites to ensure they were still valid. The risk appetites are embedded in the Tullow IMS to ensure they are visible to the whole organisation and help risk owners define risk tolerance and target levels for each key risk.

Internal Audit periodically presented its findings to the Audit Committee, over delivery of the assurance plan, progress of issues raised and their timely resolution. On occasions, Senior Management representatives from the business were also invited to the Audit Committee to provide updates on key matters such as business process outsourcing and annual tax strategy review.

In addition, during the year, the Audit Committee received reports from the independent reserves auditor TRACS and reviewed the arrangements in place for managing risk relating to the Group's critical information systems.

All identified findings were assessed, with no indications of fraud noted.

Based on the results of the annual effectiveness review of risk management and internal control systems, the Audit Committee concluded that the system of internal controls operated effectively throughout the financial year and up to the date on which the Financial Statements were signed. There were areas identified for improvement and the Audit Committee is confident that they are in the process of being addressed.

Internal audit requirements

The Audit Committee's role is to consider how the Group's internal audit requirements are satisfied and make relevant recommendations to the Board.

- A new Group Head of Internal Audit and Risk was appointed to the role in 2021. The acting Group Head of Internal Audit and Risk had direct access and responsibility to the Audit Committee Chair and Committee. The position's main responsibilities include evaluating the Group's assessment of the overall control environment. During 2020, the Group Head of Internal Audit met twice with the Audit Committee or its Chair without the presence of management.
- The Committee reviewed and challenged the programme of 2020 internal audit work developed to address both financial and overall risk management objectives identified within the Group. The plan was subsequently adopted with progress reported at the Audit Committee meetings. 14 internal audits were undertaken during the year, covering a risk-based range of financial and business processes in the Group's Corporate functions and the main operational Business Units.
- Internal Audit also ran a systematic programme of audits of suppliers' compliance with commercial and business ethics clauses, including bribery and corruption with regard to significant and high-risk contracts.
- Detailed results from the internal audits were reported to management and in summary to the Audit Committee during the year. Where required, the Audit Committee receives full reports and details on any key findings. The Audit Committee receives regular reports on the status of the implementation of Internal Audit recommendations.
- The Audit Committee assessed the effectiveness of Internal Audit through meeting with the Head of Internal Audit, its review and assessment of the Internal Audit Plan and the results of audits reported, as well as an independent external assessment in 2020. PwC was engaged to undertake the external assessment of Internal Audit's quality and effectiveness. The assessment covered compliance with the Institute of Internal Auditors' Standards including professional practice, size and scope of the function. Internal Audit was deemed to be demonstrating good practice, adequately resourced and cost effective in conducting its activities.

Whistleblowing procedure

We ensure that an effective whistleblowing procedure is in place.

- In line with best practice and to ensure Tullow works to the highest ethical standards, an independent whistleblowing procedure was established in 2011 and operated throughout 2020 to allow staff to confidentially raise any concerns about business practices. This procedure complements established internal reporting processes. The whistleblowing policy is included in the Code of Ethical Conduct which is available to all staff in printed form and on the corporate intranet. Each member of staff is required to complete an online awareness course to refresh their knowledge of key provisions of Tullow's Code of Ethical Conduct. The Committee considers the whistleblowing procedures to be appropriate for the size and scale of the Group.
- The Committee receives from the Group Ethics and Compliance Manager summaries of investigations of significant known or suspected misconduct by third parties and employees including ongoing monitoring and following up of internal investigations.

Review of effectiveness of the Audit Committee

- In December 2020, the Audit Committee undertook a review of its effectiveness with the results reported to the Board. The Committee was considered to be operating effectively and in accordance with the UK Corporate Governance Code and the relevant guidance. The feedback provided has been used to shape the agendas and the annual rolling agenda of the Committee in 2021.

Dear shareholder

The main function of the Nominations Committee is to ensure that the Board and its Committees are appropriately constituted and have the necessary skills and expertise to support the Company's current and future activities and deliver its strategy for sustainable long term success. Below Board level, the Committee focuses on the recruitment, development and retention of a diverse pipeline of managers who will occupy the most senior positions in the Company in the future.

The diversity of a board contributes to its success and I am pleased that, despite the changes on the Board during 2020, we continue to have a strong African membership and at least 30 per cent female membership on the Board.

The key activity of the Committee in 2020 was the search for a new Chief Executive Officer, which resulted in the announcement on 21 April 2020 of the appointment of Rahul Dhir which took effect on 1 July 2020. In making this critical appointment, the Committee focused on identifying candidates that possessed the skills, experience and values required to lead Tullow and deliver our long term strategy in pursuit of our purpose. These included: excellence in leadership; a strong depth of experience in oil and gas; a disciplined approach to capital allocation; a history of working in the countries in which we operate and with our host governments; and a conviction for creating value for all our stakeholders. After a thorough process, covering a diverse set of candidates, I am delighted that we were able to appoint Rahul, and the Board has been very pleased by his progress to date. Rahul's biography can be found on page 46 of this report. The Committee designed a detailed induction for Rahul so that, despite the restrictions imposed as a result of the COVID-19 pandemic, he was able to engage with all the material elements of the business prior to his appointment.

Following the operational challenges experienced by the Company in 2019, the Committee also initiated a search in 2020 for a new non-executive Director specifically with technical expertise in oil production, oil field reserves and resources, with experience in offshore operations. On 9 September 2020, the Company announced the appointment of Mitchell Ingram, who is a highly experienced oil and gas executive with a distinguished career. Mitchell's biography can be found on page 47 of this report. Upon appointment, Mitchell joined the Remuneration Committee and the Safety & Sustainability Committee, of which he has recently been appointed the Chair.

Both search processes were assisted by the search consultant Odgers Berndtson, which has no other connection with the Company, its Group or any of the Directors.

On 23 April 2020, the Nominations Committee appointed existing non-executive Director Martin Greenslade as Chair of the Audit Committee after an orderly transition from Steve Lucas, non-executive Director, who stepped step down from the Board after eight years with Tullow. The timing of Martin's appointment has coincided with the appointment of the Company's new external auditors, Ernst & Young LLP. Martin has extensive financial experience and is currently Chief Financial Officer and member of the board of Land Securities Group plc, which he has held since 2005. His biography can be found on page 46 of this report.

The Committee is also responsible for ensuring there are plans in place for the orderly succession of Senior Manager positions within the business. This was particularly important during 2020 when Tullow undertook a significant internal re-organisation to address its cost-base. The Committee and the Board reviewed the proposals and arrangements for the recruitment, development and retention of managers occupying the senior positions in the Company, and the new CEO's, Senior Leadership Team. In 2021, the Committee will continue in this work and will be particularly focused on achieving a diverse and inclusive workforce population with a nationality mix which is representative of our assets' geographic footprint and improves our gender diversity. Further details of our inclusion and diversity policy and how it has been implemented in 2020, including our diversity statistics, can be found on pages 28 and 29.

In December 2020, the Committee initiated an internal evaluation of the performance of the Board and its Committees. Further details on the process and results of the evaluation can be found on page 42 and those results have been used to update the annual rolling agendas of the Board and its Committees and will shape the training programme for Directors, and will continue to inform the work of the Committee in 2020.

Finally, as Chair of the Nomination Committee, I do believe it is important for a board to have an independent non-executive chair, separate from the role of the chief executive officer. During the exceptional circumstances of late 2019 and through to September 2020, I performed the role of Executive Chair on an interim basis. Following the appointment of the new CEO and my subsequent return to a non-executive role, the Board reviewed and confirmed the different responsibilities of the CEO, Chair and Senior Independent Director. When considering my independence, the Board has taken into account the Corporate Governance Code and associated guidance. I was independent upon appointment and the Board has concluded that I am once again independent now that I have returned to a non-executive role. I strongly believe in the importance of demonstrating independent and objective judgement in my role as Chair and in continuing to promote a culture of openness and constructive challenge and debate amongst the Board for the benefit of all of our stakeholders.

Dorothy Thompson
Chair of the Nominations Committee

9 March 2021

Committee's role

The Committee reviews the composition and balance of the Board and Senior Managers on a regular basis. It also ensures robust succession plans are in place for all Directors and Senior Managers. When recruiting new Executive or non-executive Directors, the Committee appoints external search consultants to provide a list of possible candidates, from which a shortlist is produced. External consultants are instructed that diversity is one of the criteria that the Committee will take into consideration in its selection of the shortlist. The Committee's terms of reference are reviewed annually and are set out on the corporate website.

Committee's main responsibilities

The Committee's main duties are:

- reviewing the structure, size and composition of the Board (including the skills, knowledge, experience and diversity of its members) and making recommendations to the Board about any changes required;
- identifying and nominating, for Board approval, candidates to fill Board vacancies as and when they arise;
- succession planning for Directors and other Senior Managers;
- reviewing annually the time commitment required of non-executive Directors; and
- making recommendations to the Board regarding membership of the Audit, Remuneration and other Committees in consultation with the Chair of each Committee.

Committee membership and meetings

The membership and attendance of the Committee meetings held in 2020 are shown on page 42.

In addition to three formal meetings, the Committee held several informal discussions, telephone conference calls and interviews during the year with regard to the appointment of the new CEO and the composition of the Senior Management Team and were assisted in the critical decisions arising from these discussions through consultation with the whole Board.

Dear shareholder

The Safety and Sustainability Committee monitors the performance and sets the forward-looking agenda for the Company in relation to responsible operations, shared prosperity and environmental stewardship. The Committee also executes in-depth reviews of strategically important areas of concern for the Group. In 2020 the Committee continued to recognise the importance of process safety and particularly the need for a focus on asset integrity and maintenance in Ghana with performance reviewed against a specific improvement plan at each Committee meeting.

Tullow's response to COVID-19 in relation to managing continued safe operations was a key focus of the Committee. Health incident management plans were in place, supported by robust business continuity processes, which enabled continued safe operations.

Tullow continued to review its overall approach to sustainability, with a focus on shared prosperity and environmental stewardship. This involved reviewing Tullow's resilience to the risk of climate change and pathways to decarbonise operations. The Group reviewed its business for a second year against the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), as well as the Company's overall approach to sustainability. The Committee endorsed the Climate Policy, issued in April, and oversaw work by the Net Zero Task Force to identify a pathway to eliminate routine flaring and reducing other sources of carbon emissions.

At the end of 2020 I transitioned the responsibility of Chair of the Safety and Sustainability Committee to Mitchell Ingram and remain a member of the Committee.

Mike Daly
Chair of the Safety and Sustainability Committee

9 March 2021

Committee's role

The Committee's role is to monitor the performance and key risks that the Company faces in relation to safety and sustainability.

The Committee oversees the processes and systems put in place by the Company to meet our stated objectives of protecting employees, the communities in which we operate and the natural environment, and potential future changes in external market drivers. Additionally, it monitors the effectiveness of operational organisations across the Company in delivering continuous improvement in EHS through reviewing a wide range of EHS leading and lagging indicators to gain an insight into how EHS policies, standards and practices are being implemented.

The Committee continues to review high-potential incidents, especially where they have occurred repeatedly in one location or activity. During 2020 we undertook several deep dives into repeat incidents to understand the causes and provide assurance that appropriate improvements were being made. It also scrutinises the outcome of audits and investigations and importantly the closure of related actions.

Additionally, the Committee reviews Tullow's broader sustainability performance against our goals, aligned to our overall purpose and business strategy. This includes receiving updates on Tullow's performance as evaluated by ESG ratings agencies, our shared prosperity performance and development of Tullow's Net Zero strategy.

Committee's main responsibilities

The Committee's main responsibilities are:

- to review and provide advice regarding the Safety and Sustainability, Climate and Human Rights policies of the Company;
- to monitor the performance, including regulatory compliance, of the Company in the progressive implementation of its environmental, health, security and asset protection, and safety policies, including process safety management;
- to review matters relating to material environmental, health, security and asset protection, and safety risks, and to consider material regulatory and technical developments in the fields of environmental, health, security and asset protection, and safety management;
- to review the pathways to decarbonise Tullow's operations, and the associated costs and risks and to approve the timeframe in which Tullow intends to achieve Net Zero; and
- to review Tullow's approach to delivering shared prosperity, including local content, social investment and social performance.

The Committee's terms of reference are reviewed annually and are available on the corporate website. The Committee's organisation changed at the end of 2020 with a handover of the Chair position to Mitchell Ingram. The Committee currently comprises four non-executive Directors. The membership of the Committee and attendance throughout the year is set out on page 42. The Committee is supported by the Company Secretary and Julia Ross, Director of People and Sustainability.

The safety and sustainability related KPIs that the Company measured its performance on in 2020 can be found on pages 61 and 62 of this report.

The Committee's focus in 2021

- A continuing emphasis on process safety, the asset integrity in Ghana, topsides and subsea.
- Continually improving performance of safety, operational, environmental and risk management.
- Review the capability and organisation to deliver safety and sustainability performance.
- Support embedding sustainability across the organisation.
- For our SECR disclosures, please go to pages 38 and 39 of the Strategic Report.

Annual statement on remuneration

The Remuneration Committee is focused on ensuring Executive Directors and Senior Managers are rewarded for promoting the long term sustainable success of the Company and delivering on its strategy.

Dear shareholder

On behalf of the Board, I am presenting the Remuneration Committee's report for 2020 on Directors' remuneration. The report is divided into three main sections:

- this **Annual Statement,** which contains a summary of performance and pay for 2020, an overview of Executive Director remuneration for 2020 and 2021 and details in respect of the operation of the Committee;
- the **2020 Annual Report on Remuneration**, which provides details of the remuneration earned by Directors in the year ended 31 December 2020 and how the Policy will be operated in 2021; and
- the **Directors' Remuneration Policy Report**, which was formally approved by the shareholders at the 2020 AGM and sets out the forward-looking three-year Directors' Remuneration Policy for the Company.

New Directors' Remuneration Policy approved at the 2020 AGM

I would like to begin by thanking our shareholders for their support in approving the new Directors' Remuneration Policy at our AGM on 23 April 2020, which received a 97 per cent vote in favour. I engaged with many of our major shareholders and stakeholders, including directly with our workforce advisory panel, prior to the proposal of the new Policy, and I am pleased that the Committee was able to incorporate most of the feedback I received. The Committee believes the Directors' Remuneration Policy, which includes a total variable pay incentive of 400 per cent of salary, is appropriate for a business of our size and complexity. It was critical in attracting our new CEO in July 2020, and was an enabler for us to reduce the fixed salary component by 25 per cent compared to the previous incumbent. Nonetheless, the Committee will continue to monitor whether the current total variable incentive opportunity remains appropriate and will employ challenging KPIs, aligned to the long term strategy and success of the Company.

2020 context

2020 proved to be a challenging year for the business and our workforce. I would like to take this opportunity to thank all of our workforce for their efforts, many of whom spent extended periods of time away from their families due to the exceptional measures required to continue safe operations during the pandemic. I would also like to thank the Chair of the Board, Dorothy Thompson, for her exceptional dedication to the Company in stepping in as Executive Chair for an interim period during a critical time for the business. The Committee believes the increase in fees paid to the Chair for this period were appropriate and reflective of the intensive nature of the full time role, and represent good value for shareholders, being materially below those of the previous incumbent and also the new CEO.

In addition to the wider issues associated with the COVID-19 pandemic which began early in 2020, the Executive Directors and our staff were faced with a sudden fall in oil prices whilst they sought to re-structure the business and pursue a programme of asset disposals. Notwithstanding these events outside of their control, the workforce, led by the Executive Directors, managed to complete a material disposal of assets in Uganda, reset the strategy and restructure the entire business resulting in a reduction to employee headcount of 53 per cent and a forecast annual G&A cash savings of $125 million. We continued to safely deliver offshore oil production within the annual guidance provided to stakeholders at the beginning of the year and set out our longer term plan for shareholders at our November Capital Markets Day. Although a number of staff were made redundant during the course of 2020, enhanced settlements were offered in excess of statutory requirements (including the offer of outplacement services) and no exceptional Government financial support was used by the Company.

It is for these reasons and taking into account the stakeholder experience (including employee outcomes), that the Committee believes it was appropriate to award the Executive Directors a TIP Award in respect of 2020.

Summary of Executive Director remuneration for 2020

The KPI scorecard at 20.1 per cent for 2020 reflected the challenge of the external environment and the response of the Management Team to this. Reduced demand for oil led to a fall in the oil price, additional costs to the Company to operate in a COVID-19 secure way, and a mandated cut back in production in Gabon as OPEC tried to rebalance the market. The resultant financial stress on our balance sheet required extra attention of the management team and a reduced focus on delivering our strategic KPIs. The details of the KPI scorecard can be found on page 12.

The Committee deliberated on several occasions whether it was appropriate to make TIP Awards to our Executives, given the financial impact of the pandemic. It noted that Tullow received no Government support in terms of furlough or direct grant and that we had already cut the dividend in 2019. As regards to Rahul Dhir, he was appointed half way through the year on the understanding that he would be eligible to receive a TIP Award provided he delivered to our expectations. I can comfortably report that he has exceeded our expectations throughout. Rahul's TIP outcome was 30.15 per cent of maximum, which reflects the different KPI weightings used from appointment. As regards to Les Wood, we noted that he received no TIP Award for 2019 and has had no salary increase this year or in the prior year. Through 2020, Les as Chief Financial Officer has delivered strong outcomes in his areas of responsibility. As such and noting the negative discretion exercised last year, we felt it absolutely appropriate to award him a bonus albeit at 20.1 per cent of maximum, which encompasses the pandemic challenges as outlined below.

Summary of Executive Director remuneration for 2021

Base salary levels were last increased with effect from 1 January 2019 (3 per cent increases). No increases were awarded for 2020 and no increases have been awarded for 2021.

We have finalised our KPI scorecard for 2021 with a focus on production, safety, cash flow, sustainability and our refinancing. Details can be found on page 13. We believe all targets to be suitably stretching.

When our new CEO joined in July, we had to restart the relative Total Shareholder Return (TSR) metric from July 2020 so he bore no penalty or reward for the time before he joined. We also reduced the weighting of the TSR measure to 35 per cent for the 2021 scorecard to reflect the 18-month period rather than the normal three-year period over which this element will be measured. In order to align the incentive measures for our Executive Directors, to ensure consistency in measurement and potential outcomes for both, we have applied the same weighting and measurement period to Les Wood for 2021.

Remuneration arrangements for the wider workforce

Following the re-structuring of the business in 2020, the Committee felt it was important that management reviews and revise the reward philosophy of the Company to ensure that remuneration arrangements across the business are fair and balanced, and reward performance whilst developing an inclusive and diverse pool of future talent. The Committee reviewed the revised "Employee Value Proposition" in December 2020 and is pleased to report its alignment with the Values and culture of the Company. The Committee will continue to monitor the implementation and effectiveness of the new arrangements throughout the year, especially when considering the performance and remuneration arrangements of the Executive Directors and Senior Managers.

> "The Remuneration Committee seeks to align reward with the Company's strategy, culture and delivery of long term shareholder value."
>
> **Jeremy Wilson**
> Chair of the Remuneration Committee

Stakeholder engagement

During the year, members of the Committee, including me, met with the workforce Tullow Advisory Panel (TAP). 12 staff, who collectively represent employees and contractors from all of Tullow's global offices, were nominated by the workforce to sit on the panel. The panel provides an opportunity for the Board to understand and take into consideration the interests of Tullow's workforce, including their remuneration arrangements as it makes decisions for the long term success and sustainability of the Company. Feedback from the TAP and staff generally was considered by the Committee when making its decisions, especially in response to the re-structuring of the business and measures implemented as a result of COVID-19.

At the beginning of last year, I engaged with many of the Company's major shareholders and also institutions which represent the views of many of our stakeholders and the feedback received was incorporated into the Directors' Remuneration Policy submitted to shareholders at last year's AGM. This year I will be contacting our major shareholders with an offer of engagement prior to the AGM and look forward to any feedback they wish to provide.

Concluding thoughts

On behalf of the Committee, I would like to thank shareholders for their vote approving the Directors' Remuneration Report at the last AGM and look forward to your continued support over the coming year. If you have any comments or questions on any element of the report, please contact me via our Company Secretary, Adam Holland, at companysecretary@tullowoil.com.

Jeremy Wilson
Chair of the Remuneration Committee

9 March 2021

At a glance

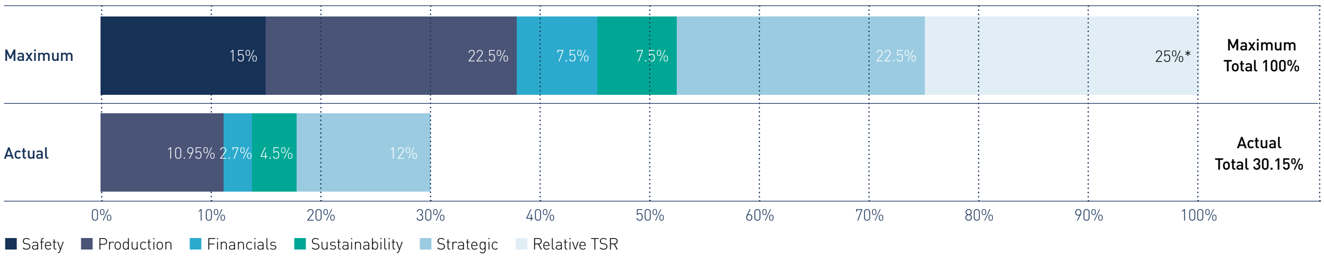
Implementation of Policy for Executive Directors for 2020

Single figure remuneration

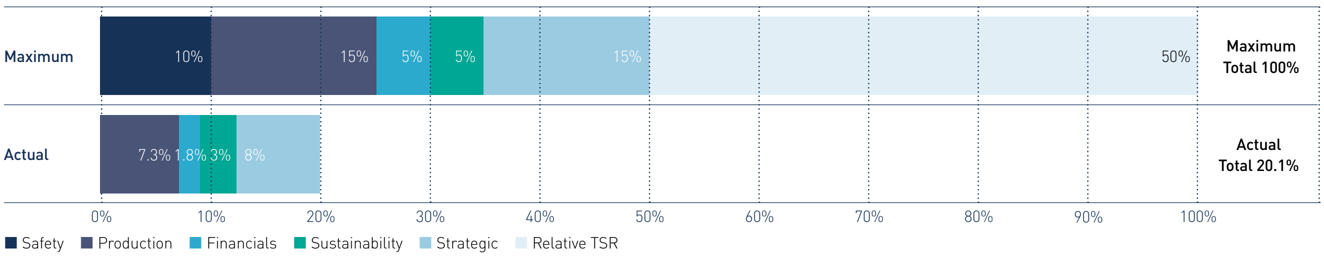
Name of Director	Fees/salary £	Pension £	Taxable benefits £	TIP cash £	Deferred TIP shares £	Total £
Dorothy Thompson[1]	506,560	–	5,338	–	–	511,898
Rahul Dhir[2]	291,580	43,738	1,461	174,870	174,870	686,519
Les Wood	461,500	115,374	10,846	185,521	185,521	958,762

1. Dorothy Thompson switched from non-executive Chair to Executive Chair from 9 December 2019 to 8 September 2020. The period from 1 July 2020 to 8 September 2020 was to ensure a smooth transition to the new Chief Executive Officer. From 9 September 2020, Dorothy returned to her position as Company Chair.
2. Rahul Dhir was appointed Chief Executive Officer effective 1 July 2020.

Assessment of TIP Awards (Rahul Dhir)



Assessment of TIP Awards (Les Wood)



* Transitionary arrangements were agreed for Rahul Dhir on appointment. For 2020, time pro-ration of the total variable incentive, a 25 per cent weighting for TSR and an adjusted TSR comparison period commencing the 20 working days prior to his date of appointment on 1 July 2020.

Annual Report on Remuneration

Directors' remuneration (audited)

The remuneration of the Directors for the year ended 31 December 2020 payable by Group companies in respect of qualifying services and comparative figures for 2019 are shown in the table below:

		Fixed pay			Tullow Incentive Plan				
		Salary/fees[1] £	Pensions[2] £	Taxable benefits[3] £	TIP cash[4] £	Deferred TIP shares[5] £	Total £	Total fixed pay	Total variable pay
Executive Directors									
Rahul Dhir[6]	**2020**	**291,580**	**43,738**	**1,461**	**174,870**	**174,870**	**686,519**	**336,779**	**349,740**
Les Wood[7]	**2020**	**461,500**	**115,374**	**10,846**	**185,521**	**185,521**	**958,762**	**587,720**	**371,042**
	2019	461,500	115,374	1,487	–	–	578,361	578,361	–
Former Executive Directors									
Paul McDade	2019	769,160	192,288	25,258	–	–	986,706	986,706	–
Angus McCoss	2019	434,970	108,742	13,016	–	–	556,728	556,728	–
Subtotal 2020	**2020**	**753,080**	**159,112**	**12,307**	**360,391**	**360,391**	**1,645,281**	**924,499**	**720,782**
Subtotal 2019	2019	1,665,630	416,404	39,761	–	–	2,121,795	2,121,795	–
Non-executive Directors									
Dorothy Thompson[8]	**2020**	**506,560**	**–**	**5,338**	**–**	**–**	**511,898**	**511,898**	**n/a**
	2019	318,904	–	–	–	–	318,904	318,904	n/a
Mike Daly	**2020**	**80,000**	**–**	**–**	**–**	**–**	**80,000**	**80,000**	n/a
	2019	80,000	–	–	–	–	80,000	80,000	n/a
Steve Lucas[9]	**2020**	**26,550**	**–**	**–**	**–**	**–**	**26,550**	**26,550**	n/a
	2019	85,000	–	2,026	–	–	87,026	87,026	n/a
Jeremy Wilson	**2020**	**95,000**	**–**	**3,979**	**–**	**–**	**98,979**	**98,979**	n/a
	2019	90,274	–	9,862	–	–	100,136	100,136	n/a
Genevieve Sangudi	**2020**	**65,000**	**–**	**781**	**–**	**–**	**65,781**	**65,871**	**n/a**
	2019	44,520	–	4,554	–	–	49,074	49,074	n/a
Sheila Khama	**2020**	**65,000**	**–**	**2,329**	**–**	**–**	**67,329**	**67,329**	n/a
	2019	44,520	–	5,301	–	–	49,821	49,821	n/a
Martin Greenslade[10]	**2020**	**78,720**	**–**	**–**	**–**	**–**	**78,720**	**78,720**	**n/a**
	2019	10,863	–	–	–	–	10,863	10,863	n/a
Mitchell Ingram[11]	**2020**	**20,250**	**–**	**–**	**–**	**–**	**20,250**	**20,250**	n/a
Former non-executive Directors									
Tutu Agyare	2019	25,205	–	12,824	–	–	38,029	38,029	n/a
Subtotal 2020	**2020**	**937,080**	**–**	**12,427**	**–**	**–**	**949,507**	**949,507**	**n/a**
Subtotal 2019 (includes former non executive directors)	2019	699,286	–	34,567	–	–	733,853	733,853	n/a
Total (includes former Executive and non-executive directors)	**2020**	**1,690,160**	**159,112**	**24,734**	**360,391**	**360,391**	**2,594,788**	**1,874,006**	**720,782**
Total	2019	2,364,916	416,404	74,328	–	–	2,855,648	2,855,648	–

1. Base salaries of the Executive Directors have been rounded up to the nearest £10 for payment purposes, in line with established policy.
2. None of the Executive Directors have a prospective entitlement to a defined benefit pension by reference to qualifying services. Both Rahul Dhir and Les Wood receive cash in lieu of pension contribution.
3. Taxable benefits comprise private medical insurance for all Executive Directors and any other taxable expenses. Travel and subsistence benefits provided to Executive Directors and NEDs have also been included on a grossed-up basis as Tullow meets the UK tax liability on their behalf.
4. Given the performance of the Company during 2019, the Remuneration Committee exercised negative discretion to award cash bonuses of nil.
5. These figures represent that part of the TIP Award required to be deferred into shares. Given the poor performance of the Company during 2019, the Remuneration Committee exercised discretion to award no deferred shares awards.
6. Rahul Dhir was appointed Chief Executive Officer effective 1 July 2020. Benefits consist of medical insurance and travel expenses.

Directors' remuneration (audited) continued

7. Benefits for Les Wood include a cash buyout of five days, annual leave equating to the amount of £8,875. This was an arrangement agreed for all employees as a response to the COVID-19 pandemic and the ability to utilise annual leave.
8. Dorothy Thompson served as Executive Chair from 9 December 2019 until 8 September 2020, including a transitional period from 1 July 2020 to 8 September 2020 to allow for an effective handover to Rahul Dhir following his appointment as Chief Executive Officer. Effective 9 September 2020, Dorothy returned to her position as Chair of the Tullow Board.
9. Steve Lucas stepped down from the Board and as Chair of the Audit Committee following the AGM on 23 April 2020.
10. Martin Greenslade was appointed Chair of the Audit Committee following the AGM on 23 April 2020.
11. Mitchell Ingram was appointed as Board member effective 9 September 2020.

Material contracts

There have been no contracts or arrangements during the financial year in which a Director of the Company was materially interested and/or which were significant in relation to the Group's business.

Payments to past Directors

No payments were made to past Directors in 2020.

Payments for loss of office

No payments were made for loss of office of Executive Directors in 2020.

Determination of 2021 TIP Award based on performance to 31 December 2020 (audited)

The Group's progress against its corporate scorecard is tracked during the year to assess its performance against its strategy. The corporate scorecard is made up of a collection of Key Performance Indicators (KPIs) which indicate the Company's overall health and performance across a range of operational, financial and non-financial measures. The corporate scorecard is central to Tullow's approach to performance management and the 2020 indicators were agreed with the Board and focus on targets that were deemed important for the year. Each KPI measured has a percentage weighting and financial indicators have trigger, base and stretch performance targets. Following the end of the 2020 financial year, the corporate scorecard KPI performance was assessed as 20.1 per cent of the maximum. The Committee is satisfied with the outcome based on the broader view of performance and stakeholder experience.

Details of the performance targets and performance against those targets are as follows:

Performance metric	Performance	% of award (% of salary maximum)	Actual (Les Wood)[2]	Actual (Rahul Dhir)[2]
Safety Measure of Total Recordable Incident Rate (TRIR) and Process Safety Events (PSE)	The target was to improve upon of 2019 performance which was already better than IOGP first quartile performance for TRIR. This target was not achieved. The target was to better 2019 performance with regards to process safety, which did not happen in terms of Tier 2 events.	10% (40)%	0% (0)%	0% (0)%

TRIR

Production	Trigger target	Base target	Stretch target	2020 performance
TRIR	0.7	0.56	0.42	1.27
Payout	0%	50%	100%	0%

There were eight recordable incidents. Four were for continuing production operation in Ghana, one was for the Suriname well and the other three were in Côte d'Ivoire.

Process Safety

Production	Trigger target	Base target	Stretch target	2020 performance
Tier 2 events	2	1	0	4
Payout	0%	50%	100%	0%

No Tier 1 events, however four Tier 2 events in the first half of 2020. Three were on the Jubilee FPSO and one on the TEN FPSO.

Performance metric	Performance	% of award (% of salary maximum)	Actual (Les Wood)[2]	Actual (Rahul Dhir)[2]
Production Targets relating to oil production	**Production**	15% (60)%	7.3% (29.3)%	10.95% (21.9)%

Production	Trigger target	Base target	Stretch target	2020 performance
kbopd	70.0	75.0	80.0	74.9
Payout	0%	50%	100%	49%

In Gabon production was negatively impacted by capex projects deferred due to COVID-19 (0.8 kbopd) and OPEC+ production quota's being applied by operators since July 2020 (1.2 kbopd).

Annual Report on Remuneration continued

Details of variable pay earned in the year continued

Determination of 2021 TIP Award based on performance to 31 December 2020 (audited) continued

Performance metric	Performance	% of award (% of salary maximum)	Actual (Les Wood)[2]	Actual (Rahul Dhir)[2]
Financials Targets relating to opex/boe and gross G&A	**Opex/boe** Opex/boe – Trigger target / Base target / Stretch target / 2020 performance $/boe: 12.4 / 11.8 / 11.2 / 12.1 Payout: 0% / 50% / 100% / 23% The opex/boe was negatively impacted by the above-mentioned production reductions in Gabon as well as increased COVID-19 related costs in Ghana. **Gross G&A** Trigger target / Base target / Stretch target / 2020 performance Gross G&A ($): 310 / 280 / 250 / 281 Payout: 0% / 50% / 100% / 48% G&A costs exclude restructuring costs. Significant reduction in G&A from 2019 and further reductions expected for 2021.	5% (20)%	1.8% (7.1)%	2.70% (5.4)%
Sustainability Define energy transition strategy for Tullow to achieve Net Zero emissions	Tullow's potential decarbonisation pathway was set out at the Capital Markets Day followed by the delivery of an executable decarbonisation plan. On carbon offsetting, through the research and understanding we have accumulated during 2020, we are better placed to determine our carbon offset strategy in 2021. In view of the above performance of having met the target and in addition to having shared a decarbonisation pathway at the Capital Markets Day, a score of 3 per cent out of a maximum of 5 per cent was deemed reasonable. For further on sustainability, see pages 24 to 29.	5% (20)%	3.0% (12.0)%	4.50% (9)%
Strategic Create a sustainable platform for the future: portfolio actions, debt reduction, and restoring trust with all stakeholders	2020 saw the successful delivery of the Uganda disposal of $575 million, despite a range of challenges. This resulted in a net debt at the end of 2020 of $2.4 billion, a reduction of c.$400 million from the net debt at the end of 2019. While the original target of $1 billion of asset sales was not fully achieved, its impact was mitigated to some extent by the cash flow impact of the c. $125 million in annual cash savings in G&A that are expected from 2021 onwards. Further asset sales are being considered provided they are accretive to value and strengthen the balance sheet. A new 10-year plan for the Company was presented at the Capital Markets Day held on November 25 2020. The plan is expected to deliver ~$7 billion operating cash flow for the period 2021 to 2030 of which ~$4 billion is available for debt service and shareholder returns. Delivery on production targets and successful RBL redeterminations in March and September were other important steps in rebuilding trust and confidence with stakeholders. However, it is acknowledged there is more work done in this area. The above performance shows the work done and to be done that will create a sustainable platform for the future; therefore, a score of 8 per cent out of a possible 15 per cent was deemed reasonable.	15% (60)%	8.0% (32.0)%	12% (24)%
Relative Total Shareholder Return (TSR)[1]	Performance against a bespoke group of listed exploration and production companies measured over three years to 31 December 2020 – 25 per cent is payable at median, increasing to 100 per cent payable at upper quartile. Tullow placed in the bottom quartile; there was no payout.	50% (200%)	0.0% (0.0%)	0% (0)%
Total		100% (400%)	20.1 (80.4)%	30.15% (60.3%)

1. The TSR comparator group for the 2020 TIP Award was as follows: Africa Oil, Aker BP, Apache, Cairn Energy, Enquest, Genel Energy, Hess, Kosmos Energy, Lundin Petroleum, Nostrum Oil & Gas, Oil Search, Ophir Energy, Pharos Energy, Premier Oil, Seplat Petroleum, Santos and Woodside Petroleum.
2. Details of the scorecard outcomes for each performance metric for Rahul Dhir and Les Wood are outlined in the tables included on pages 61 and 62. Rahul's transitional bonus arrangement for 2020 is outlined on page 59.

Rahul Dhir – Buyout Awards granted in 2020

Following the commencement of employment on 1 July 2020, Rahul Dhir was granted a number of share awards ("Buyout Awards") to replace share arrangements that were forfeited upon leaving his former employer (a summary is provided below).

The awards were granted pursuant to an individual arrangement as permitted by the shareholder approved Remuneration Policy and in accordance with Listing Rule 9.4.2.

The terms of the Buyout Awards were structured to broadly match the estimated value and expected time horizon (i.e. five years) of the forfeited awards. However, while the forfeited awards were technically uncapped, the Buyout Awards will be capped at a pre-tax gain of £5 per share.

The grant of the Buyout Awards was conditional on Rahul Dhir purchasing shares in the Company with a value of £350,000 (calculated by reference to the closing price of a share in the Company on the dealing day immediately prior to the date of purchase). Mr Dhir purchased 1,346,000 shares in the Company on 11 May 2020 (the "Purchased Shares") and he is required to retain these shares in connection with the grant of the Buyout Awards.

A summary of the Buyout Awards granted to Rahul Dhir is as follows:

Date of grant	Tranche number	Number of shares under award	Face value of awards[1]	Intrinsic value of awards[2]	Exercise price	Vesting date	Exercise period	Vesting conditions[5]
05/08/2020	Tranche 1	3,000,000	£830,400	£830,400	£nil	01.07.2025	01.07.2025 to 30.06.2030	Awards will vest subject to continued service and the retention of the Purchased Shares
	Tranche 2	3,000,000	£830,400	£60,600	25.66p[3]			
	Tranche 3	3,000,000	£830,400	£0	51.32p[4]			

1. Based on a share price of 27.68p, being the share price on the date of grant (5 August 2020).
2. Calculated as the share price at grant (27.68p) less the exercise price for the relevant tranche (or £0 where options are underwater).
3. Being equal to the market value of a share at the close of trading on the dealing date immediately following the date on which the Purchased Shares were acquired.
4. Being equal to twice the market value of a share at the close of trading on the dealing date immediately following the date on which the Purchased Shares were acquired.
5. Standard provisions in respect of leavers, dividend equivalents and malus/clawback will apply.

UK SIP shares awarded in 2020 (audited)

The UK SIP is a tax-favoured all-employee plan that enables UK employees to save out of pre-tax salary. Quarterly contributions are used by the plan trustee to buy Tullow Oil plc shares (partnership shares). The Group funds an award of an equal number of shares (matching shares). The current maximum contribution is £150 per month. Shares held in the plan for five years will be free of income tax and national insurance, as well as Capital Gains tax if retained in the plan until sold. Details of shares purchased and awarded to Executive Directors under the UK SIP are as follows:

Director	Shares held 01.01.20	Partnership shares acquired in year	Matching shares awarded in year	Total shares held 31.12.20 (including dividend shares)	Dividend shares acquired in the year	SIP shares that became unrestricted in year	Total unrestricted shares held at 31.12.20[1]
Les Wood	5,353	9,732	9,732	24,817	0	770	1061

1. Unrestricted shares (which are included in the total shares held at 31 December 2020) are those which no longer attract a tax liability if they are withdrawn from the plan.

Annual Report on Remuneration continued

Implementation of Policy for Executive Directors for 2021

The Remuneration Policy will be implemented during 2021 as follows:

- base salaries will remain unchanged;
- pension provision will be 15 per cent of salary for Rahul Dhir (workforce aligned) and 25 per cent of salary for Les Wood (noting that the cash value of his pension is frozen at this value and will be aligned to the workforce from 1 January 2023); and
- TIP Award with a maximum opportunity of 400 per cent of salary based on:
  - safety (9.75 per cent);
  - working capital and cost management (9.75 per cent);
  - production (13 per cent);
  - Business Plan implementation (9.75 per cent);
  - capital structure (9.75 per cent);
  - sustainability (6.5 per cent);
  - leadership effectiveness (6.5 per cent); and
  - relative TSR (35 per cent) *.

* This is a transitionary arrangement agreed for Rahul Dhir on his appointment and which the Committee agreed to apply to Les Wood for consistency and fairness. An adjusted TSR comparison period will also apply, with the starting period aligned to 2020.

Please see page 13 of this report for further disclosure and details of these targets and how they are linked to our strategy.

- No changes will be made to the Chair nor the non-executive Director fees from 2020 levels.

Looking forward to 2021

- The Committee will continue to engage and consult with major shareholders on the suitability of the current Directors' Remuneration Policy.
- The Committee will seek feedback and confirmation with regard to the implementation of approved changes.

The Committee will continue to review the remuneration arrangements of the wider workforce when considering arrangements for Executives and Senior Management.

Executive Director and non-executive Director terms of appointment

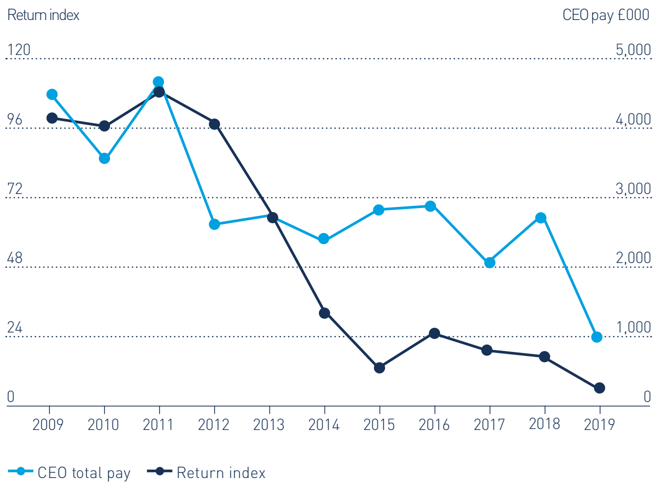
Non-executive Director	Year appointed	Number of complete years on the Board	Date of current engagement commenced	Expiry of current term
Rahul Dhir	2020	–	01.07.20	n/a
Les Wood	2017	3	20.06.17	n/a
Dorothy Thompson	2018	2	25.04.18	24.04.21
Mike Daly	2014	6	30.05.20	31.05.23
Martin Greenslade	2019	1	01.11.19	31.10.22
Sheila Khama	2019	1	26.04.19	25.04.22
Mitchell Ingram	2020	–	09.09.20	08.09.23
Genevieve Sangudi	2019	2	26.04.19	25.04.22
Jeremy Wilson	2013	7	21.10.19	20.10.22

In the case of each non-executive Director, the appointment is renewable thereafter if agreed by the Director and the Board. The appointment of any non-executive Director may be terminated by either party on three months' notice. There are no arrangements under which any non-executive Director is entitled to receive compensation upon the early termination of his or her appointment.

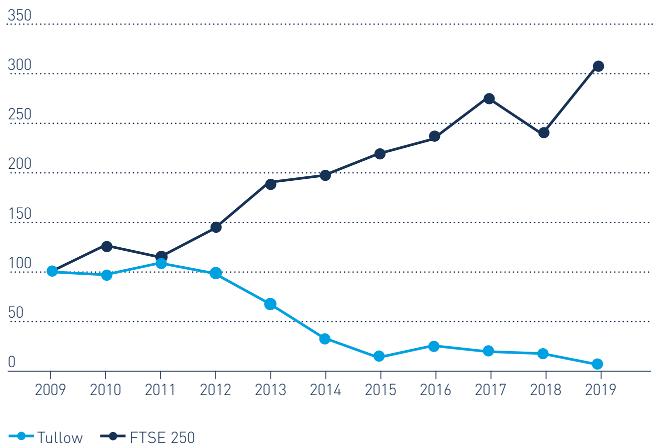
CEO – total pay versus TSR

For 2020 the CEO total pay is based on the summation of the actual base pay, pension, benefits and TIP cash bonus and share award equivalent value for Rahul Dhir for the period commencing with his appointment on 1 July 2020 to 31 December 2020.

CEO – TOTAL PAY VERSUS RI



TOTAL SHAREHOLDER RETURN



Comparison of overall performance and pay

The Remuneration Committee has chosen to compare the TSR of the Company's ordinary shares against the FTSE 250 index; whilst the Company is currently placed outside of the index, we believe the complexity of the organisation still makes this a comparable index. The values indicated in the graph above show the share price growth plus re-invested dividends for the period 2011 to 2020 from a £100 hypothetical holding of ordinary shares in Tullow Oil plc and in the index.

The total remuneration figures for the Chief Executive during each of the last 10 financial years are shown in the tables below. The total remuneration figure includes the annual bonus based on that year's performance (2012 to 2020), PSP awards based on three-year performance periods ending in the relevant year (2011 to 2012) and the value of TIP Awards based on the performance period ending in the relevant year (2013 to 2020). The annual bonus payout, PSP vesting level and TIP Award, as a percentage of the maximum opportunity, are also shown for each of these years.

	Year ending in									
Aidan Heavey1	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
Total remuneration	£4,688,541	£2,623,116	£2,750,273	£2,378,316	£2,835,709	£2,893,232	£1,717,276	–	–	**–**
Annual bonus	80%	70%	–	–	–	–	–	–	–	**–**
PSP vesting	100%	23%	–	–	–	–	–	–	–	**–**
TIP	–	–	30%	23%	38%	39%	40%	–	–	**–**

	Year ending in									
Paul McDade2	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
Total remuneration	n/a	n/a	n/a	n/a	n/a	n/a	£1,416,281	£2,759,684	£986,706	**–**
TIP	–	–	n/a	n/a	n/a	n/a	40%	60.3%	0%	**–**

	Year ending in									
Dorothy Thompson3	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
Total remuneration	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	37,704	**418,452**

Annual Report on Remuneration continued

Comparison of overall performance and pay continued

	Year ending in									
Rahul Dhir[4]	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
Total remuneration	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**686,519**
TIP	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**20%**

1 & 2. For 2017, total remuneration figures are shown for Aidan Heavey based on the period he held the office of Chief Executive Officer and for the transition period up to 31 October 2017 and for Paul McDade from 27 April 2017 when he commenced in his office of Chief Executive.

3. For 2020, total remuneration is shown for Dorothy Thompson for the period she served as Executive Chair, i.e 1 January 2020 to 8 September 2020. For 2019, the amount shown is the Executive Chair fee pro-rata for the period 9 December 2019 to 31 December 2019.
4. For 2020, total remuneration is shown for Rahul Dhir from the commencement of his appointment as Chief Executive Officer on 1 July 2020.

Percentage change in Chief Executive's remuneration

The table below shows the percentage change in the Chief Executive's total remuneration (excluding the value of any pension benefits receivable in the year) between the financial year ended 31 December 2019 and 31 December 2020, compared to that of the average for all employees of the Group. Base pay and bonus have been annualised for Rahul Dhir for 2020.

	% change from 2019 to 2020		
	Salary	Benefits	Bonus
Chief Executive	(24.6%)	(94.2%)[1]	n/a[2]
Average employees	(2.7%)[3]	11%[4]	(35.2%)[5]

1. Reduction in benefits is reflective of alignment of medical benefit for new CEO to the wider workforce and also a reduction of travel expenses.
2. No cash bonus was receivable by Paul McDade for financial year 2019 due to Company performance.
3. Decrease in average pay for all employees is driven by a decrease in headcount from 31.12.19 to 31.12.20, with some leavers being in the higher earnings category.
4. Increase in average employee benefits is driven by changes to annual medical insurance premiums.
5. There was a decrease in the average employee bonus for year ended 31.12.20 due to changes to the employee bonus plan.

Additional statutory information – percentage change in remuneration for executive and non-executive Directors

	% change from 2019 to 2020		
	Salary/fees	Benefits	Bonus
Les Wood	0%	629%[1]	n/a
Dorothy Thompson	59%[2]	n/a	n/a
Jeremy Wilson	5%	(60%)[4]	n/a
Mike Daly	0%	n/a	n/a
Martin Greenslade[3]	625%	n/a	n/a
Mitchell Ingram	n/a	n/a	n/a
Genevieve Sangudi[3]	46%	(83%)[4]	n/a
Sheila Khama[3]	46%	(56%)[4]	n/a

1. Increase in benefits for Les Wood is due to holiday cash out for 2020 due to the COVID-19 pandemic.
2. Increase in salary for Dorothy Thompson reflects an increase of her fees for stepping into the role of Executive Chair until 8 September 2020.
3. Appointments were made during the course of 2019; therefore, the percentage change in fees recognises a full year in 2020 versus part of a year in 2019. In addition Martin Greenslade became Chair of the Audit Committee following the AGM on 23 April 2020.
4. Benefits have reduced due to reduced travel during the COVID-19 pandemic.

CEO pay ratio 2020

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020	A	7:1	5:1	3:1
2019	A	8:1	5:1	4:1
2018 (voluntary disclosure)	A	23:1	15:1	10:1

In response to the CEO pay ratio requirements established by the Companies (Miscellaneous Reporting) Regulations 2018, Tullow has undertaken to adopt the calculation of a CEO pay ratio to compare the single total figure of remuneration (STFR) for the CEO to the STFR of all UK employees. This has been calculated using the methodology described as 'Option A' in the Regulations, as Tullow recognises that this is the most statistically accurate form of calculation.

For the CEO the STFR reflects the actual remuneration receivable from date of commencement in 2020. For each UK employee[1] the STFR has been calculated as a summation of base pay, benefits, employer pension contributions receivable during the year ended 31 December 2020 and cash bonus payable and value of share awards to be granted for the performance year 31 December 2020.

The STFR at 25th percentile is £95,542, £147,263 at median and £210,987 at 75th percentile. The wages component at 25th percentile is £76,500, £115,500 at median and £163,276 at 75th percentile. In setting both our CEO remuneration and the remuneration structures for the wider UK workforce, Tullow has adopted a remuneration structure which includes the same core components for employees at all levels (base pay, benefits, pension, cash bonus and share awards). Whilst all employees receive a base salary commensurate to our position in the market, the differences exist in the quantum of variable pay achievable by our Executives and Senior Management; at these levels there is a greater emphasis placed on variable pay given their opportunity to impact directly on Company performance. Based on this distinction, the Company believe taking into account Company performance in a particular financial year and the impact on variable pay, that the median pay ratio is consistent with and reflective of the wider pay, reward and progression policies impacting our UK employees. Performance for 2020 is not easily comparable to 2019 as: 1. Rahul Dhir was appointed at the beginning of the second half of 2020; and 2. no bonus was awarded to the CEO in 2019. The Committee will monitor longer term trends.

1. All STFRs have been based on a full-time equivalent and annualised to provide a dataset for the full year 31 December 2020. Tullow would like to build on this reporting in future years by looking at the same dataset for employees globally to determine a global CEO pay ratio.

Relative importance of spend on pay

The following table shows the Group's actual spend on pay for all employees relative to tax and retained profits.

Staff costs have been compared to tax expense, and retained profits in order to provide a measure of their scale compared to other key elements of the Group's financial metrics.

	2019	**2020**	% change
Staff costs (£m)	156.4	**105.0**	-33%
Dividends	0	**0**	0
Tax (credit)/expense (£m)[1]	31.9	**(35.9)**	-212%
Retained profits (£m)[1]	(904.8)	**(1,735.9)**	-48%

1. Voluntary disclosure.

Annual Report on Remuneration continued

Summary of past share awards

Details of share awards granted to Executive Directors :

Director	Award grant date	Share price on grant date	As at 01.01.20	Granted during the year	Exercised during the year	As at 31.12.20	Earliest date shares can be acquired	Latest date shares can be acquired
Les Wood[1]	27.04.17	214p	101,249	–	101,249	0	27.04.20	27.07.27
	08.02.18	187p	148,802	–	–	148,802	08.02.23	08.02.28
	14.02.19	219p	288,617	–	–	288,617	14.02.24	14.02.29
Dividend equivalents								
08.02.18	10.05.19	187p	2,605	–	–	2,605	08.02.23	08.02.28
14.02.19	10.05.19	219p	5,052	–	–	5,052	14.02.24	14.02.29
08.02.18	17.10.19	187p	1,372	–	–	1,372	08.02.23	08.02.28
14.02.19	17.10.19	219p	2,661	–	–	2,661	14.02.24	14.02.29
			550,358	–	101,249	449,109		
Rahul Dhir[2]	05.08.20	27.68p		9,000,000	–	9,000,000	01.07.25	30.06.30

1. Les Wood – all awards granted to Les Wood are TIP Awards. Those granted on 27 April 2017 prior to appointment as an Executive Director have a three-year vesting period.
2. Rahul Dhir – share awards granted on 05 August 2020 represent "Buy-out Awards" to replace share arrangements that were forfeited upon on leaving his former employer.

Share price range

During 2020, the highest mid-market price of the Company's shares was 62.30p and the lowest was 7.55p. The year-end price was 31.02p.

Directors' interests in the share capital of the Company (audited)

The interests of the Directors (all of which were beneficial), who held office during FY 2020, are set out in the table below:

	Ordinary shares held		% of salary under 2020 Remuneration Policy shareholding guidelines[1]	TIP Awards		Buyout Awards		SIP		SIP total
	01.01.20	31.12.20		Unvested	Vested	Unvested	Vested	Restricted	Unrestricted	31.12.20
Executive Directors										
Rahul Dhir[2]	–	1,346,000	172%	–	–	9,000,000	–	–	–	–
Les Wood	144,919	198,457	29%	449,109	–	–	–	23,756	1,061	24,817
Non-executive Directors										
Mike Daly	4,795	4,795	–	–	–	–	–	–	–	4,795
Steve Lucas	720	720	–	–	–	–	–	–	–	720
Dorothy Thompson	68,148	68,148	–	–	–	–	–	–	–	68,148
Jeremy Wilson	87,959	87,959	–	–	–	–	–	–	–	87,959
Genevieve Sangudi	–	–	–	–	–	–	–	–	–	–
Sheila Khama	–	–	–	–	–	–	–	–	–	–
Martin Greenslade	–	–	–	–	–	–	–	–	–	–
Mitchell Ingram	–	–	–	–	–	–	–	–	–	–

1. Calculated using share price of 31.02p at year end. Under the Company's shareholding guidelines, each Executive Director is required to build up their shareholdings in the Company's shares to at least 400 per cent of their current salary. Further details of the minimum shareholding requirement are set out in the Remuneration Policy Report.
2. Ordinary shares and unvested awards held by Rahul Dhir are in respect of his Buyout Award detailed on page 63.

On 5 January 2021 Les Wood was awarded 5,890 SIP shares, all of which are restricted. Accounting for certain restricted SIP shares becoming unrestricted SIP shares in the period between 1 January 2021 and the date of this report, Les Wood holds 29,646 restricted SIP shares and 1,061 unrestricted SIP shares (total 30,707).

There have been no other changes in the interests of any Director between 1 January 2021 and the date of this report.

Governance

Remuneration Committee members

Jeremy Wilson (Committee member for full year and Committee Chair from 25 April 2019), Mike Daly, Genevieve Sangudi and Mitchell Ingram (from 9 September 2020).

Remuneration Committee membership and attendance

All members of the Committee are independent non-executive Directors. None of the Committee members has day-to-day involvement with the business and nor do they have any personal financial interest, except as shareholders, in the matters to be recommended. The number of formal meetings held and the attendance by each member is shown in the table on page 42. The Committee also held informal discussions as required. The Group Company Secretary acts as Secretary to the Committee and is available to assist the members of the Committee as required, ensuring that timely and accurate information is distributed accordingly.

Advice received from the Committee during 2020

During 2020, the Committee consulted the Executive Directors and Senior Managers about remuneration items relating to individuals other than themselves. The Company Secretary and the Committee's consultants also provided corporate governance guidance support to the Committee.

The Committee received external advice from FIT Remuneration Consultants LLP (FIT) during 2020 in respect of the implementation of the Policy. FIT was appointed as the Committee's advisors in 2019 following a competitive tender process. FIT is a member of the Remuneration Consultants Group and is a signatory to its Code of Conduct and provided no other services to the Company. Fees (ex VAT) paid to FIT respectively for advice provided during 2020 amounted to £58,007. FIT does not provide any other services and does not have any other connections to the Company or the Directors that may affect its independence. The Committee evaluates the services provided by external advisors and is satisfied that the advice received from FIT was objective and independent.

Activities of the Committee during 2020

A summary of the main Committee activities during 2020 are set out below:

- setting an appropriately stretching set of key performance metrics for the 2020 KPI scorecard;
- monitoring progress against the 2020 KPI scorecard;
- reviewing feedback received from shareholders at the 2020 AGM;
- review of changes in remuneration-related guidance, shareholder policies and governance matters;
- arrangement and approval of the remuneration arrangements for the appointment of the CEO, Rahul Dhir;
- reviewing the remuneration arrangements for Senior Managers, including benchmarking and approval of the interim package for the Executive Chair, Dorothy Thompson;
- deep dive review of the pay philosophy and remuneration arrangements for the wider workforce and as part of the new "Employee Value Proposition";
- review of the Committee's performance and terms of reference; and
- review of draft KPIs for 2021 to align with strategy and culture of Tullow.

Principles of Executive Director remuneration

The Committee seeks to ensure that the Directors Remuneration Policy and its practices are consistent with the six factors set out in Provision 40 of the new UK Corporate Governance Code:

Clarity

Our Policy is well understood by our Senior Executive Team and has been clearly articulated to our shareholders and representative bodies (both on an ongoing basis and during the recent consultation exercise).

Simplicity

The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our Executive remuneration policies and practices are straightforward to communicate and operate.

Risk

Our Policy has been designed to ensure that inappropriate risk taking is discouraged and will not be rewarded via: (i) the balanced use of both annual and three-year performance periods which employ a blend of financial, non-financial and shareholder return targets; (ii) the significant role played by deferred equity in our incentive plans (together with in-employment and post-cessation shareholding guidelines and five-year vesting period); (iii) malus/clawback provisions; and (iv) the ability to exercise negative discretion to remuneration outcomes.

Predictability

The TIP is subject to an individual annual cap and market standard dilution limits.

Proportionality

There is a clear link between individual awards, delivery of strategy and our long term performance. In addition, the significant role played by incentive/'at-risk' pay, together with the structure of the Executive Directors' service contracts, ensures that poor performance is not rewarded.

Alignment to culture

Our Executive pay policies are fully aligned to Tullow's culture through the use of metrics in the TIP that measure how we perform against our financial and non-financial KPIs.

Governance continued

Shareholder voting at the AGM

At last year's AGM on 23 April 2020 the remuneration-related resolutions received the following votes from shareholders:

	2019 Annual Statement and Annual Report on Remuneration	
	Total number of votes	% of votes cast
For	748,414,114	96.88%
Against	24,076,424	3.12%
Total votes cast (for and against)	772,490,538	54.83%
Votes withheld	17,233,685	

	To approve the Directors' Remuneration Policy	
	Total number of votes	% of votes cast
For	771,383,323	97.70%
Against	18,154,399	2.30%
Total votes cast (for and against)	789,537,722	56.04%
Votes withheld	191,032	

Directors' Remuneration Policy

This part of the Directors' Remuneration Policy sets out a summary of the Remuneration Policy for the Company which became effective following approval from shareholders through a binding vote at the AGM held on 23 April 2020. The full Policy can be found in last year's report.

Policy overview

The principles of the Remuneration Committee are to ensure that remuneration is linked to Tullow's strategy and promote the attraction, motivation and retention of the highest quality executives who are key to delivering sustainable long term value growth and substantial returns to shareholders.

Summary Directors' Remuneration Policy

Base salary

Purpose and link to strategy	Operation	Maximum opportunity
To provide an appropriate level of fixed cash income. To attract and retain individuals with the personal attributes, skills and experience required to deliver our strategy.	Generally reviewed annually with increases normally effective from 1 January. Base salaries will be set by the Committee taking into account: - the scale, scope and responsibility of the role; - the skills and experience of the individual; - the base salary of other employees, including increases awarded to the wider population; and - the base salary of individuals undertaking similar roles in companies of comparable size and complexity. This may include international oil and gas sector companies or a broader group of FTSE-listed organisations.	Any increases to current Executive Director salaries, presented in the 'Application of Policy in 2020' column below this Policy table, will not normally exceed the average increase awarded to other UK-based employees. Increases may be above this level in certain circumstances, for instance if there is an increase in the scale, scope or responsibility of the role or to allow the base salary of newly appointed Executives to move towards market norms as their experience and contribution increase.

Performance and provisions for the recovery
A broad assessment of individual and business performance is used as part of the salary review. No recovery provisions apply.

Pension and benefits

Purpose and link to strategy	Operation	Maximum opportunity
To attract and retain individuals with the personal attributes, skills and experience required to deliver our strategy.	Defined contribution pension scheme or salary supplement in lieu of pension. The Company does not operate or have any legacy defined benefit pension schemes. Medical insurance, income protection and life assurance. Additional benefits may be provided as appropriate. Executive Directors may participate in the Tullow UK Share Incentive Plan (SIP).	Pension: Workforce aligned for new Executive Directors. Workforce aligned (as a percentage of salary) by 1 January 2023 for incumbent Directors. Benefits: The range of benefits that may be provided is set by the Committee after taking into account local market practice in the country where the Executive is based. No monetary maximum is given for benefits provided to the Executive Directors as the cost will depend on individual circumstances. Tullow UK SIP: Up to HM Revenue & Customs (HMRC) limits. Maximum participation levels and matching levels for all staff, including Executive Directors, are set by reference to the rules of the plan and relevant legislation.

Performance and provisions for the recovery
Not applicable.

Directors' Remuneration Policy continued

Summary Directors' Remuneration Policy continued

Tullow Incentive Plan (TIP)

Purpose and link to strategy	Operation	Maximum opportunity
To provide a simple, competitive, performance-linked incentive plan that: - aligns the interests of management and shareholders; - promotes the long term success of the Company; - provides a real incentive to achieve our strategic objectives and deliver superior shareholder returns; and - will attract, retain and motivate individuals with the required personal attributes, skills and experience.	An annual TIP Award consisting of up to 400 per cent of base salary which is divided evenly between cash and deferred shares up to the first 200 per cent of base salary. Any amount above 200 per cent of base salary is awarded entirely in deferred shares. Deferred shares are normally subject to deferral until the fifth anniversary of grant, normally subject to continued service. TIP Awards are non-pensionable and will be made in line with the Committee's assessment of performance targets. At the discretion of the Committee, any portion of the cash component of a TIP Award can be satisfied by granting deferred shares with a vesting date set by the Committee being not earlier than the first anniversary of grant.	400 per cent of salary. Dividend equivalents will accrue on TIP deferred shares over the vesting period.

Performance and provisions for the recovery

A balanced scorecard of stretching financial and operational objectives, linked to the achievement of Tullow's long term strategy, will be used to assess TIP outcomes which may include targets relating to: relative or absolute Total Shareholder Return (TSR); earnings per share (EPS); environmental, health and safety (EHS); financial; production; operations; project; exploration; or specific strategic and personal objectives.

Performance will typically be measured over one year for all measures apart from TSR and EPS, which, if adopted, will normally be measured over the three financial years prior to grant.

No more than 25 per cent of the maximum TIP opportunity will be payable for threshold performance.

Recovery provisions apply (see below).

Shareholding guidelines

Purpose and link to strategy	Operation	Maximum opportunity
To align the interests of management and shareholders and promote a long term approach to performance and risk management.	Executive Directors are required to retain at least 100 per cent of post-tax share awards until a minimum shareholding equivalent to 400 per cent of base salary is achieved in owned shares. Unvested TIP shares net of applicable taxes count towards the minimum shareholding requirement. Shares included in this calculation are those held beneficially by the Executive Director and his or her spouse/civil partner. From the 2020 AGM, 50 per cent of the shareholding guideline (i.e. 200 per cent of salary) will need to be retained by Executive Directors for two years post cessation.	400 per cent of salary.

Performance and provisions for the recovery

Not applicable.

Non-executive Directors

Purpose and link to strategy	Operation	Maximum opportunity
To provide an appropriate fee level to attract individuals with the necessary experience and ability to make a significant contribution to the Group's activities while also reflecting the time commitment and responsibility of the role.	The Chair is paid an annual fee and the non-executive Directors are paid a base fee and additional responsibility fees for the role of Senior Independent Director or for chairing a Board Committee. Fees are normally reviewed annually. Each non-executive Director is also entitled to a reimbursement of necessary travel and other expenses including associated tax costs. Non-executive Directors do not participate in any share scheme or annual bonus scheme and are not eligible to join the Group's pension schemes.	Non-executive Director remuneration is determined within the limits set by the Articles of Association. There is no maximum prescribed fee increase although fee increases for non-executive Directors will not normally exceed the average increase awarded to Executive Directors. Increases may be above this level if there is an increase in the scale, scope or responsibility of the role.
Performance and provisions for the recovery		
Not applicable.		

Calculation of TIP Awards

In addition to base salary and other benefits described in the Remuneration Policy, each Executive Director shall be eligible to receive an award issued under the rules of the TIP (a TIP Award). The TIP combines short- and long term incentive-based pay and includes a cash bonus component and a deferred share award component.

At the beginning of each financial year, the Committee will determine a multiple of base salary, subject to the limits established under this Policy, to apply to a TIP Award. At the same time the Committee will also determine a balanced corporate scorecard of performance metrics applicable to any TIP Award. The choice of the performance metrics and the weightings given to them, which are set by the Committee at the start of the relevant financial year normally, reflect the Committee's belief that any incentive compensation should be appropriately challenging and tied to the delivery of stretching financial, operational and Total Shareholder Return (TSR) related objectives, explicitly linked to the achievement of Tullow's long term strategy.

Following completion of the financial year, the Committee will review the Company's performance against the corporate scorecard resulting in a percentage score. The multiple set by the Committee is then applied to the percentage score to determine the total TIP Award amount. A TIP Award is divided equally between cash bonus and deferred shares up to the first 200 per cent of base salary. Any portion of a TIP Award above 200 per cent of base salary shall be satisfied in deferred shares only. Deferred shares forming part of a TIP Award are normally deferred for five years and are subject to malus and clawback. In its discretion, the Committee may elect to satisfy any portion of the cash bonus element of a TIP Award in deferred shares which will be deferred for a period determined by the Committee, being not less than one year from the date of grant.

Deferred shares issued in lieu of any portion of the cash bonus component of a TIP Award shall be subject to malus, clawback and the minimum shareholding requirements set out on page 72 of this report.

Approval

This report was approved by the Board of Directors on 9 March 2021 and signed on its behalf by:

Jeremy Wilson
Chair of the Remuneration Committee

9 March 2021

Other statutory information

The Directors present their Annual Report and audited Financial Statements for the Group for the year ended 31 December 2020.

Principal activities

Tullow is an independent oil and gas, exploration and production group, quoted on the London, Euronext Dublin and Ghanaian stock exchanges. The Group has interests in 53 exploration and production licences across 11 countries.

Strategic Report

The Group is required by section 414A of the Companies Act 2006 to present a Strategic Report in the Annual Report. This can be found on pages 1 to 39. The Strategic Report contains an indication of the Directors' view on likely future developments in the business of the Group. In addition, following the introduction of the EU Non-Financial Reporting Directive, the Strategic Report also provides direction on where information on the impact of activities on employees, social and environmental matters, human rights and anti-corruption and anti-bribery matters can be found within the Annual Report and Financial Statements, as well as a description of the Group's policies and where these are located. The Corporate Governance Report on pages 40 to 77 is the corporate governance statement for the purposes of Disclosure Guidance and Transparency Rule 7.2.1. The Annual Report and Financial Statements use financial and non-financial KPIs wherever possible and appropriate.

Results and dividends

The loss on ordinary activities after taxation of the Group for the year ended 31 December 2020 was $1,222 million (2019: loss of $1,694 million).

In 2020, the Board recommended that no interim and final dividend would be paid.

Subsequent events since 31 December 2020

In January, Tullow and the lenders under the RBL facility agreed to an extension of the January 2021 redetermination date by up to one month to the end of February 2021 to allow for additional time to review Tullow's new Business Plan and operating strategy.

Share capital

As at 9 March 2020, the Company had an allotted and fully paid up share capital of 1,419,087,306 ordinary shares each with a nominal value of £0.10.

Substantial shareholdings

As at 31 December 2020, the Company had been notified in accordance with the requirements of provision 5.1.2 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules of the following significant holdings in the Company's ordinary share capital:

Shareholder	Number of shares	% of issued capital (as at date of notification)
Petrolin Group (Samuel Dossou-Aworet)	1,408,609,725	13.07%
Azvalor Asset Management S.G.I.I.C., S.A.	72,415,971	5.13%
RWC Asset Management LLP	71,022,015	5.09%
M&G Plc	73,686,244	5.23%
Summerhill Trust Company (Isle of Man) Limited	58,838,104	4.19%
The Goldman Sachs Group, Inc	6,585,803	4.18%

As at 9 March 2021, the Company had been notified in accordance with the requirements of provision 5.1.2 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules of the following significant holdings in the Company's ordinary share capital since 31 December 2020:

Shareholder	Number of shares	% of issued capital (as at date of notification)
Azvalor Asset Management S.G.I.I.C., S.A.	99,431,259	7.014%
M&G Plc	(undisclosed – below threshold)	Less than 5%
The Goldman Sachs Group, Inc	Below 3% of voting rights	

Shareholders' rights

The rights and obligations of shareholders are set out in the Company's Articles of Association (which can be amended by special resolution). The rights and obligations attaching to the Company's shares are as follows:

- dividend rights – holders of the Company's shares may, by ordinary resolution, declare dividends but may not declare dividends in excess of the amount recommended by the Directors. The Directors may also pay interim dividends. No dividend may be paid other than out of profits available for distribution. Subject to shareholder approval, payment or satisfaction of a dividend may be made wholly or partly by distribution of specific assets;
- voting rights – voting at any general meeting may be conducted by a show of hands unless a poll is duly demanded. On a show of hands every shareholder who is present in person at a general meeting (and every proxy or corporate representative appointed by a shareholder and present at a general meeting) has one vote regardless of the number of shares held by the shareholder (or represented by the proxy or corporate representative). If a proxy has been appointed by more than one shareholder and has been instructed by one or more of those shareholders to vote 'for' the resolution and by one or more of those shareholders to vote 'against' a particular resolution, the proxy shall have one vote for and one vote against that resolution. On a poll, every shareholder who is present in person has one vote for every share held by that shareholder and a proxy has one vote for every share in respect of which he has been appointed as proxy (the deadline for exercising voting rights by proxy is set out in the form of proxy). On a poll, a corporate representative may exercise all the powers of the Company that has authorised him;

  A poll may be demanded by any of the following: (a) the Chairman of the meeting; (b) at least five shareholders entitled to vote and present in person or by proxy or represented by a duly authorised corporate representative at the meeting; (c) any shareholder or shareholders present in person or by proxy or represented by a duly authorised corporate representative and holding shares or being a representative in respect of a holder of shares representing in the aggregate not less than one-tenth of the total voting rights of all shareholders entitled to attend and vote at the meeting; or (d) any shareholder or shareholders present in person or by proxy or represented by a duly authorised corporate representative and holding shares or being a representative in respect of a holder of shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sums paid up on all the shares conferring that right;
- return of capital – in the event of the liquidation of the Company, after payment of all liabilities and deductions taking priority, the balance of assets available for distribution will be distributed among the holders of ordinary shares according to the amounts paid up on the shares held by them. A liquidator may, with the authority of a special resolution, divide among the shareholders the whole or any part of the Company's assets, or vest the Company's assets in whole or in part in trustees upon such trusts for the benefit of shareholders, but no shareholder is compelled to accept any property in respect of which there is a liability;
- control rights under employee share schemes – the Company operates a number of employee share schemes. Under some of these arrangements, shares are held by trustees on behalf of employees. The employees are not entitled to exercise directly any voting or other control rights. The trustees will generally vote in accordance with employees' instructions and abstain where no instructions are received. Unallocated shares are generally voted at the discretion of the trustees; and
- restrictions on holding securities – there are no restrictions under the Company's Articles of Association or under UK law that either restrict the rights of UK resident shareholders to hold shares or limit the rights of non-resident or foreign shareholders to hold or vote the Company's ordinary shares.

There are no UK foreign exchange control restrictions on the payment of dividends to US persons on the Company's ordinary shares.

Material agreements containing 'change of control' provisions

The following significant agreements will, in the event of a 'change of control' of the Company, be affected as follows:

- to the extent that a 'change of control' occurs as a result of any person, or group of persons acting in concert (as defined in the City Code on Takeovers and Mergers), gaining control of the Company:
  - under the $2.2 billion senior secured revolving credit facility agreement between, among others, the Company and certain subsidiaries of the Company, Natixis, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Lloyds Bank plc, ING Bank N.V., DNB Bank ASA and The Standard Bank of South Africa Limited and the lenders specified therein;
  - the Company is obliged to notify the agent (who notifies the lenders) upon the occurrence of a change of control;
  - if any lender so requires, it may cancel its commitments immediately and demand repayment of all outstanding amounts owed by the Company and certain subsidiaries of the Company to it under the agreement and any connected finance document. So long as such lender states its requirement to be repaid within 20 business days of being notified by the agent (such period being the 'notice period'), the repayment amount will become due and payable by no later than 10 business days after the end of such notice period and, in respect of each letter of credit issued under the agreement, full cash cover will be required by no later than 10 business days after the end of such notice period;
  - to the extent that a 'change of control' occurs, in general terms, as a result of: (i) a disposal of all or substantially all the properties or assets of the Company and all its restricted subsidiaries (other than through a merger or consolidation) in one or a series of related transactions; (ii) a plan being adopted relating to the liquidation or dissolution of the Company; or (iii) any person becoming the beneficial owner, directly or indirectly, of shares of the Company which grant that person more than 50 per cent of the voting rights of the Company;
    - under an indenture relating to $650 million of 6.25 per cent Senior Notes due in 2022 between, among others, the Company, certain subsidiaries of the Company and Deutsche Trustee Company Limited as the Trustee, the Company must make an offer to noteholders to repurchase all the notes at 101 per cent of the aggregate principal amount of the notes, plus accrued and unpaid interest in the event that a change of control of the Company occurs. The repurchase offer must be made by the Company to all noteholders within 30 days following the change of control and the repurchase must take place no earlier than 10 days and no later than 60 days from the date the repurchase offer is made. Each noteholder may take up the offer in respect of all or part of its notes; and under an indenture relating to $800 million of 7 per cent Senior Notes due in 2025 between, among others, the Company, certain subsidiaries of the Company and Deutsche Trustee Company Limited as the Trustee, the Company must make an offer to noteholders to repurchase all the notes at 101 per cent of the aggregate principal amount of the notes, plus accrued and unpaid interest in the event that a change of control of the Company occurs. The repurchase offer must be made by the Company to all noteholders within 30 days following the change of control and the repurchase must take place no earlier than 10 days and no later than 60 days from the date the repurchase offer is made. Each noteholder may take up the offer in respect of all or part of its notes; and
- to the extent that a 'change of control' occurs, in general terms, as a result of: (i) any person or persons, acting together, acquiring or becoming entitled to more than 50 per cent of the voting rights of the Company; or (ii) an offer being made to all of the Company's shareholders to acquire all or a majority of the issued ordinary share capital of the Company (or such offeror proposing a scheme of arrangement with regard to such acquisition, and thereby becoming entitled to exercise more than 50 per cent of the voting rights of the Company):
  - under a trust deed constituting $300 million of 6.625 per cent guaranteed convertible bonds due in 2021 ('the Convertible Bonds') between, among others, the Company, certain subsidiaries of the Company and Deutsche Trustee Company Limited as the Trustee, the bondholders shall have the right to require the Company to: (i) convert, in accordance with a formula specified in the trust deed, the Convertible Bonds into preference shares in the Company, which in turn will be exchanged by the Company for ordinary shares; or (ii) redeem the Convertible Bonds at their principal amount, together with accrued and unpaid interest at the date of the change of control event. The Company is required to give the Trustee notice of the occurrence of an event constituting a change of control within five calendar days of the occurrence of such event, and the bondholders shall thereafter have 60 calendar days in which to exercise the election referred to above. If the bondholders elect to redeem the Convertible Bonds, the Company is required to make payment of this amount 14 business days after receiving notification of such election.

Directors

The biographical details of the Directors of the Company at the date of this report are given on pages 46 and 47.

Details of Directors' service agreements and letters of appointment can be found on page 64. Details of the Directors' interests in the ordinary shares of the Company and in the Group's long term incentive and other share option schemes are set out on page 68 in the Directors' Remuneration Report.

Directors' indemnities and insurance cover

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors, to the extent permitted by the Companies Act 2006, against claims from third parties in respect of certain liabilities arising out of, or in connection with, the execution of their powers, duties and responsibilities as Directors of the Company or any of its subsidiaries. The Directors are also indemnified against the cost of defending a criminal prosecution or a claim by the Company, its subsidiaries or a regulator provided that where the defence is unsuccessful the Director must repay those defence costs. The Company also maintains directors' and officers' liability insurance cover, the level of which is reviewed annually.

Conflicts of interest

A Director has a duty to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Group. The Board requires Directors to declare all appointments and other situations that could result in a possible conflict of interest and has adopted appropriate procedures to manage and, if appropriate, approve any such conflicts. The Board is satisfied that there is no compromise to the independence of those Directors who have appointments on the boards of, or relationships with, companies outside the Group.

Powers of Directors

The general powers of the Directors are set out in Article 104 of the Articles of Association of the Company. It provides that the business of the Company shall be managed by the Board which may exercise all the powers of the Company whether relating to the management of the business of the Company or not. This power is subject to any limitations imposed on the Company by applicable legislation. It is also limited by the provisions of the Articles of Association of the Company and any directions given by special resolution of the shareholders of the Company which are applicable on the date that any power is exercised.

Please note the following specific provisions relevant to the exercise of power by the Directors:

- Pre-emptive rights and new issues of shares – the holders of ordinary shares have no pre-emptive rights under the Articles of Association of the Company. However, the ability of the Directors to cause the Company to issue shares, securities convertible into shares or rights to shares, otherwise than pursuant to an employee share scheme, is restricted under the Companies Act 2006 which provides that the directors of a company are, with certain exceptions, unable to allot any equity securities without express authorisation, which may be contained in a company's articles of association or given by its shareholders in general meeting, but which in either event cannot last for more than five years. Under the Companies Act 2006, the Company may also not allot shares for cash (otherwise than pursuant to an employee share scheme) without first making an offer on a pre-emptive basis to existing shareholders, unless this requirement is waived by a special resolution of the shareholders.
- Repurchase of shares – subject to authorisation by shareholder resolution, the Company may purchase its own shares in accordance with the Companies Act 2006. Any shares that have been bought back may be held as treasury shares or must be cancelled immediately upon completion of the purchase. The Company received authority at the last Annual General Meeting to purchase up to a maximum of 140,847,235 ordinary shares. The authority lasts until the earlier of the conclusion of the Annual General Meeting of the Company in 2021 or 30 June 2021.
- Borrowing powers – the net external borrowings of the Group outstanding at any time shall not exceed an amount equal to four times the aggregate of the Group's adjusted capital and reserves calculated in the manner prescribed in Article 105 of the Company's Articles of Association, unless sanctioned by an ordinary resolution of the Company's shareholders.

Appointment and replacement of Directors

The Company shall appoint (disregarding Alternate Directors) no fewer than two and no more than 15 Directors. The appointment and replacement of Directors may be made as follows:

- the shareholders may by ordinary resolution elect any person who is willing to act to be a Director;
- the Board may elect any person who is willing to act to be a Director. Any Director so appointed shall hold office only until the next Annual General Meeting and shall then be eligible for election;
- each Director is required in terms of the Articles of Association to retire from office at the third Annual General Meeting after the Annual General Meeting at which he or she was last elected or re-elected, although he or she may be re-elected by ordinary resolution if eligible and willing. However, to comply with the principles of best corporate governance, the Board intends that each Director will submit him or herself for re-election on an annual basis;
- the Company may by special resolution remove any Director before the expiration of his or her period of office or may, by ordinary resolution, remove a Director where special notice has been given and the necessary statutory procedures are complied with; and
- there are a number of other grounds on which a Director's office may cease, namely voluntary resignation, where all the other Directors (being at least three in number) request his or her resignation, where he or she suffers physical or mental incapacity, where he or she is absent from meetings of the Board without permission of the Board for six consecutive months, becomes bankrupt or compounds with his or her creditors or where he or she is prohibited by law from being a Director.

Encouraging diversity in our workforce

Tullow is committed to eliminating discrimination and encouraging diversity amongst its workforce. Decisions related to recruitment selection, development or promotion are based upon merit and ability to adequately meet the requirements of the job, and are not influenced by factors such as gender, marital status, race, ethnic origin, colour, nationality, religion, sexual orientation, age or disability.

We want our workforce to be truly representative of all sections of society and for all our employees to feel respected and able to reach their potential. Our commitment to these aims and detailed approach are set out in Tullow's Code of Ethical Conduct and Equal Opportunities Policy.

We aim to provide an optimal working environment to suit the needs of all employees, including those of employees with disabilities. For employees who become disabled during their time with the Group, Tullow will provide support to help them remain safely in continuous employment.

Employee involvement and engagement

We use a range of methods to inform and consult with employees about significant business issues and our performance. These include webcasts, the Group's intranet and town hall meetings. In 2019, we established workforce Tullow Advisory Panel (TAP) in conjunction with existing means to continue engaging with our workforce. Further details on the TAP and employee engagement are described on page 48 of this report.

We have an employee share plan for all permanent employees, which gives employees a direct interest in the business' success.

Political donations

In line with Group policy, no donations were made for political purposes.

Corporate responsibility

The Group works to achieve high standards of environmental, health and safety management. Our performance in these areas can be found on pages 26 to 27 of this report. Further information is available on the Group website: www.tullowoil.com, and our 2020 Sustainability Report.

Auditor and disclosure of relevant audit information

Having made the requisite enquiries, so far as the Directors are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the Company's auditor is unaware and each Director has taken all steps that ought to have been taken to make him or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

A resolution to appoint Ernst & Young as the Company's auditor will be proposed at the 2021 AGM. The date and time of the Annual General Meeting will be confirmed in due course. More information can be found in the Audit Committee Report on page 52.

Annual General Meeting

The Notice of Annual General Meeting will set out the resolutions to be proposed at the forthcoming AGM, which will be sent to shareholders in due course.

This Corporate Governance Report (which includes the Directors' Remuneration Report) and the information referred to herein have been approved by the Board and signed on its behalf by:

Adam Holland
Company Secretary

9 March 2021

Registered office:
9 Chiswick Park
566 Chiswick High Road
London W4 5XT

Company registered in England and Wales No. 3919249

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group Financial Statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, and the Parent Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

Under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, group financial statements are required to be prepared in accordance with International Financial Reporting Standards (IFRSs) adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union.

In preparing these Financial Statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs, and in respect of the Parent Company Financial Statements, FRS 101, is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- in respect of the Group Financial statements, state whether International Accounting Standards in conformity with the requirements of the Companies Act 2006 and IFRSs adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- in respect of the Parent Company Financial Statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is appropriate to presume that the Company and/ or the Group will not continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Company and the Group Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report, Directors' report, Directors' remuneration report and corporate governance statement that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Directors' responsibility statement (DTR 4.1)

The Directors confirm, to the best of their knowledge:

- that the consolidated Financial Statements, prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and IFRSs adopted pursuant to Regulation (EC) No.1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Parent Company and undertakings included in the consolidation taken as a whole;
- that the Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that they consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Rahul Dhir

Rahul Dhir
Chief Executive Officer

9 March 2021

Les Wood

Les Wood
Chief Financial Officer

9 March 2021

Independent auditor's report to the members of Tullow Oil plc

Opinion

In our opinion:

- Tullow Oil plc's Group Financial Statements and Parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Tullow Oil plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise:

Group	Parent company
Group balance sheet as at 31 December 2020	Company balance sheet as at 31 December 2020
Group income statement for the year then ended	Company statement of changes in equity for the year then ended
Group statement of comprehensive income and expense for the year then ended	Related notes 1 to 7 to the financial statements including a summary of significant accounting policies
Group statement of changes in equity for the year then ended	
Group cash flow statement for the year then ended	
Related notes 1 to 31 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainties relating to going concern

We draw attention to the Basis of Preparation note as set out on page 97, which highlights the following events or conditions that may cast significant doubt on the Group's and parent company's ability to continue as a going concern:

- the Group is in the process of implementing a refinancing. The implementation of a refinancing proposal are outside the control of the Group; and
- The Group is forecasting that it requires amendments or waivers in respect of covenant breaches and, in the event a refinancing proposal is implemented, may require waivers should the revised covenants subsequently be breached. Obtaining amendments or waivers to these covenants is outside the control of the Group.

As stated on pages 97 to 98, these events or conditions indicate that material uncertainties exist that may cast significant doubt on the Group's and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements of the Group is appropriate.

How we evaluated management's assessment

Management's going concern assessment assesses the ability of the group to continue as a going concern from the date of approval of the 2020 Annual Report and Accounts ('ARA') to 30 April 2022 ('going concern period').

Further detail on the assumptions applied by management in its going concern assessment are provided in the Basis of Preparation note on page 92.

Our evaluation of the directors' assessment of Tullow's ability to continue to adopt the going concern basis of accounting included the following procedures:

Area	Our procedures and key observations
Modelling the forecasted cash flows	- with the assistance of EY business modelling specialists, tested the integrity of management's going concern model; - in conjunction with EY valuation specialists, assessed management's oil price assumptions. Our assessment included the comparison of management's price assumptions with recent market participant estimates; - assessed whether the assumptions in the reasonable worst case were plausible and sufficiently severe; - ensured that the forecast was consistent with the budget approved by Tullow's Board; - assessed the appropriateness of reliance on management's external reserve specialists by performing procedures to evaluate their objectivity and competency; and - evaluated the reasonableness of all other key assumptions, including cost forecasts, through reconciliation to the budget approved by the Board and assessing their consistency with other areas of the audit, including impairment assessments. We observed that given the price evolution to date in 2021, whilst the reasonable worst case is still plausible, it is likely on the conservative side and that assumed production in the base case was in line with the approved budget.
Forecasted covenant compliance and liquidity	- recalculated management's forecast covenant compliance calculations to confirm that there are covenant breaches forecast throughout the going concern period under management's base case and reasonable worst case; and - taking into account the hedge position of the Group, we performed a reverse stress test to determine if there were conditions under which the Group could potentially experience a liquidity shortfall before the Senior Note repayment on 15 April 2022. We confirmed the Group is forecasting to breach its covenants under its base case and reasonable worst case scenarios. As the Group has a high degree of hedging in place, our reverse stress testing indicated that the Group will maintain liquidity throughout the going concern period until 15 April 2022 using any reasonable downside oil price assumption under the assumption that amendments or waivers are received for any Liquidity Forecast Test or gearing covenant breach.
Ability to obtain waivers and amendments for covenant breaches	In considering whether the lenders would be willing to continue to issue waivers and amendments, we performed the following procedures: - obtained covenant waivers and amendments previously provided by Tullow's lenders; - made inquiries of Tullow's internal treasury team and external financial advisers in order to understand the status of discussions and their assessment of the likelihood of Tullow's creditors agreeing to provide financial covenant deferrals or waivers for a sufficient period of time to allow Tullow to complete a Refinancing Proposal; and - utilised the knowledge and experience of EY restructuring specialists in order to assess the reasonableness of Tullow's position. Given the significance of the assumption that lenders would be willing to continue to issue waivers and amendments on the impact on Tullow's ability to continue as a going concern, we consider there to be a material uncertainty.

How we evaluated management's assessment continued

Area	Our procedures and key observations
Ability of the Group to finalise, implement and obtain approvals for its Refinancing Proposal	In considering whether the Group will be able to finalise and implement a refinancing proposal, we performed the following procedures: - We obtained the details of the Refinancing Proposal discussed with the lenders; - made inquiries of Tullow's internal treasury team and external financial advisers in order to understand their assessment of the likelihood of Tullow creditors approving the terms of the refinancing and the reasons for such an expectation; - analysed external indicators, including share price, bond prices and the equity short position to inform ourselves of market sentiment regarding the Group's outlook; - made inquiries of the financial advisers of the lenders regarding the likelihood of their clients approving the terms of the refinancing; and - utilised the knowledge and experience of EY restructuring specialists in order to assess the reasonableness of Tullow's position. Given the significance of the assumption that the Group will be able to implement a refinancing proposal on the impact on Tullow's ability to continue as a going concern, we consider there to be a material uncertainty.

Conclusion

In relation to the Group's and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in respect of the Directors' identification in the financial statements of the material uncertainties to the Group's ability to continue to do so throughout the going concern period.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and parent company's ability to continue as a going concern.

We draw attention to the Viability Statement on page 35, which indicates that an assumption to the statement of viability is management's ability to implement a refinancing proposal and obtain amendments or waivers in respect of covenant breaches or, in the event a refinancing proposal is implemented, the revised covenants are subsequently breached. The Directors consider that the material uncertainties referred to in respect of going concern may cast significant doubt over the future viability of the Group and Parent Company should these events not complete. Our opinion is not modified in respect of this matter.

Overview of our audit approach

Audit scope	- We performed an audit of the complete financial information of 4 components and audit procedures on specific balances for a further 12 components. - The components where we performed full or specific audit procedures accounted for 98 per cent of Adjusted EBITDA, 97 per cent of Revenue and 94 per cent of Total assets.
Key audit matters	- Impairment of O&G assets - Impairment of Kenya and Uganda intangible E&E assets - O&G reserves estimation - Estimation of Ghana decom provision - Uncertain Tax Positions - Although going concern was considered to represent a key audit matter, detail on our audit procedures and key observations are summarised in the 'Material uncertainties related to going concern' section of our report as opposed to the key audit matters table below.
Materiality	- Overall Group materiality of $25 million which represents 2 per cent of normalised Adjusted EBITDA.
First year audit transition	- The year ended 31 December 2020 is our first as auditor of the Group. We commenced transition at the start of the audit professional engagement period on 1 January 2020 including shadowing the previous auditor through the 31 December 2019 audit, such as attendance at certain close meetings and the Audit Committee meeting. Subsequently, audit transition activities focused on the following areas: - We evaluated all key accounting judgement papers and the Group's accounting policies. - We undertook reviews of the predecessor auditor files to consider working papers in relation to significant audit risk matters, to identify and assess the judgements exercised over these risks and to assess the nature, timing and extent of audit procedures performed in forming the prior year auditor opinion. - We continued to engage with the Company at all levels throughout the period and held a number of Teams meetings with the AC Chair, the CFO, the Group FC and his accounting team and heads of other departments to mitigate the impact of remote working in our first year audit due to COVID-19 restrictions. - Prior to signing the interim review opinion, we had understood and walked through the key processes at Group and in the full scope audit location.

An overview of the scope of the Parent Company and Group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and changes in the business environment when assessing the level of work to be performed at each company.

The Group has centralised processes and controls over the key areas of our audit focus with responsibility lying with Group management for the majority of estimation processes and significant risk areas. We have tailored our audit response accordingly and thus for the majority of our focus areas, audit procedures were undertaken by the Group audit team.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 65 reporting components of the Group, we selected 16 components covering entities within Ghana, Gabon, UK, Jersey, Cote d'Ivoire, Equatorial Guinea, Kenya, Uganda, Peru, Guyana, Norway and Ireland which represent the principal Business Units within the Group.

Of the 16 components selected, we performed an audit of the complete financial information of 4 components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 12 components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

An overview of the scope of the parent company and group audits continued

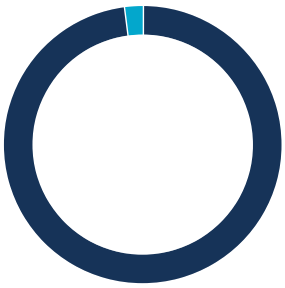
Tailoring the scope continued

The reporting components where we performed audit procedures accounted for 98 per cent of the Group's adjusted EBITDA, 97per cent of the Group's Revenue and 94 per cent of the Group's Total assets. For the current year, the full scope components contributed 99per cent of the Group's adjusted EBITDA, 90 per cent of the Group's Revenue and 73 per cent of the Group's Total assets. The specific scope components contributed negative 1per cent of the Group's adjusted EBITDA, 7 per cent of the Group's Revenue and 21per cent of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage for the Group audit. Group audit team has performed specified procedures on 3 locations over certain aspects of intangible exploration and evaluation assets, oil and gas assets, borrowings, non-current provisions and exploration costs written off.

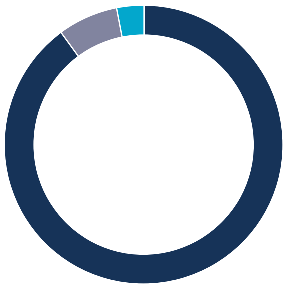
Of the remaining 49 components that together represent 2 per cent of the Group's adjusted EBITDA, none are individually greater than 1 per cent of the Group's adjusted EBITDA. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations to respond to any potential risks of material misstatement to the Group financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.

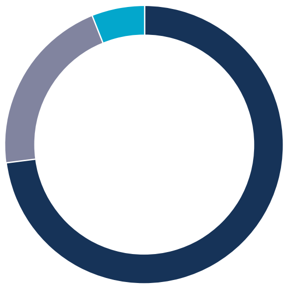
Adjusted EBITDA



Revenue



Total assets



Changes from the prior year

This is our first year of auditing Tullow Oil plc. Our scope is broadly consistent with that adopted by the previous auditor.

Involvement with component teams

The overall audit strategy is determined by the Senior Statutory Auditor, Paul Wallek. In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. We deployed component team in Ghana and requested support from Uganda, Kenya, Equatorial Guinea and Gabon tax teams in addressing tax specific matters originating from those jurisdictions.

Of the four full scope components, audit procedures were performed on three of these directly by the primary audit team. For the 12 specific scope components, the work was performed directly by the primary audit team.

Under normal circumstances Paul and/or other senior members of the team would have visited Ghana three times during the audit cycle. The planned visits to Ghana during the year were cancelled due to travel restrictions imposed as a result of COVID-19. However, in planning our audit, we assumed a worst-case scenario where travel restrictions and lockdowns would persist throughout the period of the audit. As a result, we developed an audit strategy that enabled the group engagement team to fulfil its responsibilities under auditing standards to evaluate, review and oversee the work of component teams on a remote basis. During the current year's audit cycle, virtual visits through video conferencing were undertaken by the primary audit team to the component team in Ghana. These meetings involved discussing the audit approach with the component team and any issues arising from their work, meeting with local management and attending planning and closing meetings. The primary team interacted frequently with the component teams where appropriate during various stages of the audit and were responsible for the scope and direction of the audit process. In addition the primary team reviewed key workpapers prepared by the component team in areas of particular risk, through the interactive capability of EY Canvas, our global audit workflow tool. This, together with the additional procedures performed at a Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the 'Material uncertainties related to going concern' section of our report, we identified the following key audit matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee

Impairment of Oil and Gas assets $2,544 million (2019: $3,085 million)
 	
Refer to the Audit Committee Report (page 49); Accounting policies (page 97); and Note 11 of the Consolidated Financial Statements (page 118)
 	
In the current period, management recorded a net impairment charge of $250.6 million (2019: $781.2 million). $149.2 million (2019: $712.8 million) of the charge relates to Ghana (TEN) producing assets and is subject to the determination of judgemental valuation inputs.
 	
Following the identification of Group-wide indicators of impairment, being a downward revision to management's long term price assumptions, all of management's tangible oil and gas assets within it respective cash generating units ('CGUs'), were tested for impairment in the period.
 	
Management prepare its tangible asset impairment tests under the value-in-use methodology. The models include a number of estimates and judgements including: future oil and gas prices; discount rates; inflation rates; production profiles; and cost profiles for each asset. Changes to any of these key inputs could lead to a potential impairment or a reversal of impairment, hence this risk is considered a key audit matter.
 	
The risk has increased in current year following downturn in long term commodity prices.
	Our audit response was executed by the primary audit team, covering all assets at risk of material impairment. We performed the following audit procedures with respect to management's impairment assessment:
	
	- confirmed our understanding of Tullow's impairment process, as well as the control environment implemented by management;
	- following identification of indicators of impairment in respect of all tangible oil and gas properties, for each CGU, we:
	  - with the assistance of EY business modelling specialists, tested the integrity of underlying VIU model;
	  - we assessed the appropriateness of management's oil price assumptions through comparison with the estimates of market participants. Our assessment of management's long term oil price assumption considered the estimates of recognised consultants, brokers, peers and the prices reflected in the Sustainable Development Scenario from International Energy Agency (IEA);
	  - in conjunction with our EY valuations specialists, we assessed the appropriateness of management's impairment discount rates including an independent re-calculation of the group's weighted average cost of capital;
	  - tested management's production profiles through reconciliation to the results of our testing in respect to reserve estimation and that the life-of-field assumptions were consistent with those applied in the Company's decommissioning provision calculations; and
	  - tested the appropriateness of other cash flow assumptions, including cost estimate profiles, inflation rate and FX rates based on comparison with recent actuals and our understanding obtained from other areas of the audit.
	
	Our audit response was primarily performed by the primary audit team, with support from local tax teams in Ghana, Kenya and Uganda. Our audit procedures over this risk area covers 100 per cent of the reported risk amount.
		We reported to the Audit Committee in its March 2021 meeting that, based on our testing performed, we considered the current period impairment charge is fairly stated and that there are no further material impairments or impairment reversals in the Group.

Key audit matters continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Impairment of Kenya and Uganda intangible exploration and evaluation (E&E) assets $247.0 million (2019: $1,627.0 million) Refer to the Audit Committee Report (page 51); Accounting policies (page 106); and Note 10 of the Consolidated Financial Statements (pages 116 to 117) As at 31 December 2020, Tullow's Intangible Exploration and Evaluation (E&E) assets are carried at $368.2 million (2019: 1,764.4 million), of which $247.0 million (2019: $667.0 million) relates to Tullow's interest in Kenya exploration license. Tullow has successfully completed the sale of the Uganda E&E asset for $582.6 million and recognised an exploration cost write off $451.4 million. Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The risk of future impairment remains high should the Company not be able to realise the value through a sale or progress to Field Development Plan which is a pre-condition to further Kenya licence extension.	Our audit response was executed by the primary audit team, covering all assets at risk of material impairment. We performed the following audit procedures with respect to management's impairment assessment of Kenya E&E asset: - we read the letter from Government of Kenya, which grants the Group license extension to 31 December 2021, with a condition to submit a technically and commercially compliant Field Development Plan for approval by 31 December 2021; - we tied the 2C resources used in the Kenya valuation model to the TRACS report; - with the assistance of EY business modelling specialists, tested the integrity of the underlying VIU model; - we assessed the appropriateness of management's oil and gas price assumptions through comparison with the estimates of market participants. Our assessment of management's long term oil price assumption considered the estimates of recognised consultants, brokers, peers and the prices reflected in the Sustainable Development Scenario from International Energy Agency (IEA); - in conjunction with our EY valuations specialists, we assessed the appropriateness of management's impairment discount rates based on an independent re-calculation of the Group's weighted average cost of capital; - tested management's production profiles through reconciliation to the results of our testing in respect to reserve estimation and that life-of-field assumptions were consistent with those applied in the Company's decommissioning provision calculations; and - tested the appropriateness of other cash flow assumptions, including cost estimate profiles, inflation rate and FX rates based on comparison with recent actuals and our understanding obtained from other areas of the audit. We performed the following audit procedures with respect to impairment of Uganda E&E asset and subsequent sale: - we read and evaluated the Sale and Purchase Agreement (SPA) to verify the sale consideration which was used to determine the fair valuation of Uganda E&E asset; and - we tied the proceeds of the sale received as of 31 December 2020 to the bank statement. Our audit response was primarily performed by the primary audit team. Our audit procedures over this risk area covers 100 per cent of the reported risk amount.	Based on our testing performed on the valuation of the Kenya asset and receipt of license extension from Government of Kenya in September 2020 we are satisfied that the carrying amounts of E&E assets as at 31 December 2020 are fairly stated. Further based on procedures performed on the consideration for Uganda asset we are satisfied that the impairment of the Uganda E&E asset is fairly stated.

Key audit matters continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Uncertain tax positions $1,070.0m (2019: $990m) Refer to the Audit Committee Report (page 51); Accounting policies (pages 107 to 108); and Note 7 of the Consolidated Financial Statements (pages 114 to 115) The Group is subject to various claims from local tax authorities in the normal course of its business. The Group is in formal dispute proceedings regarding a number of these claims. We consider this risk a key audit matter because of the potential quantitative impact on the financial statements and significant audit effort required to understand the historical position in a first year audit. Additionally, the treatment of taxation cases requires significant judgement due to the complexity of the cases, timescales for resolution and the need to negotiate with various authorities and other parties. As such, the Group has included uncertain tax positions in its disclosure of key sources of estimation uncertainty on pages 107 to 108. The risk has remained consistent with the prior year.	We performed the following audit procedures with respect to address the risk of material misstatement: - where appropriate, obtained correspondence with tax authorities and when required used our local teams and tax specialists on specific regimes to challenge management's assumptions and judgements regarding the level of provisions made; - inspected external legal and tax opinions (where considered necessary) to corroborate management's assessment of the risk profile in respect of tax claims; - we audited year-end tax exposures and provisions position as provided in Tullow's UTP slide deck and associated workings; and - considered the relevant disclosures made within the financial statements to ensure they appropriately reflect the facts and circumstances of the tax exposures and are in accordance with the requirements of IAS 37. Our audit response was primarily performed by the primary audit team. Our audit procedures over this risk area covers 100 per cent of the reported risk amount.	Based on the evidence obtained and the audit procedures performed we are satisfied that the accounting treatment in respect of potential tax exposures is appropriate. We also concluded that the disclosures made in the financial statements are appropriate.

Key audit matters continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Oil and Gas reserve estimation Refer to the Audit Committee Report (page 51); Accounting policies (page 106); and Commercial reserves and contingent resources summary (page 156) The estimation and measurement of oil and gas reserves is considered a key audit matter as it impacts many material elements of the financial statements including impairment, debt covenant compliance, decommissioning, and depreciation, depletion and amortisation ('DD&A'). There is technical uncertainty in assessing reserve quantities and there are complex contractual arrangements that determine Tullow's entitlement of reserves. Management's proven and probable reserves estimates are audited by external specialist. The scope of our procedures in respect to reserve estimation included contingent resources that impact the financial statements, relating to Kenya fields which are yet to be sanctioned but included in management's recoverability assessment of Intangible exploration and evaluation assets The risk has remained consistent with the prior year.	- We performed the following audit procedures with respect to management's estimation of oil and gas reserves. - confirmed our understanding of Tullow's oil and gas reserve estimation process as well as the control environment implemented by management; - we assessed the appropriateness of reliance on management's internal and external reserve specialists by performing procedures to evaluate their objectivity and competency; - we engaged an EY partner with significant oil and gas reserves expertise and valuation experience to review the reserves reports generated by external expert and assess the appropriateness of inputs of technical nature; - held discussions with management's external specialists to understand the basis and appropriateness of revisions; - investigated all material volume movements from management's prior period estimate and lack of movement where changes were expected based on our understanding of operations and findings from other areas of our audit; - reconciled and compared the consistency reserve volumes applied throughout the relevant accounting processes including DD&A, impairment, going concern assessment, decommissioning provisions and deferred tax asset recoverability; - we recalculated net entitlement production that reflect the terms of the production sharing contracts for all fields and is derived from the external audited reserves; and - in light of Tullow's aim to reach net-zero carbon emissions by 2030 (scope 1 and 2), we considered the extent of reserves recognised that are due to be produced beyond 2030 in assessing the potential impact of the energy transition on the recognition of Tullow's reserves. Our audit response was performed by the primary audit team. Our audit procedures over this risk area covers 88 per cent of the reported reserves. Tullow's proven and probable reserves are not recognised beyond 2036. We see no evidence that the recognition of the reserve volumes expected to be lifted beyond 2030 results in the overstatement of Tullow's balance sheet by overstating the recoverable amounts of Tullow's assets or understatement of decommissioning liabilities.	Based on our testing performed we have not identified any significant errors in the proven and probable reserves and have concluded that the inputs and assumptions used by an external expert to audit proved reserves and resources are reasonable.

Key audit matters continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Estimation of Ghana decommissioning provision $323.5m (2019: £365.6m) Refer to the Audit Committee Report (page 51); Accounting policies (page 107); and Note 21 of the Consolidated Financial Statements (page 131) Decommissioning provisions are based on a number of estimates and assumptions that are impacted by future activities, economic factors and the legislative environments in which Tullow operates. We have considered the estimating of the decommissioning provision for the Ghana operated assets a key audit matter as it involves a number of estimates and the overall quantum of the provision as at 31 December 2020 is large when compared to materiality. The risk has remained consistent with the prior year.	We have confirmed our understanding of the decommissioning provision estimation process, including an assessment of the control environment; - we engaged our EY decommissioning specialist in our meetings with management and external experts to ensure that we challenge the appropriateness of assumptions applied by external expert and management with the greater knowledge in decommissioning and restoration activities; - we assessed the objectivity and competency of the specialist used in estimating the decommissioning provision and compare the results of management's estimation to that of the specialist; - we verified the completeness of the cost estimate data by corroborating work performed in other areas of the audit, including oil and gas reserves and impairment testing of PP&E, where applicable; - we tested the key cost assumptions that have the most significant impact on the overall decommissioning provision, with a focus on the estimated well costs. We tested the appropriateness of assumptions by comparing costs to external specialist estimates and other available benchmarks; and - we engaged EY valuation specialist to test the appropriateness of the discount rate assumptions. Our audit response was primarily performed by the primary audit team. Our audit procedures over this risk area covers 100 per cent of the reported risk amount.	Based on the audit procedures performed and evidence obtained we are satisfied that the Ghana decommissioning provision is appropriate.

As this is our first year as external auditors of the Group, the starting point for our audit focus areas were the same as those identified by Deloitte for the year ended 31 December 2019. The audit focus areas have since been amended following our experience gained from the understanding of developments in the business, and time spent during the year end audit.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined initial planning materiality for the Group to be $24.7 million (2019: $40 million), which is 2 per cent (2019: 3 per cent) of normalised Adjusted EBITDA (2019: Adjusted EBITDAX).

Our key criterion in determining materiality remains our perception of the needs of Tullow's stakeholders. We consider which earnings, activity or capital-based measure aligns best with the expectations of the users of Tullow's financial statements. In doing so, we apply a 'reasonable investor perspective', which reflects our understanding of the common financial information needs of the members of Tullow as a group.

We believe that EBITDA is the most appropriate measure upon which to calculate materiality as it represents a key performance indicator used by Tullow's investors and the basis of financial covenants imposed by lenders.

Although this is an unprecedented time for the industry and there is uncertainty as to the outlook for prices, the views of economists and market participants are that demand will return and that the supply/demand balance will be re-addressed over time. Given this, we believed it was important that, in setting materiality, we did not overact to what is expected to be a relatively temporary phenomenon – especially when Tullow continues to be the same company structurally. In the 4th Quarter of 2020 and post year-end, the oil price has more than recovered to levels where it was before the pandemic and the oil price collapse witnessed in March 2020.

Our application of materiality continued

Materiality continued

We have determined that the basis of planning materiality should be normalised Adjusted EBITDA (i.e excluding non-recurring items), calculated as the average of 2018 and 2019 actuals as well as management's 2020 budget (2019: 2019 adjusted EBITDA). By applying a normalised approach, large year-on-year swings in materiality are minimised. We have excluded non-recurring items such as impairments of E&E assets and producing oil & gas assets, non-cash movements in provisions and gains on sale to ensure we are using a consistent measure representative of the underlying business.

The non-recurring items excluded in 2020 were: impairment of E&E assets ($987 million) impairment of oil and gas assets ($251 million), non-cash movement in provisions ($nil), loss on asset sale ($3.4 million), restructuring costs ($92 million) and fair value gain on hedging ($1 million)

The non-recurring items excluded in 2019 were: impairment of E&E assets ($1,253 million) impairment of oil and gas assets ($781 million), non-cash movement in provisions ($4 million), gain on asset sale ($7 million), restructuring costs ($nil) and fair value gain on hedging ($2 million).

The non-recurring items excluded in 2018 were: impairment of E&E assets ($295 million) impairment of oil and gas assets ($18 million), non-cash movement in provisions ($171 million), gain on asset sale ($21 million), restructuring costs ($nil) and fair value loss on hedging ($2 million).

We determined materiality for the Parent Company to be $5.2 million (2019: $32 million), which is 1 per cent (2019: 1.6 per cent) of equity. The significant decrease in materiality is due to reduction in Parent Company equity resulting from impairment of investments triggered by the reduction in long term oil price forecasts.

During the course of our audit, we re-assessed initial materiality in the context of the Group's actual performance and have adjusted the management 2020 budget numbers with actuals to determine final materiality. Our revised planning materiality is $25 million.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments procedures, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50 per cent (2019: 70 per cent) of our planning materiality, namely $12.5 million (2019: $32 million). We have set performance materiality at this percentage following: assessment of nature, number and impact of the adjusted and unadjusted audit differences identified in 2019 and the heightened risk or error in the current environment.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was $11.2 million to $3.1 million (2019: $32 million to $16 million).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $1.2 million (2019: $2 million), which is set at 5 per cent of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report as set out on pages 1 to 84 and 140 to 144, including the Strategic Report, Governance and Supplementary information other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Opinions on other matters prescribed by the Companies Act 2006 continued

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer term viability and that part of the Corporate Governance Statement relating to the Group and Company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified as set out on page 79;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate as set out on page 79;
- Directors' statement on fair, balanced and understandable as set out on page 79;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks as set out on page 28;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems as set out on page 28; and;
- the section describing the work of the Audit Committee as set out on page 49.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement 74, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and Parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Auditor's responsibilities for the audit of the financial statements continued

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud continued

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (IFRS, Companies Act 2006, the UK Corporate Governance Code and the Listing Rules of the UK Listing Authority) and the relevant tax compliance regulations in the jurisdictions in which Tullow operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, environmental, and bribery and corruption practices.
- We understood how Tullow Oil plc is complying with those frameworks by making inquiries of management, internal audit and those responsible for legal and compliance procedures. We corroborated our enquiries through review of board minutes, papers provided to the Audit Committee and correspondence received from regulatory bodies.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it considered there was susceptibility to fraud and assessing whistleblowing incidences for those with a potential financial reporting impact. In addition, we utilised internal and external information to perform a fraud risk assessment for each of the countries of operation. We considered risk of fraud through management override and, in response, we incorporated data analytics across manual journal entries into our audit approach. These procedures included those on revenue recognition detailed above were designed to provide reasonable assurance that the financial statements were free from material fraud or error. We also considered the possibility of fraudulent or corrupt payments made through the purchase to pay process by overriding the controls put in place by the Company. Where exceptions and instances of risk behaviour patterns were identified through data analytics, we performed additional audit procedures. These procedures included testing of transactions back to the source information and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business; inquiries of legal counsel, group management, internal audit and all full and specific scope management; review of volume and nature of whistleblowing complaints received during the year.
- If any instances of non-compliance with laws and regulations were identified, these were communicated to the relevant local EY teams which performed sufficient and appropriate audit procedures to address the risk identified, supplemented by audit procedures performed at the Group level.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit Committee we were appointed by the Company at its AGM on 23 April 2020 to audit the financial statements for the year ended 31 December 2020 and subsequent financial periods.
- The period of total uninterrupted engagement is one year, representing the period from the date of our appointment through to the period ended 31 December 2020.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the group and the parent company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

P Wallek.

Paul Wallek (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

10 March 2021

Group income statement

Year ended 31 December 2020

	Notes	2020 $m	2019 $m
Continuing activities			
Revenue	2	**1,396.1**	1,682.6
Other operating income – lost production insurance proceeds	6	**–**	42.7
Cost of sales	4	**(993.6)**	(966.7)
Gross profit		**402.5**	758.6
Administrative expenses	4	**(86.7)**	(111.5)
(Loss)/gain on disposal		**(3.4)**	6.6
Exploration costs written off	10	**(986.7)**	(1,253.4)
Impairment of property, plant and equipment, net	11	**(250.6)**	(781.2)
Restructuring costs and provisions for onerous contracts	4,21	**(92.8)**	(4.2)
Operating loss		**(1,017.7)**	(1,385.1)
Loss on hedging instruments	19	**(0.8)**	(1.5)
Finance revenue	5	**59.4**	55.5
Finance costs	5	**(314.3)**	(322.3)
Loss from continuing activities before tax		**(1,273.4)**	(1,653.4)
Income tax credit/(expense)	7	**51.9**	(40.7)
Loss for the year from continuing activities		**(1,221.5)**	(1,694.1)
Attributable to:			
Owners of the Company		**(1,221.5)**	(1,694.1)
Loss per ordinary share from continuing activities	8	**¢**	¢
Basic		**(86.6)**	(120.8)
Diluted		**(86.6)**	(120.8)

Group statement of comprehensive income and expense

Year ended 31 December 2020

	Notes	2020 $m	2019 $m
Loss for the year		**(1,221.5)**	(1,694.1)
Items that may be reclassified to the income statement in subsequent periods			
Cash flow hedges			
Gain/(loss) arising in the year	19	**271.0**	(118.6)
Losses arising in the year – time value	19	**(37.3)**	(73.6)
Reclassification adjustments for items included in profit on realisation	19	**(268.1)**	(7.6)
Reclassification adjustments for items included in loss on realisation – time value	19	**49.4**	61.0
Exchange differences on translation of foreign operations		**(5.3)**	(3.5)
Other comprehensive income/(expense)		**9.8**	(142.3)
Tax relating to components of other comprehensive (expense)/income		**(2.7)**	–
Net other comprehensive income/(expense) for the year		**7.1**	(142.3)
Total comprehensive expense for the year		**(1,214.4)**	(1,836.4)
Attributable to:			
Owners of the Company		**(1,214.4)**	(1,836.4)

Group balance sheet
As at 31 December 2020

	Notes	2020 $m	2019 $m
ASSETS			
Non-current assets			
Intangible exploration and evaluation assets	10	**368.2**	1,764.4
Property, plant and equipment	11	**3,237.9**	3,891.7
Other non-current assets	12	**547.4**	623.2
Derivative financial instruments	19	**2.6**	3.1
Deferred tax assets	22	**494.3**	517.5
		4,650.4	6,799.9
Current assets			
Inventories	13	**96.1**	191.5
Trade receivables	14	**79.0**	38.7
Other current assets	12	**717.1**	928.7
Current tax assets	7	**36.4**	42.9
Derivative financial instruments	19	**17.2**	0.7
Cash and cash equivalents	15	**805.4**	288.8
Assets classified as held for sale	16	**155.6**	–
		1,906.8	1,491.3
Total assets		**6,557.2**	8,291.2
LIABILITIES			
Current liabilities			
Trade and other payables	17	**(750.7)**	(1,127.6)
Provisions	21	**(229.8)**	(172.8)
Borrowings	18	**(3,170.5)**	–
Current tax liabilities		**(52.2)**	(159.6)
Derivative financial instruments	19	**(17.8)**	(14.8)
Liabilities directly associated with assets classified as held for sale	16	**(187.3)**	–
		(4,408.3)	(1,474.8)
Non-current liabilities			
Trade and other payables	17	**(1,064.7)**	(1,212.9)
Borrowings	18	**–**	(3,071.7)
Provisions	21	**(620.9)**	(753.6)
Deferred tax liabilities	22	**(673.3)**	(793.4)
Derivative financial instruments	19	**–**	(1.2)
		(2,358.9)	(5,832.8)
Total liabilities		**(6,767.2)**	(7,307.6)
Net (liabilities)/assets		**(210.0)**	983.6
EQUITY			
Called-up share capital	23	**211.7**	210.9
Share premium	23	**1,294.7**	1,294.7
Equity component of convertible bonds		**48.4**	48.4
Foreign currency translation reserve		**(247.4)**	(242.1)
Hedge reserve	19	**4.8**	4.6
Hedge reserve – time value	19	**(5.4)**	(17.5)
Merger reserve		**755.2**	755.2
Retained earnings		**(2,272.0)**	(1,070.6)
Equity attributable to equity holders of the Company		**(210.0)**	983.6
Total equity		**(210.0)**	983.6

Approved by the Board and authorised for issue on 9 March 2021.

Rahul Dhir

Rahul Dhir
Chief Executive Officer

9 March 2021

Les Wood

Les Wood
Chief Financial Officer

9 March 2021

Group statement of changes in equity (restated)

Year ended 31 December 2020

	Notes	Share capital $m	Share premium $m	Equity component of convertible bonds $m	Foreign currency translation reserve[1] $m	Hedge reserve[2] $m	Hedge reserve – time value[2] $m	Merger Reserve $m	Retained earnings $m	Total equity $m
At 1 January 2019 (previously reported)		209.1	1,344.2	48.4	(238.6)	130.8	(4.9)	755.2	649.0	2,893.2
Restatement[3]		–	(49.5)	–	–	–	–	–	49.5	–
At 1 January 2019 (as adjusted)		209.1	1,294.7	48.4	(238.6)	130.8	(4.9)	755.2	698.5	2,893.2
Loss for the year		–	–	–	–	–	–	–	(1,694.1)	(1,694.1)
Hedges, net of tax	19	–	–	–	–	(126.2)	(12.6)	–	–	(138.8)
Currency translation adjustments		–	–	–	(3.5)	–	–	–	–	(3.5)
Exercising of employee share options	23	1.8	–	–	–	–	–	–	(1.8)	–
Share-based payment charges	24	–	–	–	–	–	–	–	27.7	27.7
Dividends paid	29	–	–	–	–	–	–	–	(100.9)	(100.9)
At 1 January 2020 (as adjusted)		**210.9**	**1,294.7**	**48.4**	**(242.1)**	**4.6**	**(17.5)**	**755.2**	**(1,070.6)**	**983.6**
Loss for the year		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,221.5)**	**(1,221.5)**
Hedges, net of tax	19	**–**	**–**	**–**	**–**	**0.2**	**12.1**	**–**	**–**	**12.3**
Currency translation adjustments		**–**	**–**	**–**	**(5.3)**	**–**	**–**	**–**	**–**	**(5.3)**
Exercising of employee share options	23	**0.8**	**–**	**–**	**–**	**–**	**–**	**–**	**(0.8)**	**–**
Share-based payment charges	24	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**20.9**	**20.9**
At 31 December 2020		**211.7**	**1,294.7**	**48.4**	**(247.4)**	**4.8**	**(5.4)**	**755.2**	**(2,272.0)**	**(210.0)**

1. The foreign currency translation reserve represents exchange gains and losses arising on translation of foreign currency subsidiaries, monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and exchange gains or losses arising on long term foreign currency borrowings which are a hedge against the Group's overseas investments.
2. The hedge reserve represents gains and losses on derivatives classified as effective cash flow hedges.
3. Comparative information in respect of share premium and retained earnings have been restated in relation to the treatment of the exercise of nil-cost employee share options which are issued at nominal value rather than market value as previously recognised. This has a $49.5 million and $35.8 million impact on the opening position as at 1 January 2019 and on the options issued in 2019 respectively.

Group cash flow statement
Year ended 31 December 2020

	Notes	2020 $m	2019 $m
Cash flows from operating activities			
Loss from continuing activities before tax		**(1,273.4)**	(1,653.4)
Adjustments for:			
Depreciation, depletion and amortisation	11	**467.1**	724.6
Loss/(gain) on disposal		**3.4**	(6.6)
Exploration costs written off	10	**986.7**	1,253.4
Impairment of property, plant and equipment, net	11	**250.6**	781.2
Restructuring costs and provision for onerous contracts		**92.8**	(0.4)
Payment under restructuring costs and provision for onerous contracts		**(58.4)**	(20.4)
Decommissioning expenditure	21	**(57.7)**	(75.1)
Share-based payment charge	24	**20.9**	24.8
Loss on hedging instruments	19	**0.8**	1.5
Finance revenue	5	**(59.4)**	(55.5)
Finance costs	5	**314.3**	322.3
Operating cash flow before working capital movements		**687.7**	1,296.4
Decrease in trade and other receivables		**195.2**	241.4
Decrease/(increase) in inventories		**85.1**	(56.6)
Decrease in trade payables		**(161.9)**	(131.5)
Cash generated from operating activities		**806.1**	1,349.7
Income taxes paid		**(107.5)**	(91.0)
Net cash from operating activities		**698.6**	1,258.7
Cash flows from investing activities			
Proceeds from disposals	9	**513.4**	7.0
Purchase of intangible exploration and evaluation assets	28	**(213.6)**	(259.4)
Purchase of property, plant and equipment	28	**(217.3)**	(261.5)
Interest received		**1.8**	1.9
Net cash from/(used) in investing activities		**84.3**	(512.0)
Cash flows from financing activities			
Repayment of borrowings	28	**(185.0)**	(520.0)
Drawdown of borrowings	28	**270.0**	375.0
Payment of obligations under leases	20	**(158.2)**	(172.1)
Finance costs paid		**(198.5)**	(215.4)
Dividends paid	29	**–**	(100.9)
Net cash used in financing activities		**(271.7)**	(633.4)
Net increase in cash and cash equivalents		**511.2**	113.3
Cash and cash equivalents at beginning of year		**288.8**	179.8
Foreign exchange gain/(loss)		**5.4**	(4.3)
Cash and cash equivalents at end of year	15	**805.4**	288.8

Accounting policies

Year ended 31 December 2020

(a) General information

Tullow Oil plc is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is Tullow Oil plc, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT. The primary activity of the Group is the discovery and production of oil and gas.

(b) Adoption of new and revised standards

New International Financial Reporting Standards adopted

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material – Amendments to IAS 1 and IAS 8.
- Definition of a Business – Amendments to IFRS 3.
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7.
- Conceptual Framework for Financial Reporting.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Upcoming International Financial Reporting Standards not yet adopted

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(c) Changes in accounting policy

The Group's accounting policies are consistent with the prior year.

(d) Basis of preparation

The Financial Statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The Financial Statements have also been prepared in accordance with International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The Financial Statements have been prepared on the historical cost basis, except for derivative financial instruments and contingent consideration which have been measured at fair value which are carried at fair value less cost to sell. The Financial Statements are presented in US dollars and all values are rounded to the nearest $0.1 million, except where otherwise stated. The principal accounting policies adopted by the Group are set out below.

Liquidity risk management and going concern

Assessment period and assumptions

The Group closely monitors and carefully manages its liquidity risk. Cash flow forecasts are regularly updated, and sensitivities run for different scenarios, including, but not limited to, changes in commodity price and different forecasts for the Group's producing assets. The Directors consider the going concern assessment period to be 13 months to April 2022, thereby including the maturity of the $650 million Senior Notes due in April 2022 in the assessment. Management has applied the following oil price assumptions for the going concern assessment:

- Base Case: $50/bbl for 2021, $55/bbl for 2022, and
- Low Case: $45/bbl for 2021, $50/bbl for 2022.

The Low Case includes, amongst other downside assumptions, an 8 per cent production decrease compared to the Base Case as well as deferred receipts from portfolio management and increased outflows associated with ongoing disputes. No mitigating actions have been included in either cases.

The Base Case and Low Case scenarios forecast sufficient financial headroom for the 12 months from approval of the 2020 Annual Report and Accounts on 10 March 2021. However both scenarios forecast a liquidity shortfall in April 2022 following the repayment of the $650 million Senior Notes due in April 2022, which falls within the Liquidity Forecast Test periods in respect of the February 2021, September 2021 and March 2022 RBL redeterminations. Both cases assume amendments or waivers are received for any forecast Liquidity Forecast Test or gearing covenant breach as described below.

Refinancing Proposal

The Base Case and Low Case scenarios forecast a liquidity shortfall in April 2022, which could result in a failure to pass the Liquidity Forecast Test, as described below, in respect of the February 2021, September 2021 and March 2022 RBL redeterminations, and the gearing covenant tests, as described below, in respect of 30 June 2021 and 31 December 2021. The Group's management has therefore commenced discussions with its existing and potential new creditors, the objective of which is to raise new funding and/or agree certain amendments to the terms, including the covenants and/or maturity dates, of some or all of the RBL facility, the Convertible Bonds, the 2022 Senior Notes and the 2025 Senior Notes with, if necessary, such amendments being approved by shareholders (Refinancing Proposal). Whilst the Directors believe that a Refinancing Proposal would be in the commercial interests of all stakeholders, there can be no certainty that the creditors and, if necessary, shareholders will agree to a Refinancing Proposal, implementation of which is therefore outside the control of the Group.

(d) Basis of preparation continued

Liquidity Forecast Test covenant compliance

As part of each RBL redetermination process the Group is required to demonstrate to the reasonable satisfaction of the relevant majority of its lenders under the RBL facility that it has, or will have, sufficient funds available to meet the Group's financial commitments for a period of 18 months starting from the first month immediately following the relevant RBL redetermination (Liquidity Forecast Test).

On 26 February 2021 the Group submitted a Liquidity Forecast Test to the lenders in respect of the February 2021 RBL redetermination. The Directors concluded that the information submitted to the lenders under the RBL facility fulfilled the requirements of the Liquidity Forecast Test. At the date of approving the Annual Report and Accounts, an approval in respect of this test is yet to be received, therefore a risk remains that the Group could fail this test.

If the lenders under the RBL facility were to conclude that the information submitted does not fulfil the requirements of the Liquidity Forecast Test and the Group was unable to cure the resulting default by the end of April 2021, there would be an event of default. Such event of default would allow the lenders under the RBL facility, at their discretion, to cancel the RBL facility and demand that all outstanding borrowings under the RBL facility be repaid and/or enforce their security rights. This would in turn trigger other creditors' rights to call cross-defaults under the other financing arrangements of the Group (namely the Convertible Bonds, the 2022 Senior Notes and the 2025 Senior Notes) which could result in the entirety of the Group's borrowings potentially becoming immediately repayable by the end of April 2021. While discussions in respect of a Refinancing Proposal are continuing the Directors believe that, if required, a waiver of such a potential event of default in respect of the Liquidity Forecast Test could be agreed with the lenders under the RBL facility.

The Group is also required to submit Liquidity Forecast Tests in respect of the September 2021 and March 2022 RBL redeterminations. The Base Case and Low Case scenarios forecast, before mitigations, a potential liquidity shortfall and therefore a potential failure of these tests. However, the Directors believe that a Refinancing Proposal could be implemented in time for the September 2021 RBL redetermination such that no shortfall will be forecast as part of the Liquidity Forecast Tests in September 2021 and March 2022. If no Refinancing Proposal has been implemented, and refinancing discussions were no longer continuing, by September 2021 there would be a significant risk of the Group entering into, or being in, insolvency proceedings, the implications of which are described in the section Implications and material uncertainties below.

Gearing covenant compliance

The RBL facility contains a gearing covenant which is tested for each 12-month period ending on 30 June and 31 December each year, and which requires that net debt of the Group as defined in the RBL facility agreement is lower than 3.5 times consolidated EBITDAX (earnings before interest tax, depreciation and exploration write-offs) for each relevant 12-month period. Under both the Base Case and the Low Case scenarios, the Group's gearing is forecast to be in excess of the RBL gearing covenant when calculated at 30 June 2021 and 31 December 2021, the two testing dates falling within the going concern assessment period.

The Group has requested an amendment in respect of these gearing covenant testing dates as part of the Refinancing Proposal described above. In the event that such amendments are not agreed on time for the testing date falling on 30 June 2021, the Directors would expect to request a waiver or amendment for that testing date only in the first instance, and if needed for the testing date falling on 31 December 2021 in the second half of the year. The Directors believe that the Group would be able to secure such amendments or waivers, which would be both consistent with past practice and the Directors' reasonable expectation of the commercial interests of the Group and its lenders.

If the Group is unable to agree an amendment or waiver of the gearing covenant, if required, in respect of the 30 June 2021 testing date, the Directors will deliver to the relevant lenders a notification of non-compliance, which is required to be delivered as soon as the Group's unaudited financial statements for the half year ended 30 June are available, but no later than 28 September 2021. If a subsequent 75-day period expires without the Company having resolved the non-compliance there will be an event of default under the RBL facility by mid-December 2021.

Implications and material uncertainties

The Directors note that implementing a Refinancing Proposal or obtaining amendments or waivers in respect of covenant breaches is outside the control of the Group. If the Directors were unable to implement a Refinancing Proposal or, if necessary, obtain amendments or waivers in respect of covenant breaches, the ability of the Group to continue trading would depend upon the Group being able to negotiate a financial restructuring proposal with its creditors and, if necessary, that proposal being approved by shareholders. Whilst the Board would seek to negotiate such a financial restructuring proposal with its creditors, there is no certainty that the creditors would engage with the Board in those circumstances. There would therefore be a significant risk of the Group entering into insolvency proceedings, which the Directors consider would likely result in limited or no value being returned to shareholders.

The Directors have concluded that the uncertainties associated with implementing a Refinancing Proposal and obtaining amendments or waivers in respect of covenant breaches or, in the event a Refinancing Proposal is implemented, the revised covenants are subsequently breached, are material uncertainties that may cast significant doubt that the Group will be able to continue as a going concern. Notwithstanding these material uncertainties, the Board's confidence in the Group's ability to implement a Refinancing Proposal supports the preparation of the financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

(e) Basis of consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power over an investee entity, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

The results of subsidiaries acquired or disposed of during the year are included in the Group income statement from the transaction date of acquisition, being the date on which the Group gains control, and will continue to be included until the date that control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Joint arrangements

The Group is engaged in oil and gas exploration, development and production through unincorporated joint arrangements; these are classified as joint operations in accordance with IFRS 11. The Group accounts for its share of the results and assets and liabilities of these joint operations. In addition, where Tullow acts as operator to the joint operation, the gross liabilities and receivables (including amounts due to or from non-operating partners) of the joint operation are included in the Group's balance sheet.

(f) Assets classified as held for sale

Non-current assets or disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. A loss for any initial or subsequent write-down of the asset or disposal group to a revised fair value less costs to sell is recognised at each reporting date. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Assets and corresponding liabilities classified as held for sale are presented separately as current items in the statement of financial position.

If the above criteria are no longer met, the asset ceases to be recognised as held for sale and is reclassified to intangible exploration and evaluation assets or to property, plant and equipment. It is then valued at the lower of its carrying value before the asset was classified as held for sale and the recoverable amount at the date of the subsequent decision not to sell. Any adjustment to the value is shown in income from continuing operations for the year.

(g) Revenue from contracts with customers

Revenue from contracts with customers represents the sales value, net of VAT, of the Group's share of liftings in the year. Revenue is recognised when performance obligations have been met, which is typically when goods are delivered and title has passed.

Gains and losses on realisation of cash flow hedges and tariff income classified as held primarily for the purpose of being traded are reported in the Group income statement.

(h) Over/underlift

Lifting or offtake arrangements for oil and gas produced in certain of the Group's jointly owned operations are such that each participant may not receive and sell its precise share of the overall production in each period. The resulting imbalance between cumulative entitlement and cumulative production less stock is underlift or overlift. Underlift and overlift are valued at market value and included within receivables and payables respectively. Movements during an accounting period are adjusted through cost of sales such that gross profit is recognised on an entitlements basis.

(i) Inventory

Inventories, other than oil products, are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis and comprises direct purchase costs. Net realisable value is determined by reference to prices existing at the balance sheet date.

Oil product is stated at net realisable value and changes in net realisable value are recognised in the income statement.

(j) Foreign currencies

The US dollar is the presentational currency of the Group. For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's non-US dollar-denominated entities are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rate for the period. Currency translation adjustments arising on the restatement of opening net assets of non-US dollar subsidiaries, together with differences between the subsidiaries' results translated at average rates versus closing rates, are recognised in the statement of comprehensive income and expense and transferred to the foreign currency translation reserve. All resulting exchange differences are classified as equity until disposal of the subsidiary. On disposal, the cumulative amounts of the exchange differences are recognised as income or expense.

(j) Foreign currencies continued

Transactions in foreign currencies are recorded at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated into functional currency at the exchange rate ruling at the balance sheet date, with a corresponding charge or credit to the income statement. However, exchange gains and losses arising on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

in addition, exchange gains and losses arising on long term foreign currency borrowings which are a hedge against the Group's overseas investments are dealt with in reserves.

(k) Intangible, exploration and evaluation assets and Oil and Gas assets

The Group adopts the successful efforts method of accounting for exploration and evaluation costs. Pre-licence costs are expensed in the period in which they are incurred. All licence acquisition, exploration and evaluation costs and directly attributable administration costs are initially capitalised in cost centres by well, field or exploration area, as appropriate.

These costs are then written off as exploration costs in the income statement unless commercial reserves have been established or the determination process has not been completed and there are no indications of impairment.

Exploration and evaluation assets are tested for impairment when reclassified to development assets, or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amounts by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation asset's fair value less cost to sell and their value in use.

Once commercial reserves are found, exploration and evaluation assets are tested for impairment and transferred to development assets. No depreciation and/or amortisation is charged during the exploration and evaluation phase.

All field development costs are capitalised as property, plant and equipment. Property, plant and equipment related to production activities is amortised in accordance with the Group's depletion and amortisation accounting policy.

Cash consideration received on farm-down of exploration and evaluation assets is credited against the carrying value of the asset. The excess amount over the carrying value of the asset is recognised as a gain on disposal of exploration and evaluation assets in the statement of profit or loss.

(l) Commercial reserves

Commercial reserves are proven and probable oil and gas reserves, which are defined as the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. There should be a 50 per cent statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as proven and probable reserves and a 50 per cent statistical probability that it will be less.

(m) Depletion and amortisation

All expenditure carried within each field is amortised from the commencement of production on a unit of production basis, which is the ratio of oil and gas production in the period to the estimated quantities of commercial reserves at the end of the period plus the production in the period, generally on a field-by-field basis or by a group of fields which are reliant on common infrastructure. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs required to recover the commercial reserves remaining. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

(n) Impairment of property, plant and equipment

The Group assesses at each reporting date whether there is an indication that an asset (or CGU) may be impaired. In assessing whether an impairment is required, the carrying value of the asset or CGU is compared with its recoverable amount. The recoverable amount is the higher of the asset's/CGU's fair value less costs of disposal (FVLCD) and value in use (VIU). Given the nature of the Group's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, unless indicated otherwise, the recoverable amount used in assessing the impairment charges described below is VIU. The Group generally estimates VIU using a discounted cash flow model.

In order to discount the future cash flows the Group calculates asset or CGU-specific discount rates.

The discount rates are based on an assessment of a relevant peer group's post-tax weighted average cost of capital (WACC). The post-tax WACC is subsequently grossed up to a pre-tax rate. The Group then deducts any exploration risk premium which is implicit within a peer group's WACC and subsequently applies additional country risk premium for all CGUs, an element of which is determined by whether the assets are onshore or offshore.

Where there is evidence of economic interdependency between fields, such as common infrastructure, the fields are grouped as a single CGU for impairment purposes.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the income statement, net of any amortisation that would have been charged since the impairment.

(o) Decommissioning
Provision for decommissioning is recognised in full when the related facilities are installed. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related property, plant and equipment. The amount recognised is the estimated cost of decommissioning, discounted to its net present value using a risk-free rate, and is re-assessed each year in accordance with local conditions and requirements. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the decommissioning provision is included as a finance cost.

(p) Property, plant and equipment – non oil and gas assets
Property, plant and equipment is stated in the balance sheet at cost less accumulated depreciation and any recognised impairment loss. Depreciation on property, plant and equipment other than production assets is provided at rates calculated to write off the cost less the estimated residual value of each asset on a straight-line basis over its expected useful economic life of between three and ten years.

(q) Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other finance costs, which include interest on borrowings calculated using the effective interest method as described in paragraph (aa), obligations under finance leases, the unwinding effect of discounting provisions and exchange differences, are recognised in the income statement in the period in which they are incurred.

(r) Share issue expenses and share premium account
Costs of share issues are written off against the premium arising on the issues of share capital.

(s) Taxation
Current and deferred tax, including UK corporation tax and overseas corporation tax, are provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred corporation tax is recognised on all temporary differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying temporary differences can be deducted. Deferred tax is measured on a non-discounted basis.

Deferred tax is provided on temporary differences arising on acquisitions that are categorised as business combinations. Deferred tax is recognised at acquisition as part of the assessment of the fair value of assets and liabilities acquired. Any deferred tax is charged or credited in the income statement as the underlying temporary difference is reversed.

Petroleum revenue tax (PRT) is treated as an income tax and deferred PRT is accounted for under the temporary difference method. Current UK PRT is charged as a tax expense on chargeable field profits included in the income statement and is deductible for UK corporation tax.

(t) Pensions
Contributions to the Group's defined contribution pension schemes are charged to operating profit on an accrual basis.

(u) Derivative financial instruments
The Group uses derivative financial instruments, such as forward currency contracts and commodity options contracts, to hedge its foreign currency risks and commodity price risks respectively.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; and
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

(u) Derivative financial instruments continued

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates only the intrinsic value of option contracts as a hedged item, i.e. excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the time value hedge reserve. If the hedged item is transaction related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time-period related, then the amount accumulated in the time value hedge reserve is reclassified to profit or loss on a rational basis. Those reclassified amounts are recognised in profit or loss in the same line as the hedged item. Furthermore, if the Group expects that some or all of the loss accumulated in hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses oil option contracts for its exposure to volatility of Dated Brent prices. The ineffective portion relating to option contracts is recognised as gain or loss on hedging instruments in the Group income statement.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Cash flow hedge accounting is discontinued only when the hedging relationship or a part thereof ceases to meet the qualifying criteria. This includes when the designated hedged forecast transaction or part thereof is no longer considered to be highly probable to occur, or when the hedging instrument is sold, terminated or exercised without replacement or rollover. When cash flow hedge accounting is discontinued, amounts previously recognised within other comprehensive income remain in equity until the forecast transaction occurs and are reclassified to profit or loss or transferred to the initial carrying amount of a non-financial asset or liability as above. If the forecast transaction is no longer expected to occur, amounts previously recognised within other comprehensive income will be immediately reclassified to profit or loss.

(v) Convertible bonds

Where bonds issued with certain conversion rights are identified as compound instruments, the liability and equity components are separately recognised. The fair value of the liability component on initial recognition is calculated by discounting the contractual stream of future cash flows using the prevailing market interest rate for similar non-convertible debt. The difference between the fair value of the liability component and the fair value of the whole instrument is recorded as equity.

Transaction costs are apportioned between the liability and the equity components of the instrument based on the amounts initially recognised. The liability component is subsequently measured at amortised cost using the effective interest rate method, in line with our other financial liabilities. The equity component is not remeasured. On conversion of the instrument, equity is issued and the liability component is derecognised. The original equity component recognised at inception remains in equity. No gain or loss is recognised on conversion.

(w) Leases

On inception of a contract, the Group assesses whether the contract is, or contains, a lease. The contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether the contract conveys the right to control the use of an identified asset, the Group assesses whether the contract involves the use of an identified asset, the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use, and the Group has the right to direct the use of the asset.

i) Lessee accounting

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, in case of Joint operation, adjusted for any amount receivable from Joint Venture Partners and any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs required to remove or restore the underlying asset, less any lease incentives received. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis, or applying the unit of production method, and the Joint Venture receivable is allocated against the monthly Joint Venture billing cycle.

The initial measurement of the corresponding lease liability is at the present value of the lease payments that are not paid at the lease commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease payments include fixed payments, less any lease incentive receivable, variable leases payments based on an index or rate, and amounts expected to be payable by the lessee under residual value guarantees.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less, and leases of low-value assets with an annual cost of $5,000.

Over the course of a lease contract, there will be taxable timing differences that could give rise to deferred tax, subject to local tax laws and regulations.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

(x) Share-based payments

The Group has applied the requirements of IFRS 2 Share-based Payments. The Group has share-based awards that are equity settled and cash settled as defined by IFRS 2. The fair value of the equity settled awards has been determined at the date of grant of the award allowing for the effect of any market-based performance conditions. This fair value, adjusted by the Group's estimate of the number of awards that will eventually vest as a result of non-market conditions, is expensed uniformly over the vesting period.

The fair values were calculated using a binomial option pricing model with suitable modifications to allow for employee turnover after vesting and early exercise. Where necessary, this model is supplemented with a Monte Carlo model. The inputs to the models include: the share price at date of grant; exercise price; expected volatility; expected dividends; risk-free rate of interest; and patterns of exercise of the plan participants.

For cash settled awards, a liability is recognised for the goods or service acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in the income statement.

(y) Financial assets

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. The subsequent measurement of financial assets depends on their classification, as set out overleaf.

(y) Financial assets continued

i) Financial assets measured at amortised cost

Assets are subsequently classified and measured at amortised cost when the business model of the Company is to collect contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. These assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in profit or loss when the assets are derecognised, modified or impaired. This category of financial assets includes trade and other receivables.

Financial assets measured at amortised cost include trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

ii) Financial asset measured at fair value through other comprehensive income

Assets are subsequently classified and measured at fair value through other comprehensive income when the business model of the Company is to collect contractual cash flows and sell the financial assets, and the contractual cash flows represent solely payments of principal and interest.

iii) Financial assets measured at fair value through profit or loss

Financial assets are classified as measured at fair value through profit or loss when the asset does not meet the criteria to be measured at amortised cost or fair value through other comprehensive income. These assets are carried on the balance sheet at fair value with gains or losses recognised in the income statement. Derivatives, other than those designated as effective hedging instruments, are included in this category.

As at 31 December 2020, the Group does not have any financial assets classified at fair value through profit or loss or other comprehensive income.

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Impairment of trade and joint venture receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due.

The expected loss rates are based on the payment profiles of sales over the historical period and the corresponding historical credit losses experienced within this period. These rates are then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period. Based on management assessment the credit loss in trade receivables and joint venture receivable as at 31 December 2020 would be immaterial; therefore, in line with IFRS 9, no impairment was recognised (2019: $nil).

In order to minimise the risk of default, credit risk is managed on a Group basis (note 19).

(z) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(aa) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

(ab) Financial liabilities
The measurement of financial liabilities is determined by the initial classification.

i) Financial liabilities at fair value through profit or loss:
Those balances that meet the definition of being held for trading are measured at fair value through profit or loss. Such liabilities are carried on the balance sheet at fair value with gains or losses recognised in the income statement.

ii) Financial liabilities measured at amortised cost:
All financial liabilities not meeting the criteria of being classified at fair value through profit or loss are classified as financial liabilities measured at amortised cost. The instruments are initially recognised at its fair value net of transaction costs that are directly attributable to the issue of financial liability. Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

Trade payables and borrowings fall under this category of financial instruments.

As at 31 December 2020 all financial liabilities are measured at amortised cost.

The Group derecognises a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability or a part of it is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Offsetting of financial instruments:
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(ac) Equity instruments
Equity instruments are classified according to the substance of the contractual arrangements entered into.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

(ad) Insurance proceeds
Insurance proceeds related to lost production under the Business Interruption insurance policy are recorded as other operating income in the income statement. Proceeds related to compensation for incremental operating costs under the Business Interruption and Hull and Machinery insurance policies are recorded within the operating costs line of cost of sales. Proceeds related to compensation for capital costs under insurance policies are recorded within profit and loss with corresponding cost for replacement asset as additions to property, plant and equipment, except in relation to Jubilee Turret Remediation Project under the Hull and Machinery insurance policy where no asset is disposed, insurance proceeds are netted off within additions to property, plant and equipment. Insurance proceeds are recognised at the point when the realisation of income is virtually certain.

(ae) Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Restructuring provisions
Restructuring provisions are recognised only when the Group has a constructive obligation, which is when:

(i) there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline; and

(ii) the employees affected have been notified of the plan's main features.

Onerous contracts
If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

(af) Critical accounting judgements

The Group assesses critical accounting judgements annually. The following are the critical judgements, apart from those involving estimations which are dealt with in policy (ag), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

Carrying value of intangible exploration and evaluation assets (note 10):
The amounts for intangible exploration and evaluation assets represent active exploration projects. These amounts will be written off to the income statement as exploration costs unless commercial reserves are established or the determination process is not completed and there are no indications of impairment in accordance with the Group's accounting policy. The process of determining whether there is an indicator for impairment or calculating the impairment requires critical judgement.

The key areas in which management has applied judgement and estimation are as follows: the Group's intention to proceed with a future work programme for a prospect or licence; the likelihood of licence renewal or extension; the assessment of whether sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale; and the success of a well result or geological or geophysical survey.

The most material area where this judgement was applied during 2020 was in the assessment of the value in use (VIU) of the Kenyan CGU, following the Group's reduction in long term oil price assumption being identified as an impairment trigger. Due to the stage of this project being pre-final investment decision and only having 2C resources booked, the VIU assessment required judgement in a number of different aspects including oil prices differentials, project financing assumptions, uncontracted cost profiles and certain fiscal terms.

Details on impact of these key estimates and judgements using sensitivities applied to impairment models can be found in note 10.

Lease accounting (note 20):
On initial application of IFRS 16 Leases on 1 January 2019, the following key judgement was applied:

Discount rate
The Group applied an incremental borrowing rate on transition. In assessing the appropriate incremental borrowing rate applicable for each contract, management has applied the practical expedient which allows for the adoption of a portfolio approach, where a single discount rate for a portfolio of leases with similar characteristics can be applied. As the Group has two bonds and a convertible bond listed on Exchanges, and a Reserves Based Lending facility from a consortium of lenders, these are considered the best reference for the incremental borrowing rate for the Group. The weighted average cost of borrowing across these sources of funding is considered to be the Group's 'all in rate', at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

(ag) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Carrying value of property, plant and equipment (note 11):
Management performs impairment reviews on the Group's property, plant and equipment assets at least annually with reference to indicators in IAS 36 Impairment of Assets. Where indicators of impairments or impairment reversals are present and an impairment or impairment reversal test is required, the calculation of the recoverable amount requires estimation of future cash flows within complex impairment models.

Key assumptions and estimates in the impairment models relate to: commodity prices assumptions, pre-tax discount rates, commercial reserves and the related cost profiles. Proven and probable reserves are estimates of the amount of oil and gas that can be economically extracted from the Group's oil and gas assets. The Group estimates its reserves using standard recognised evaluation techniques. The estimate is reviewed at least twice annually by management and is regularly reviewed by independent consultants. Proven and probable reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to host governments under the terms of the Production Sharing Contracts. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers.

Net entitlement reserves estimates are subsequently calculated using the current oil price and cost recovery assumptions, in line with the relevant agreements. Changes in reserves as a result of factors such as production cost, recovery rates, grade of reserves or oil and gas prices could impact the depletion rates, carrying value of assets (refer to the Commercial Reserves and Contingent Resources Summary on page 154.

The estimation applied by management to the exploration risk premium adjustment to its impairment discount rates, estimated future commodity prices and forecast cash flows on the TEN asset would have the most material impact on the 2020 Financial Statements should management had concluded differently.

Details on the impact of these key estimates and judgements using sensitivity applied to impairment models can be found in note 10.

(ag) Key sources of estimation uncertainty continued

Decommissioning costs (note 21):

There is uncertainty around the cost of decommissioning as cost estimates can vary in response to many factors, including from changes to market rates for goods and services, to the relevant legal requirements, the emergence of new technology or experience at other assets. The expected timing, work scope, amount of expenditure and risk weighting may also change. Therefore significant estimates and assumptions are made in determining the provision for decommissioning. The estimated decommissioning costs are reviewed annually by an internal expert and the results of this review are then assessed alongside estimates from operators. Provision for environmental clean-up and remediation costs is based on current legal and contractual requirements, technology and price levels.

Provisions (note 21):

Due to the historical reduction in work programmes the Group identified a number of onerous service contracts in prior years and has a number of ongoing contractual disputes. Management has estimated the value of any future economic outflows associated with these contracts including, where relevant, assessment based on external legal and expert advice and prior experience of such claims.

If management had concluded differently regarding the estimated value of any future economic outflows associated with these contracts the provision and income statement expense recorded would increase/decrease, respectively. Details on the magnitude of the potential increase can be found within the contingent liability disclosure in note 25.

Uncertain tax positions

The Group is subject to various material claims which arise in the ordinary course of its business, including corporate income tax claims, indirect tax claims, cost recovery claims and claims from other regulatory bodies in various jurisdictions in which the Group operates. The Group is in formal dispute proceedings regarding a number of these claims, which are described in more detail below. The resolution of tax positions through negotiation with the relevant tax authorities, or through litigation, can take several years to complete. In assessing whether these claims should be provided for in the Financial Statements, management has considered them in the context of the laws and applicable contracts for the countries concerned. Management has applied judgement in assessing the likely outcome of the claims and has estimated the financial impact based on external tax and legal advice and prior experience of such claims.

Due to the uncertainty of such tax items, it is possible that on conclusion of open tax matters at a future date the final outcome may differ significantly from management's estimate. If the Group was unsuccessful in defending itself from all of these claims, the result could be additional unprovided liabilities of $1,070 million (2019: $990 million) which includes $61 million of interest and penalties.

Provisions of $129 million (2019: $129 million) are included in income tax payable ($30.4 million), provisions ($52.4 million) or accruals ($46.4 million). Where these matters relate to expenditure which is capitalised within E&E and PP&E, any difference between the amounts accrued and the amounts settled would be capitalised within the relevant asset balance, subject to applicable impairment indicators. Where these matters relate to producing activities or historical issues, any differences between the accrued and settled amounts would be taken to the Group income statement.

The provisions and contingent liabilities relating to these disputes have increased following new claims being initiated and have decreased following the conclusion of tax authority challenges and matters lapsing under statutes of limitation.

Ghana tax assessments

In August 2018, Tullow Ghana Limited ("TGL") received an assessment from the Ghana Revenue Authority ("GRA") for the financial years 2014 to 2016. After discussions, a final assessment was issued in December 2019 for $406 million requesting that $398 million be paid by 13 January 2020. The GRA is seeking to apply branch profits remittance tax under a law which the Group considers is not applicable to TGL, since it falls outside the tax regime set out in TGL's petroleum agreement and double tax treaties. The GRA has additionally assessed TGL for unpaid withholding taxes and corporate income tax arising from the disallowance of loan interest. The Group considers that these assessments also breach TGL's rights under its petroleum agreements, applicable Ghanaian law and double taxation treaties, and, in some cases, have arisen as the result of the errors in the GRA's calculations. In January 2020, TGL issued a Notice of Dispute with the Ministry of Energy ("MoE"), disputing the issues and suspending TGL's obligation to pay any taxes until the disputed issues have been resolved. In April 2020, the GRA issued a Demand Notice for $365 million ($337 million branch profits remittance tax and withholding tax, and $28 million corporate income tax) which has been put on hold by the MoE. Negotiations with the GRA remain ongoing.

Bangladesh litigation

The National Board of Revenue ("NBR") is seeking to disallow $118 million of tax relief in respect of development costs incurred by Tullow Bangladesh Limited ("TBL"). In 2013, the High Court found in favour of Tullow such that the tax relief should be reinstated. However, in March 2017, the NBR won its appeal to the Supreme Court, but was not clear as to the position or liability of TBL. A review application against this judgement was filed in April 2018. The hearing took place in November 2019 and TBL was unsuccessful. The NBR subsequently issued a payment demand to TBL in February 2020 for Taka $3,094 million (approximately $37 million) requesting payment by 15 March 2020. However, under the Production Sharing Contract, the Government is required to indemnify TBL against all taxes levied by any public authority, and the share of production paid to Petrobangla ("PB"), Bangladesh's national oil company, is deemed to include all taxes due which PB is then obliged to pay to the NBR. TBL sent the payment demand to PB and the Government requesting the payment or discharge of the payment demand under their respective PSC indemnities. TBL has secured an extension of the payment deadline to 15 March 2021 from the NBR to allow discussions with PB and the Government to take place. Such discussions have been delayed several times due to the COVID-19 pandemic. TBL continues to engage with PB and the Government.

(ag) Key sources of estimation uncertainty continued

Kenya tax assessments

In March 2019, Tullow Kenya BV ("TKBV") received an assessment from the Kenya Revenue Authority ("KRA") for $11.7 million for VAT on the Block 12A farm-down. The Group considers that VAT was not applicable since TKBV was not VAT registered at the time of the disposal and the transaction was in relation to the sale of a capital asset or part of a business. The KRA is seeking to apply VAT on the basis that the transaction was a disposal of trading stock and therefore the exemption to register for VAT does not apply. This matter has now been heard by the Tax Appeals Tribunal with a decision expected in 2021, and may be appealed further to the High Court In Kenya.

Other items

Other items totalling $786 million comprise exposures in respect of claims for corporation tax in respect of disallowed expenditure, indirect taxes or withholding taxes that are either currently under discussion with the tax authorities or which arise in respect of known issues for periods not yet under audit.

Timing of cash flows

While it is not possible to estimate the timing of tax cash flows in relation to possible outcomes with certainty. Management anticipates that there will not be material cash taxes paid in excess of the amounts provided for uncertain tax positions in the next 12 months.

Note 1. Segmental reporting

During 2020, the Group reorganised its operational and organisational structure so that the management and resources of the business are better aligned with the delivery of the business objectives. As a result, the information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of segment performance has changed to focus on four new Business Units – Ghana, Non-operated producing assets including Uganda and decommissioning assets. Kenya and Exploration. Therefore, the Group's reportable segments under IFRS 8 are Ghana, Non-operated, Kenya and Exploration.

The following tables present revenue, loss and certain asset and liability information regarding the Group's reportable business segments for the years ended 31 December 2020 and 31 December 2019. The table for the year ended 31 December 2019 has been restated to reflect the new reportable segments of the business.

	Ghana $m	Non-Operated $m	Kenya $m	Exploration $m	Corporate $m	Total $m
2020						
Sales revenue by origin	963.5	432.6	–	–	–	1,396.1
Segment result[1]	124.9	(410.2)	(430.0)	(104.3)	(15.2)	(834.8)
Loss on disposal						(3.4)
Unallocated corporate expenses[2]						(179.5)
Operating loss						(1,017.7)
Loss on hedging instruments						(0.8)
Finance revenue						59.4
Finance costs						(314.3)
Loss before tax						(1,273.4)
Income tax credit						51.9
Loss after tax						(1,221.5)
Total assets	4,859.3	656.3	300.5	181.8	559.3	6,557.2
Total liabilities	(2,696.7)	(688.4)	(34.1)	(44.2)	(3,303.8)	(6,767.2)
Other segment information						
Capital expenditure:						
Property, plant and equipment	94.6	127.1	0.6	0.2	7.2	229.7
Intangible exploration and evaluation assets	0.9	68.5	9.5	91.8	–	170.7
Depletion, depreciation and amortisation	(390.1)	(60.7)	(1.5)	–	(14.8)	(467.1)
Impairment of property, plant and equipment, net	(149.1)	(100.5)	–	(0.4)	(0.6)	(250.6)
Exploration costs written off	(0.8)	(452.0)	(430.0)	(103.9)	–	(986.7)

1. Segment result is a non-IFRS measure which includes gross profit, exploration costs written off and impairment of property, plant and equipment. See reconciliation below.
2. Unallocated expenditure and net liabilities include amounts of a corporate nature and not specifically attributable to a geographic area. The liabilities comprise the Group's external debt and other non-attributable corporate liabilities.

Reconciliation of segment result

	2020 $m	2019 $m
Segment result	(834.8)	(1,276.0)
Add back:		
Exploration costs written off	986.7	1,253.4
Impairment of Property, plant and equipment	250.6	781.2
Gross profit	402.5	758.6

Note 1. Segmental reporting continued

All sales are made to external customers. Included in revenue arising from Ghana and Non-Operated segments are revenues of approximately $246.6 million, $229.7 million, $131.4 million and $75.5 million relating to the Group's customers who each contribute more than 10 per cent of total sales revenue (2019: $362.6 million, $247.0 million, $186.6 million and $181.6 million). As the sales of oil and gas are made on global markets and are highly liquid, the Group does not place reliance on the largest customers mentioned above.

	Ghana $m	Non-Operated $m	Kenya $m	Exploration $m	Corporate $m	Total $m
2019 (restated)						
Sales revenue by origin	1,262.3	420.3	–	–	–	1,682.6
Other operating income – lost production insurance proceeds	–	–	–	–	42.7	42.7
Segment result	(231.3)	(317.6)	(535.8)	(172.3)	(19.0)	(1,260.0)
Gain on disposal						6.6
Unallocated corporate expenses						(115.7)
Operating loss						(1,385.1)
Loss on hedging instruments						(1.5)
Finance revenue						55.5
Finance costs						(322.3)
Loss before tax						(1,653.4)
Income tax expense						(40.7)
Loss after tax						(1,694.1)
Total assets	5,777.8	1,451.0	732.2	183.9	146.3	8,291.2
Total liabilities	(3,289.8)	(747.2)	(75.9)	(72.4)	(3,122.3)	(7,307.6)
Other segment information						
Capital expenditure:						
Property, plant and equipment	338.3	97.3	12.8	2.4	77.6	528.4
Intangible exploration and evaluation assets	2.7	53.9	85.5	137.2	–	279.3
Depletion, depreciation and amortisation	(612.7)	(88.7)	(1.4)	(0.7)	(21.2)	(724.6)
Impairment of property, plant and equipment	(712.8)	(24.6)	–	–	(43.8)	(781.2)
Exploration costs written off	(2.6)	(541.5)	(535.8)	(173.5)	–	(1,253.4)

Note 1. Segmental reporting continued

Sales revenue and non-current assets by origin	Sales revenue 2020 $m	Sales revenue 2019 $m	Non-current assets 2020 $m	Non-current assets 2019 $m
Ghana	**963.5**	1,261.5	**3,584.6**	4,082.4
Total Ghana	**963.5**	1,261.5	**3,584.6**	4,082.4
Kenya	**–**	–	**251.8**	679.2
Total Kenya	**–**	–	**251.8**	679.2
Argentina	**–**	–	**21.2**	2.8
Comoros	**–**	–	**–**	10.7
Côte d'Ivoire	**–**	–	**2.7**	10.5
Guyana	**–**	–	**61.4**	54.4
Suriname	**–**	–	**35.6**	30.2
Peru	**–**	–	**0.3**	18.3
Norway	**–**	–	**–**	11.3
Jamaica	**–**	–	**–**	0.3
Namibia	**–**	–	**–**	3.6
Exploration other	**–**	–	**–**	2.4
Total Exploration	**–**	–	**121.2**	144.5
Uganda	**–**	–	**–**	1,000.2
Gabon	**274.5**	312.9	**68.8**	154.3
Côte d'Ivoire	**41.3**	51.0	**81.5**	73.7
Equatorial Guinea	**116.8**	57.2	**–**	83.5
Total Non-Operated	**432.6**	421.1	**150.3**	1,312.2
Corporate	**–**	–	**45.6**	61.5
Total	**1,396.1**	1,682.6	**4,153.5**	6,279.3

Non-current assets exclude derivative financial instruments and deferred tax assets.

Unallocated non-current assets relate to UK corporate balances.

Note 2. Total revenue

	2020 $m	2019 $m
Revenue from contacts with customers		
Revenue from crude oil sales	**1,177.4**	1,736.6
Revenue from gas and condensate sales	**–**	0.2
Total revenue from contracts with customers	**1,177.4**	1,736.0
Gain/(loss) on realisation of cash flow hedges	**218.7**	(53.4)
Tariff income	**–**	(0.8)
Total revenue	**1,396.1**	1,682.6
Other operating income – lost production insurance proceeds	**–**	42.7
Total revenue and operating income	**1,396.1**	1,725.3

Finance revenue has been presented as part of net financing costs (refer to note 5).

Note 3. Staff costs

The average annual number of employees and contractors (including Executive Directors) employed by the Group worldwide was:

	2020 Number	2019 Number
Administration	**383**	491
Technical	**347**	498
Total	**730**	989

Staff costs in respect of those employees were as follows:

	2020 $m	2019 $m
Salaries	**112.1**	168.6
Social security costs	**13.1**	17.3
Pension costs	**9.5**	13.7
	134.7	199.6

Average staff costs decreased compared to prior year due to the organisational restructuring which took place throughout 2020 which resulted in reduced average headcount and staff cost. A proportion of the Group's staff costs shown above is recharged to the Group's Joint Venture Partners, a proportion is allocated to operating costs and a proportion is capitalised into the cost of fixed assets under the Group's accounting policy for exploration, evaluation and production assets with the remainder classified as an administrative overhead cost in the income statement. The net staff costs recognised in the income statement was $25.3 million (2019: $67.3 million).

The Group operates defined contribution pension schemes for staff and Executive Directors. The contributions are payable to external funds which are administered by independent trustees. Contributions during the year amounted to $9.5 million (2019: $13.7 million). As at 31 December 2020, there was a liability of $nil (2019: $1.3 million) for contributions payable included in other payables.

Details of Directors' remuneration, Directors' transactions and Directors' interests are set out in the part of the Directors' Remuneration Report described as having been audited, which forms part of these Financial Statements.

Note 4. Other costs

	Notes	2020 $m	2019 $m
Operating loss is stated after charging/(deducting):			
Operating costs		**331.7**	351.3
Depletion and amortisation of oil and gas and leased assets[1]	11	**446.4**	696.1
Underlift, overlift and oil stock movements		**160.5**	(137.3)
Share-based payment charge included in cost of sales	24	**0.9**	2.6
Other cost of sales		**54.1**	54.0
Total cost of sales		**993.6**	966.7
Share-based payment charge included in administrative expenses	24	**20.0**	22.2
Depreciation of other fixed assets[1]	11	**20.7**	28.5
Other administrative costs		**46.0**	60.8
Total administrative expenses		**86.7**	111.5
Total restructuring costs and provision for onerous contracts[2]		**92.8**	3.8
Fees payable to the Company's auditor for:			
The audit of the Company's annual accounts		**1.8**	0.4
The audit of the Company's subsidiaries pursuant to legislation		**0.5**	1.8
Total audit services		**2.3**	2.2
Non-audit services:			
Audit-related assurance services – half-year review		**0.4**	0.4
Corporate finance services		**0.5**	–
Other services		**–**	0.1
Total non-audit services		**0.9**	0.5
Total		**3.2**	2.7

1. Depreciation expense on leased assets of $72.4 million as per note 11 includes a charge of $8.3 million on leased administrative assets, which is presented within administrative expenses in the income statement. The remaining balance of $64.1 million relates to other leased assets and is included within cost of sales.
2. This includes restructuring costs of $4.2 million and redundancy costs of $63.5 million as well as provisions for onerous contacts.

Note 4. Other costs continued

Fees payable to Ernst and Young LLP and its associates for non-audit services to the Company are not required to be disclosed because the consolidated Financial Statements are required to disclose such fees on a consolidated basis.

Other services include corporate finance services which were provided in relation to a Class 1 disposal. The per cent of non-audit services to audit services during the year was 39 per cent.

Details of the Company's policy on the use of the auditor for non-audit services, the reasons why the auditor was used rather than another supplier and how the auditor's independence and objectivity are safeguarded are set out in the Audit Committee Report on pages 49 to 53. No services were provided pursuant to contingent fee arrangements.

Note 5. Net financing costs

	Notes	2020 $m	2019 $m
Interest on bank overdrafts and borrowings		205.8	216.0
Interest on obligations under leases		91.0	103.5
Total borrowing costs		296.8	319.5
Less amounts included in the cost of qualifying assets	10	–	(16.3)
		296.8	303.2
Finance and arrangement fees		0.8	0.7
Other interest expense		3.6	2.1
Unwinding of discount on decommissioning provisions	21	13.1	16.3
Total finance costs		314.3	322.3
Interest income on amounts due from Joint Venture Partners for leases		(40.6)	(50.0)
Other finance revenue		(18.8)	(5.5)
Total finance revenue		(59.4)	(55.5)
Net financing costs		254.9	266.8

Note 6. Insurance proceeds

Insurance proceeds of $24.8 million were recorded in the year ended 31 December 2020 (2019: $123.8 million). Proceeds related to lost production under the Business Interruption insurance policy of $nil (2019: $42.7 million) were recorded as other operating income – lost production insurance proceeds in the income statement. Proceeds related to compensation for incremental operating costs under the Business Interruption and Hull and Machinery insurance policies of $nil (2019: $4.2 million) were recorded within the operating costs line of cost of sales (see note 4). Proceeds related to compensation for capital costs under the Hull and Machinery insurance policy of $25.0 million (2019: $76.9 million) were recorded within additions to property, plant and equipment (see note 11). Coverage related to the Turret Remediation Project under the Business Interruption insurance policy ended in August 2019 and full and final settlement for the Hull and Machinery claim was reached in December 2019 with the final proceeds received in first quarter of 2020.

Note 7. Taxation on loss on continuing activities

Analysis of expense for the year

	Notes	2020 $m	2019 $m
Current tax			
UK corporation tax		**(24.7)**	(32.3)
Foreign tax		**81.1**	192.5
Tax in respect of prior periods		**(25.6)**	5.2
Total corporate tax		**30.8**	165.4
UK petroleum revenue tax		**(3.4)**	–
Total current tax		**27.4**	165.4
Deferred tax			
UK corporation tax		**19.8**	91.7
Foreign tax		**(85.3)**	(262.9)
Tax in respect of prior periods		**(11.7)**	44.2
Total deferred corporate tax		**(77.2)**	(127.0)
Deferred UK petroleum revenue tax		**(2.1)**	2.3
Total deferred tax	22	**(79.3)**	(124.7)
Total income tax (credit)/expense		**(51.9)**	40.7

Factors affecting tax credit for the year

The tax rate applied to profit on continuing activities in preparing the reconciliation below is the UK corporation tax rate applicable to the Group's non-upstream UK profits. The difference between the total income tax (credit)/expense shown above and the amount calculated by applying the standard rate of UK corporation tax applicable to UK profits of 19 per cent (2019: 19 per cent) to the loss before tax is as follows:

	2020 $m	2019 $m
Loss from continuing activities before tax	**(1,273.4)**	(1,653.4)
Tax on loss from continuing activities at the standard UK corporation tax rate of 19% (2019: 19%)	**(241.9)**	(314.1)
Effects of:		
Non-deductible exploration expenditure[a]	**184.4**	208.7
Net tax on fair value movements on derivatives	**–**	(1.3)
Other non-deductible expenses	**46.5**	18.8
Tax impact of change in discount rate on decommissioning provision	**(2.1)**	–
Deferred tax asset not recognised[b]	**31.0**	73.7
Derecognition of deferred tax previously recognised	**0.7**	12.4
Utilisation of tax losses not previously recognised	**(8.4)**	(0.8)
Adjustment relating to prior years[c]	**(37.4)**	49.4
Other tax rates applicable outside the UK	**(43.4)**	11.3
PSC expense/(income) not subject to corporation tax	**18.9**	(17.2)
Other income not subject to corporation tax	**(0.2)**	(0.2)
Total income tax (credit)/expense for the year	**(51.9)**	40.7

a. Includes recurring explorations costs written off where there is no deferred tax impact.
b. Includes corporate interest restriction not recognised.
c. Includes audit provisions.

Note 7. Taxation on loss on continuing activities continued

Analysis of expense for the year continued

The Finance Act 2020 sets the corporation tax main rate at 19 per cent for the financial year beginning 1 April 2020. This maintains the rate at 19 per cent, rather than reducing it to 17 per cent from 1 April 2020. The charge to corporation tax and the main rate will also be set at 19 per cent for the financial year beginning 1 April 2021. These changes were substantively enacted on 17 March 2020 and hence the effect of the change on the deferred tax balances has been included, depending upon when deferred tax is expected to reverse.

The Group's profit before taxation will continue to arise in jurisdictions where the effective rate of taxation differs from that in the UK, such as Ghana (35 per cent), Gabon (50 per cent) and Equatorial Guinea (35 per cent). Furthermore, unsuccessful exploration expenditure is often incurred in jurisdictions where the Group has no taxable profits, such that no related tax benefit arises. Accordingly, the Group's tax charge will continue to vary according to the jurisdictions in which pre-tax profits and exploration costs written off arise.

The Group has tax losses of $4,895.4 million (2019: $5,120.3 million) that are available for offset against future taxable profits in the companies in which the losses arose. Deferred tax assets have not been recognised in respect of losses of $3,919.0 million (2019: $4,102.7.0 million) as they may not be used to offset taxable profits due to uncertainty of recovery.

The Group has recognised deferred tax assets of $335.7 million (2019: $348.8 million) in relation to tax losses only to the extent of anticipated future taxable income or gains in relevant jurisdictions. The tax losses can be carried forward indefinitely.

A deferred tax liability of $nil (2019: $8.8 million) is not recognised on temporary differences relating to unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

Tax relating to components of other comprehensive income

During 2020 $2.8 million (2019: $nil) of tax has been recognised through other comprehensive income.

Current tax assets

As at 31 December 2020, current tax assets were $36.4 million (2019: $42.9 million) of which $33.1 million relates to the UK (2019: $42.9 million).

Note 8. Loss per ordinary share

Basic loss per ordinary share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per ordinary share amounts are calculated by dividing net profit loss for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of dilutive ordinary shares that would be issued if employee and other share options or the convertible bonds were converted into ordinary shares.

The adjustment in respect of convertible bonds and share options had an anti-dilutive impact on earnings and was thus not considered in determining diluted underlying EPS for the years ended 31 December 2020 and 2019.

	2020 $m	2019 $m
Loss for the year		
Net loss attributable to equity shareholders	**(1,221.5)**	(1,694.1)
Effect of dilutive potential ordinary shares	**–**	–
Diluted net loss attributable to equity shareholders	**(1,221.5)**	(1,694.1)

	2020 Number	2019 Number
Number of shares		
Basic weighted average number of shares	**1,410,629,325**	1,402,186,891
Dilutive potential ordinary shares	**67,539,005**	42,690,148
Diluted weighted average number of shares	**1,478,168,330**	1,444,877,039

Note 9. Disposals

During 2020 the Group completed the disposal of its interests in Uganda for upfront cash consideration of $500.0 million, with $75.0 million due on FID and contingent future payments linked to oil prices. On completion $514.3 million was received in cash, representing the upfront consideration plus $14.3 million of completion adjustments. The $75.0 million payment due on FID has been recorded as a current receivable as it is expected to be received in 2021. After deducting transaction costs paid in 2020, net cash proceeds on disposal was $513.4 million.

The Uganda Sale and Purchase Agreement (SPA) signed in 2017 lapsed in 2019 as a result of the failure to agree all aspects of the tax treatment with the Government of Uganda which was a condition to completing the SPA. Following the expiry of the SPA, the Uganda assets of $840.2 million were reclassified from Assets Held for Sale to Intangible assets in the previous year. Refer to note 10.

Book value of assets disposed of in Uganda	2020 $m
Intangible exploration and evaluation assets	580.4
Trade receivables	0.3
Other current assets	2.8
Total assets disposed	583.5
Trade and other payables	(0.9)
Total assets and liabilities disposed	582.6

Note 10. Intangible exploration and evaluation assets

	Notes	2020 $m	2019 $m
At 1 January		1,764.4	1,898.6
Additions	1	170.7	279.3
Disposals		–	(0.4)
Amounts written off		(986.7)	(1,253.4)
Net transfer (to)/from assets held for sale	9	(580.4)	840.2
Currency translation adjustments		0.2	0.1
At 31 December		368.2	1,764.4

Included within 2020 additions is $nil (note 5) of capitalised interest (2019: $16.3 million). The Group only capitalises interest in respect of intangible exploration and evaluation assets where it is considered that development is ongoing.

During 2020 $33.6 million was capitalised and written off in connection to working capital and indirect taxes associated with the Uganda disposal.

The below table provides a summary of the exploration costs written off on a pre and post-tax basis by country.

Country	CGU	Rationale for 2020 write-off	2020 Pre-tax write-off $m	2020 Post-tax write-off $m	2020 Remaining recoverable amount $m
Kenya	Blocks 10BB and 13T	e	430.0	430.0	247.0
Uganda	Exploration areas 1,1A, 2 and 3A	f	451.4	451.4	–
Comoros	Blocks 35, 36 and 37	b	12.4	12.4	–
Guyana	Kanuku	a	9.2	9.2	42.2
Peru	Licence Z38	b,d	41.2	41.2	–
Côte d'Ivoire	Blocks 301, 302, 518, 519, 521, 522 and 524	b	14.3	14.3	–
Other	Various	a,c	28.2	28.2	–
Total write-off			986.7	986.7	289.2

a. Current year expenditure on assets previously written off.

b. Licence relinquishments, expiry, planned exit or reduced activity.

c. Pre-licence exploration expenditure is written off as incurred.

d. Unsuccessful well costs written off.

e. Following VIU assessment as a result of reduction in long term oil price assumption, using a pre-tax discount rate of 18 per cent (2019: 14per cent)

f. Written down to the value of the transaction consideration. (Refer to note 9 for further detail)

Note 10. Intangible exploration and evaluation assets continued

The Group has received a 15- month licence extension from September 2020 to December 2021 which is contingent on certain conditions. As at 31 December 2020 the Group has complied with all of the conditions which effectively extends the licence extension period to 31 December 2021. One of the conditions requires the Group to submit a technically and commercially compliant Field Development Plan (FDP) with the Government of Kenya by 31 December 2021. If the FDP is not submitted by 31 December 2021, the extension period will expire on 31 December 2021. The Group along with its joint venture partners are working towards the preparation of a technically and commercially compliant FDP in accordance with the PSCs and expects to submit the FDP by 31 December 2021 to further extend the licence.

Oil prices stated in note 11 are benchmark prices to which an individual field price differential is applied. Exploration write-offs for the Kenya development area assessments are prepared on a value-in-use basis using discounted future cash flows based on 2C resource profiles. A reduction or increase in the long term price assumptions of $5/bbl, based on the range of annualised average historical prices, are considered to be reasonably possible changes for the purposes of sensitivity analysis. Decreases to oil prices would increase the exploration write-off charge by $72.3 million, whilst increases to oil prices specified above would result in a credit to the exploration write-offs of $65.9 million. A 1 per cent increase in the pre-tax discount rate would increase the exploration write-off by $63.7 million. The Group believes a 1 per cent change in the pre-tax discount rate to be a reasonable possibility based on historical analysis of the Group's and a peer group of companies' discount rates.

Country	CGU	Rationale for 2019 write-off	2019 Pre-tax write-off $m	2019 Post-tax write-off $m	2019 Remaining recoverable amount $m
Mauritania	Block C-3	b	28.4	28.4	–
Namibia	PEL 37	b	26.7	26.7	–
Jamaica	Walton Morant	b	35.8	35.8	–
Uganda	Exploration areas 1, 1A, 2 and 3A	d	535.2	535.2	960.0
Guyana	Jethro well	a	30.7	30.7	–
Guyana	Joe well	a	12.5	12.5	–
Guyana	Carapa-1 well	a	18.1	18.1	–
Kenya	Blocks 10BB and 13T	d	419.0	419.0	667.0
Kenya	Blocks 12A, 12B and 10BA	b	118.0	118.0	–
New Ventures	Various	c	29.0	29.0	–
Total write-off			1,253.4	1,253.4	–

a. Current year unsuccessful exploration results.
b. Licence relinquishments, expiry or planned exit.
c. New Ventures expenditure is written off as incurred.
d. Following VIU assessment as a result of reduction in long term oil price assumption.

Oil prices stated in note 11 are benchmark prices to which an individual field price differential is applied. Exploration write-offs for the Kenya development area assessments are prepared on a value-in-use basis using discounted future cash flows based on 2C resource profiles. A reduction or increase in the long term price assumptions of $15/bbl, based on the range seen in external oil price market forecasts, is considered to be a reasonably possible change for the purposes of sensitivity analysis. Decreases to oil prices would increase the exploration write-off charge by $1,108.0 million, whilst increases to oil prices specified above would result in a credit to the exploration write-offs of $831.0 million. A 1 per cent increase in the pre-tax discount rate would increase the exploration write-off by $268.0 million. A 1 per cent decrease in the pre-tax discount rate would decrease the exploration write-off by $266.0 million. The Group believes a 1 per cent change in the pre-tax discount rate to be a reasonable possibility based on historical analysis of the Group's and a peer group of companies' discount rates.

Note 11. Property, plant and equipment

	Notes	2020 Oil and gas assets $m	2020 Other fixed assets $m	2020 Right of use assets $m	2020 Total $m	2019 Oil and gas assets $m	2019 Other fixed assets Restated[1] $m	2019 Right of use assets $m	2019 Total $m
Cost									
At 1 January		**11,279.6**	**190.6**	**1,038.5**	**12,508.7**	11,794.0	271.0	–	12,065.0
Adjustment on adoption of IFRS 16 Leases		**–**	**–**	**–**	**–**	(907.7)	–	907.7	–
Additions	1,6	**203.6**	**9.6**	**16.5**	**229.7**	357.1	21.0	150.3	528.4
Disposals		**(11.0)**	**(125.6)**	**(17.6)**	**(154.2)**	–	(108.4)	(20.6)	(129.0)
Transfer to assets held for sale	16	**(1,050.9)**	**–**	**(19.5)**	**(1,070.4)**	–	–	–	–
Currency translation adjustments		**38.9**	**(5.0)**	**0.7**	**34.6**	36.2	7.0	1.1	44.3
At 31 December		**10,460.2**	**69.6**	**1,018.6**	**11,548.4**	11,279.6	190.6	1,038.5	12,508.7
Depreciation, depletion, amortisation and impairment									
At 1 January		**(8,194.6)**	**(157.7)**	**(264.7)**	**(8,617.0)**	(6,951.1)	(197.5)	–	(7,148.6)
Adjustment on adoption of IFRS 16 Leases		**–**	**–**	**–**	**–**	151.5	–	(151.5)	–
Charge for the year	4	**(382.3)**	**(12.4)**	**(72.4)**	**(467.1)**	(620.1)	(18.6)	(85.9)	(724.6)
Impairment loss		**(250.0)**	**(0.6)**	**–**	**(250.6)**	(737.4)	(43.8)	–	(781.2)
Capitalised depreciation		**–**	**–**	**(23.8)**	**(23.8)**	–	–	(29.0)	(29.0)
Disposal		**10.9**	**122.8**	**7.1**	**140.8**	–	108.4	1.8	110.2
Transfer to assets held for sale	16	**938.2**	**–**	**1.6**	**939.8**	–	–	–	–
Currency translation adjustments		**(38.1)**	**5.6**	**(0.1)**	**(32.6)**	(37.5)	(6.2)	(0.1)	(43.8)
At 31 December		**(7,915.9)**	**(42.3)**	**(352.3)**	**(8,310.5)**	(8,194.6)	(157.7)	(264.7)	(8,617.0)
Net book value at 31 December		**2,544.3**	**27.3**	**666.3**	**3,237.9**	3,085.0	32.9	773.8	3,891.7

1. Other fixed assets in 2019 have been restated to include a derecognition of an asset that was fully impaired during the year ended 31 December 2019. The amount of disposals included in cost and accumulated depreciation of other fixed assets has changed from $0.3 million to $108.4 million.

The currency translation adjustments arose due to the movement against the Group's presentational currency, USD, of the Group's UK assets, which have a functional currency of GBP.

	Trigger for 2020 impairment/ (reversal)	2020 Impairment/ (reversal) $m	Pre tax discount rate assumption	2020 Remaining recoverable amount $m
Limande and Turnix CGU (Gabon)	a	**28.0**	13%	**7.4**
Ezanga (Gabon)	a	**20.5**	15%	**1.8**
Oba and Middle Oba CGU (Gabon)	a	**3.8**	15%	**8.7**
Ruche (Gabon)	a,b	**1.2**	13%	**32.4**
Mauritania	c	**30.6**	n/a	**–**
Espoir (Côte d'Ivoire)	a,d	**(2.1)**	10%	**81.5**
TEN (Ghana)	a,d	**149.2**	10%	**1,510.6**
UK ˙CGU	c,e	**13.2**	n/a	**–**
Other		**6.2**	n/a	**–**
Impairment		**250.6**		

a. Decrease to short, medium and long term oil price assumptions.
b. Recognition of FPSO lease.
c. Change to decommissioning estimate.
d. Revision of value based on revisions to reserves.
e. The fields in the UK are grouped into one CGU as all fields within those countries share critical gas infrastructure.

Note 11. Property, plant and equipment continued

In 1H20 impairments identified in TEN and Espoir of $305.8 million and $12.8 million respectively, were as a result of a reduction in short, mid and long term prices. In 2H20 an impairment reversal was recorded in respect of TEN and Espoir resulting in a full year impairment/reversal of $164.4 million and $(2.1) million respectively. This was as a result of increased booked 2P reserves and in the case of TEN lower future capex assumptions associated with well costs.

Oil prices stated below are benchmark prices to which an individual field price differential is applied. All impairment assessments are prepared on a value-in-use basis using discounted future cash flows based on 2P reserves profiles. A reduction or increase in the two-year forward curve of $5/bbl, based on the approximate volatility of the oil price over the previous two years, and a reduction or increase in the medium and long term price assumptions of $5/bbl, based on the range seen in external oil price market forecasts, are considered to be reasonably possible changes for the purposes of sensitivity analysis. Decreases to oil prices specified above would increase the impairment charge by $202.2 million for Ghana and $29.3 million for Non-Operated, whilst increases to oil prices specified above would result in a credit to the impairment charge of $203.9 million for Ghana and $48.5 million for Non-Operated. A 1 per cent increase in the pre-tax discount rate would increase the impairment by $59.0 million for Ghana and reduce the impairment charge by $7.5 million for Non-Operated. The Group believes a 1 per cent change in the pre-tax discount rate to be a reasonable possibility based on historical analysis of the Group's and a peer group of companies' impairment discount rates. The Directors considered that the relevant change in this assumption would have a consequential effect on other key assumptions including cessation of production and cash flows.

	Trigger for 2019 impairment/ (reversal)	2019 Impairment/ (reversal) $m	Pre tax discount rate assumption	2019 Remaining recoverable amount $m
Limande and Turnix CGU (Gabon)	a,c	(4.1)	13%	28.1
Echura, Niungo and Igongo CGU (Gabon)	a,c	(2.4)	15%	11.4
Oba and Middle Oba CGU (Gabon)	a,c	3.8	15%	13.0
Ceiba and Okume (Gabon)	a,c	(6.5)	10%	78.1
Mauritania	b	(1.4)	n/a	–
Espoir (Côte d'Ivoire)	a,c	12.5	10%	73.6
TEN (Ghana)	a,c	712.8	10%	1,801.6
UK 'CGU'[d]	b	22.7	n/a	–
Other	e	43.8	n/a	–
Impairment		781.2		

a. Decrease to long term oil price assumptions.
b. Change to decommissioning estimate.
c. Revision of value based on revisions to reserves.
d. The fields in the UK are grouped into one CGU as all fields within those countries share critical gas infrastructure.
e. Re-assessment of useful life.

During 2020 and 2019 the Group applied the following nominal oil price assumptions for impairment assessments:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 onwards
2020	**$45/bbl**	**$50/bbl**	**$55/bbl**	**$60/bbl**	**$60/bbl**	**$60/bbl inflated at 2%**
2019	$64/bbl	$60/bbl	$60/bbl	$63/bbl	$65/bbl	$65/bbl inflated at 2%

Oil prices stated below are benchmark prices to which an individual field price differential is applied. All impairment assessments are prepared on a value-in-use basis using discounted future cash flows based on 2P reserves profiles. A reduction or increase in the two-year forward curve of $5/bbl, based on the approximate range of annualised average oil price over recent history, and a reduction or increase in the medium and long term price assumptions of $5/bbl, based on the range of annualised average historical prices, are considered to be reasonably possible changes for the purposes of sensitivity analysis. Decreases to oil prices specified above would increase the impairment charge by $202.2 million for Ghana and $29.3 million for Non-Operated, whilst increases to oil prices specified above would result in a credit to the impairment charge of $203.9 million for Ghana and $48.5 million for Non-Operated. A 1 per cent increase in the pre-tax discount rate would increase the impairment by $59.0 million for Ghana and reduce the net impairment charge by $7.5 million for Non-Operated. The Group believes a 1 per cent change in the pre-tax discount rate to be a reasonable possibility based on historical analysis of the Group's and a peer group of companies' impairment discount rates. The Directors considered that the relevant change in this assumption would have a consequential effect on other key assumptions including cessation of production and cash flows.

Note 12. Other assets

	Notes	2020 $m	2019 $m
Non-current			
Amounts due from Joint Venture Partners	20	**547.4**	576.6
Uganda VAT recoverable		**–**	33.5
Other non-current assets		**–**	13.1
		547.4	623.2
Current			
Amounts due from Joint Venture Partners	20	**521.9**	711.8
Underlifts		**19.5**	97.8
Prepayments		**60.7**	69.5
Other current assets		**115.0**	49.6
		717.1	928.7
		1,264.5	1,551.9

Other current assets mainly include the deferred consideration relating to the Uganda disposal ($75.0 million) (note 9) as well as the deferred consideration relating to the Netherlands disposal in 2017 ($10.3 million) and VAT recoverable ($15.0 million).

Uganda VAT receivable and other non-current assets were written off in 2020.

Note 13. Inventories

	2020 $m	2019 $m
Warehouse stock and materials	**59.1**	64.9
Oil stock	**37.0**	126.6
	96.1	191.5

The decrease in oil stock is associated with the timing of liftings of the Group's share of crude oil around period end.

Note 14. Trade receivables

Trade receivables comprise amounts due for the sale of oil and gas. They are generally due for settlement within 30–60 days and are therefore all classified as current. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Note 15. Cash and cash equivalents

	Notes	2020 $m	2019 $m
Cash at bank	19	**224.2**	288.8
Short term deposits and other cash equivalents[1]		**581.2**	–
		805.4	288.8

1. Short term deposits and other cash equivalents mainly relate to receipt of cash for the disposal of Uganda of $514.3 million.

Cash and cash equivalents includes an amount of $54.0 million (2019: $183.0 million) which the Group holds as operator in Joint Venture bank accounts. Included within cash at bank is $77.1 million (2019: $nil) held in Joint Venture bank accounts as the Group's share of security for the letters of credit issued in relation to decommissioning activities.

Note 16. Assets and liabilities classified as held for sale

Equatorial Guinea and Dussafu asset in Gabon

On 9 February 2021, the Group announced that it signed two separate sale and purchase agreements with Panoro Energy ASA of its entire interest in Equatorial Guinea and its entire interest in the Dussafu Marin Permit Exploration and Production Sharing contract in Gabon, in each case with an effective date of 1 July 2020.

Cash consideration of $89.0 million is payable at completion of the Equatorial Guinea transaction and $46.3 million payable at completion of the Dussafu transaction.

The major classes of assets and liabilities comprising the assets classified as held for sale as at 31 December 2020 were as follows:

	Equatorial Guinea 2020 $m	Dussafu 2020 $m	Total 2020 $m
Assets			
Property, plant and equipment	76.0	54.6	130.6
Inventories	5.6	1.4	7.0
Other current assets	11.3	6.8	18.0
Assets classified as held for sale	**92.9**	**62.7**	**155.6**
Liabilities			
Trade and other payables	(3.5)	(27.9)	(31.4)
Current tax liabilities	(10.0)	–	(10.0)
Deferred tax liabilities	(16.7)	–	(16.7)
Provisions	(124.3)	(4.9)	(129.2)
Liabilities directly associated with assets classified as held for sale	**(154.5)**	**(32.8)**	**(187.3)**
Net (liabilities)/assets directly associated with disposal group	**(61.6)**	**29.9**	**(31.7)**

Equatorial Guinea and the Dussafu asset in Gabon are included within the Non- Operated segment of the Group.

Note 17. Trade and other payables

Current liabilities

	Notes	2020 $m	2019 $m
Trade payables		38.3	95.4
Other payables[1]		49.5	95.7
Overlifts		3.8	–
Accruals[2]		409.4	636.1
VAT and other similar taxes		8.9	16.2
Current portion of lease liabilities	20	240.8	284.2
		750.7	1,127.6

1. Other payables include accrued interest of $40.9 million (2019: $43.2 million).
2. Accruals mainly relate to capital expenditure, interest expense on bonds and loans and staff-related expenses.

Non-current liabilities

	Notes	2020 $m	2019 $m
Other non-current liabilities[1]		89.0	72.0
Non-current portion of lease liabilities	20	975.7	1,140.9
		1,064.7	1,212.9

1. Other non-current liabilities include balances related to joint venture partners.

Trade and other payables are non-interest bearing except for leases (note 20).

Payables related to operated Joint Ventures (primarily in Ghana and Kenya) are recorded gross with the amount representing the partners' share recognised in amounts due from Joint Venture Partners (note 12). The change in trade payables and in other payables predominantly represents timing differences and levels of work activity. The reduction in accruals is associated with reduced operational activity in Ghana and the disposal of the Group's interests in Uganda.

Note 18. Borrowings

	2020 $m	2019 $m
Current		
Borrowings – within one year		
6.625% Convertible Bonds due 2021 ($300 million)	**290.9**	–
6.25% Senior Notes due 2022 ($650 million)	**646.7**	–
Reserves Based Lending credit facility	**1,441.7**	–
7.00% Senior Notes due 2025 ($800 million)	**791.2**	–
	3,170.5	–

	2020 $m	2019 $m
Non-current		
Borrowings – after one year but within five years		
6.625% Convertible Bonds due 2021 ($300 million)	**–**	278.2
6.25% Senior Notes due 2022 ($650 million)	**–**	645.5
Reserves Based Lending credit facility	**–**	1,357.4
Borrowings – more than five years		
7.00% Senior Notes due 2025 ($800 million)	**–**	278.2
	–	790.6
Carrying value of total borrowings	**3,170.5**	3,071.7

The Group has provided security in respect of certain borrowings in the form of share pledges, as well as fixed and floating charges over certain assets of the Group.

As at 31 December 2020, the Group has assessed it does not have an unconditional right to defer payment of the facility, Senior notes due 2022 or senior notes due 2025 based on a forecast breach in covenants; as such, these borrowings have been classified as current. Refer to the going concern disclosure for further details.

During the year, the Group continued to have access to a Reserves Based Lending (RBL) facility. In October 2020, the Group completed the redetermination of its RBL credit facility with $1,808 million of debt capacity approved by the lending syndicate. The RBL facility incurs interest on outstanding debt at US dollar LIBOR plus an applicable margin. The outstanding debt is repayable in line with the amortisation of aggregate commitments over the period to the final maturity date of 21 November 2024, with an initial three-year grace period, or such time as is determined by reference to the remaining reserves of the assets, whichever is earlier.

At 31 December 2020, available headroom under the RBL amounted to $378 million (2019: $1,055 million).

Capital management

The Group defines capital as the total equity and net debt of the Group. Capital is managed in order to provide returns for shareholders and benefits to stakeholders and to safeguard the Group's ability to continue as a going concern. Tullow is not subject to any externally imposed capital requirements. To maintain or adjust the capital structure, the Group may put in place new debt facilities, issue new shares for cash, repay debt, engage in active portfolio management, adjust the dividend payment to shareholders, or undertake other such restructuring activities as appropriate. No significant changes were made to the capital management objectives, policies or processes during the year ended 31 December 2020. The Group monitors capital on the basis of the gearing, being net debt divided by adjusted EBITDAX, and maintains a policy target of between 1x and 2x. A summary of the gearing calculation and a reconciliation of the metric to IFRS measures can be found in the Alternative performance measures on pages 151 to 152 and viability summary on page 37.

Note 18. Borrowings continued

Loan covenant

Under the terms of the RBL facility, the Group is required to comply with the following principal financial covenants:

- RBL gearing covenant
  The net debt of the Group, as defined in the RBL facility agreement, must be lower than 3.5 times consolidated EBITDAX for each 12-month period ending 30 June and 31 December each year. In order to address the forecast breach of the RBL gearing covenant, the Group secured an amendment of the covenant such that a relaxation to 4.5 times net debt to consolidated EBITDAX was agreed ahead of both 30 June 2020 and 31 December 2020 covenant tests. The Group has complied with the amended RBL gearing covenants throughout the reporting period.

- On 26 February 2021 the Group submitted a Liquidity Forecast Test to the lenders in respect of the February 2021 RBL redetermination. The Directors concluded that the information submitted to the lenders under the RBL facility fulfilled the requirements of the Liquidity Forecast Test. At the date of approving the 2020 Annual Report and Accounts, an approval in respect of this test is yet to be received, therefore a risk remains that the Group could fail this test. Based on current projections there is also a risk that the Group could fail the Liquidity Forecast Test in respect of the RBL facility redetermination in September 2021.

  As at 31 December 2020, the Group complied with the amended RBL gearing covenant. However, current projections forecast a potential breach of the RBL gearing covenant for the 12-month periods ending 30 June 2021 and 31 December 2021. Therefore, RBL borrowings amounting to $1,442 million of non-current borrowings was classified as current liabilities. Given that Group's bond indentures include cross default provisions, borrowings amounting to $647 million (2022 Senior Notes) and $791 million (2025 Senior Notes) were also classified as current liabilities.

- RBL facility Liquidity Forecast Test
  The Group is required to demonstrate to the reasonable satisfaction of the relevant majority of its lenders under the RBL facility that it has, or will have, sufficient funds available to meet the Group's financial commitments for a period of 18 months starting from the first month immediately following the relevant RBL facility redetermination.

  The Group has passed the Liquidity Forecast Test in respect of the RBL facility redeterminations in March and September 2020.

- RBL facility minimum hedging requirement
  The RBL facility agreement requires that the Group enters into hedging agreements for the purposes of ensuring that, as at each re-determination date, at least 30 per cent but no more than 70 per cent of the aggregate volume of oil that is projected in the 36 month period, is hedged, commencing on that re-determination date to be derived from the Group's borrowing base assets. The scheduled re-determination dates occur on the 31 March and 30 September each year.

  The Group complied with its minimum hedging requirement as at 31 March 2020. Prior to the 30 September 2020 re-determination, the Group obtained a waiver of the minimum hedging requirement such that the requirement shall be at least 25 per cent but no more than 70 per cent of the aggregate volume that is projected in the 36-month period commencing on 30 September 2020. The Group has also complied with this amended covenant.

  The Group is compliant with the minimum hedging requirement as at the February 2021 testing date and expects to be compliant at the next testing date at the end of September 2021.

- Senior Notes and Fixed Charge Cover Ratio ("FCCR") Covenant
  The FCCR is the ratio of the Consolidated cash flow to the fixed charges for the previous twelve months. The 'Consolidated cash flow' essentially represents an Adjusted EBITDAX calculation. The Fixed Charges represent the aggregate financial charges related to the Company's indebtedness i.e. interest on all the Company's borrowings, interests under capital leases less any finance revenues. The FCCR is an incurrence covenant and therefore only tested when the Group is expected to incur any new financial indebtedness or other triggers as defined in the terms of the Senior Notes. The Group is, however, required to deliver an annual compliance certificate to the Bond Trustee 90 days after year end confirming that it has been in compliance with the terms of the Senior Notes for that year.

As at 31 December 2020, the Group has complied with the FCCR covenant.

There are no principal covenants in respect of the Convertible Bonds.

Note 19. Financial instruments

Financial risk management objectives

The Group is exposed to a variety of risks including commodity price risk, interest rate risk, credit risk, foreign currency risk and liquidity risk. The Group reviews its exposure on a regular basis and will undertake hedging if deemed appropriate. The Group holds a portfolio of commodity derivative contracts, with various counterparties. A portfolio of interest rate derivatives was held and matured during 2018. The mix between the fixed and floating rate borrowings was considered appropriate during the year and therefore the Group did not enter into new interest rate derivatives. The use of derivative financial instruments is governed by the Group's policies approved by the Board of Directors. Compliance with policies and exposure limits are monitored and reviewed internally on a regular basis. The Group does not enter into or trade financial instruments, including derivatives, for speculative purposes.

	2020 $m	2019 $m
Financial assets		
Financial assets at amortised cost		
Trade receivables	**79.0**	38.7
Amounts due from Joint Venture Partners	**1,069.3**	1,288.4
Cash and cash equivalents	**805.4**	288.8
Derivative financial instruments		
Used for hedging	**19.8**	3.8
	1,973.5	1,619.7
Financial liabilities		
Liabilities at amortised cost		
Trade payables	**127.3**	167.4
Borrowings	**3,170.5**	3,071.7
Lease liabilities	**1,216.5**	1,425.1
Derivative financial instruments		
Used for hedging	**(17.8)**	(16.0)
	4,496.5	4,648.2

Fair values of financial assets and liabilities

With the exception of the Senior Notes and the convertible bonds, the Group considers the carrying value of all its financial assets and liabilities to be materially the same as their fair value. The fair value of the Senior Notes, as determined using market values at 31 December 2020, was $1,047.7 million (2019: $1,269.6 million) compared to the carrying value of $1,437.9 million (2019: $1,436.0 million). These are categorised as level 1 in the fair value hierarchy.

The fair value of the convertible bonds, as determined using market values as at 31 December 2020, was $263.0 million (2019: $281.9 million) compared to the carrying value of $290.9 million (2019: $278.3 million). These are categorised as level 1 in the fair value hierarchy.

The Group has no material financial assets that are past due. No material financial assets are impaired at the balance sheet date. All financial assets and liabilities with the exception of derivatives are measured at amortised cost.

Fair values of derivative instruments

All derivatives are recognised at fair value on the balance sheet with valuation changes recognised immediately in the income statement, unless the derivatives have been designated as a cash flow hedge. Fair value is the amount for which the asset or liability could be exchanged in an arm's-length transaction at the relevant date. Where available, fair values are determined using quoted prices in active markets. To the extent that market prices are not available, fair values are estimated by reference to market-based transactions, or using standard valuation techniques for the applicable instruments and commodities involved.

Note 19. Financial instruments continued

Fair values of derivative instruments continued

The Group's derivative carrying and fair values were as follows:

Assets/liabilities	2020 Less than 1 year $m	2020 1–3 years $m	2020 Total $m	2019 Less than 1 year $m	2019 1–3 years $m	2019 Total $m
Cash flow hedges						
Oil derivatives	37.3	4.8	42.1	35.3	26.0	61.3
	37.3	4.8	42.1	35.3	26.0	61.3
Deferred premium						
Oil derivatives	(38.0)	(2.2)	(40.2)	(49.4)	(24.1)	(73.5)
	(38.0)	(2.2)	(40.2)	(49.4)	(24.1)	(73.5)
Total assets	17.2	2.6	19.8	0.7	3.1	3.8
Total liabilities	(17.8)	–	(17.8)	(14.8)	(1.2)	(16.0)

Derivatives' maturity and the timing of their recycling into income or expense coincide.

The following provides an analysis of the Group's financial instruments measured at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly or indirectly; and

Level 3: fair value measurements are those derived from valuation techniques which include inputs for the asset or liability that are not based on observable market data.

All the Group's derivatives are Level 2 (2019: Level 2). There were no transfers between fair value levels during the year.

For financial instruments which are recognised on a recurring basis, the Group determines whether transfers have occurred between levels by re-assessing categorisation (based on the lowest-level input which is significant to the fair value measurement as a whole) at the end of each reporting period.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the Group balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. No material enforceable master netting agreements were identified.

The Group has entered into ISDA Master Agreements with derivative counterparties. The following table shows the amounts recognised for financial assets and liabilities which are subject to offsetting arrangements on a gross basis, and the amounts offset in the Group balance sheet.

31 December 2020	Gross amounts recognised $m	Gross amounts offset in Group balance sheet $m	Net amounts presented in Group balance sheet $m
Derivative assets	23.7	(3.9)	19.8
Derivative liabilities	(21.7)	3.9	(17.8)

31 December 2019	Gross amounts recognised $m	Gross amounts offset in Group balance sheet $m	Net amounts presented in Group balance sheet $m
Derivative assets	10.2	(6.5)	3.7
Derivative liabilities	(22.4)	6.5	(15.9)

Note 19. Financial instruments continued

Commodity price risk

The Group uses a number of derivatives to mitigate the commodity price risk associated with its underlying oil revenue. Such commodity derivatives tend to be priced using benchmarks, such as Dated Brent, which correlate as far as possible to the underlying oil revenue. There is an economic relationship between the hedged items and the hedging instruments due to a common underlying, i.e. Dated Brent, between them. Forecast oil sales, which are based on Dated Brent, are hedged with options which have Dated Brent as reference price. An increase in Dated Brent will cause the value of the hedged item and hedging instrument to move in opposite directions. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the commodity derivatives is identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks. The Group hedges its estimated oil revenues on a portfolio basis, aggregating its oil revenues from substantially all of its African oil interests.

As at 31 December 2020 and 31 December 2019, all of the Group's oil derivatives have been designated as cash flow hedges. The Group's oil hedges have been assessed to be highly effective.

Financial risk management is adopted centrally for the Group. The Group adopted a risk component hedging strategy from 2019. This results from designating the variability in all the cash flows attributable to the change in the benchmark price per the oil sales contracts where the critical terms of the hedged item and hedging instrument match. There is, however, the potential for a degree of ineffectiveness inherent in the Group's pre-2019 hedge designation for open hedge relationship. This is due to the differential on the Group's underlying African crudes relative to Dated Brent and the timing of oil liftings relative to the hedges. The ineffectiveness recognised in the Group income statement was a loss of $0.8 million (2019: $1.5 million loss). Ineffectiveness is expected to reduce as the pre-2019 hedges phases out.

Floor protection is placed around current market levels and layered in over the course of the year, using a combination of derivatives which protects downside prices and provides some exposure to upside.

The following table demonstrates the timing, volumes and average floor price protected for the Group's commodity hedges:

Hedging position as at 31 December 2020	2021	2022
Oil volume (bopd)	**40,000**	**2,000**
Average floor price protected ($/bbl)	**48.17**	**50.63**

Hedging position as at 31 December 2019	2020	2021
Oil volume (bopd)	44,997	22,000
Average floor price protected ($/bbl)	57.28	52.80

The following table demonstrates the hedge position as at 31 December 2020:

2021 hedge position at 31 December 2020	Bopd	Bought put (floor)	Sold call	Bought call
Hedge structure				
Collars	39,000	$48.12	$66.47	–
Three-way collars (call spread)	1,000	$50.00	$72.80	$82.80
Total/weighted average	**40,000**	**$48.17**	**$66.63**	**$82.80**

2022 hedge position at 31 December 2020	Bopd	Bought put (floor)	Sold call	Bought call
Hedge structure				
Collars	2,000	$50.63	$70.26	–
Total/weighted average	**2,000**	**$50.63**	**$70.26**	–

The following table demonstrates the sensitivity of the Group's derivative financial instruments to reasonably possible movements in Dated Brent oil prices:

		Effect on equity	
	Market movement as at 31 Dec 2020	**2020 $m**	2019 $m
Brent oil price	25%	**(59.0)**	(43.9)
Brent oil price	(25%)	**155.9**	237.2

The following assumptions have been used in calculating the sensitivity in movement of the oil price: the pricing adjustments relate only to the point forward mark-to-market (MTM) valuations, the price sensitivities assume there is no ineffectiveness related to the oil hedges and the sensitivities have been run only on the intrinsic element of the hedge as management considers this to be the material component of oil hedge valuations.

Note 19. Financial instruments continued

Hedge reserve summary

The hedge reserve represents the portion of deferred gains and losses on hedging instruments deemed to be effective cash flow hedges. The movement in the reserve for the period is recognised in other comprehensive income.

The following table summarises the cash flow hedge reserve by intrinsic and time value, net of tax effects:

Cash flow hedge reserve	2020 $m	2019 $m
Oil derivatives – intrinsic	4.8	4.6
Oil derivatives – time value	(5.4)	(17.5)

The deferred gains and losses in the hedge reserve are subsequently transferred to the income statement at maturity of derivative contracts. The tables below show the impact on the hedge reserve and on sales revenue during the year:

Deferred amounts in the hedge reserve – intrinsic	2020 $m	2019 $m
At 1 January	4.6	130.8
Reclassification adjustments for items included in the income statement on realisation:		
Oil derivatives – transferred to sales revenue	(268.1)	(7.6)
Interest rate derivatives – transferred to finance costs	–	–
Subtotal	(268.1)	(7.6)
Revaluation (losses)/gains arising in the year	271.0	(118.6)
Movement in current and deferred tax	(2.7)	–
	0.2	(126.2)
At 31 December	4.8	4.6

Deferred amounts in the hedge reserve – time value	2020 $m	2019 $m
At 1 January	(17.5)	(4.9)
Reclassification adjustments for items included in the income statement on realisation:		
Oil derivatives – transferred to sales revenue	49.5	61.0
Revaluation losses arising in the year	(37.3)	(73.6)
Movement in current and deferred tax	(0.1)	–
At 31 December	(5.4)	(17.5)

Reconciliation to sales revenue	2020 $m	2019 $m
Oil derivatives – transferred to sales revenue	268.1	7.6
Deferred premium paid	(49.4)	(61.0)
Net losses/(gain) from commodity derivatives in sales revenue (note 2)	218.7	(53.4)

Cash flow and interest rate risk

Subject to parameters set by management, the Group seeks to minimise interest costs by using a mixture of fixed and floating debt. Floating rate debt comprises bank borrowings at interest rates fixed in advance from overnight to three months at rates determined by reference to US dollar LIBOR.

Interest rate benchmark reform

The replacement of benchmark interest rates such as LIBOR and other IBORs is a priority for global regulators. The Group has closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by LIBOR regulators (including the Financial Conduct Authority (FCA) and the US Commodity Futures Trading Commission) regarding the transition away from LIBOR (including GBP LIBOR and USD LIBOR) to alternative Risk-Free Rates (RFR) by the end of 2021.

The Group's current IBOR linked contracts do not include adequate and robust fall-back provisions for a cessation of the referenced benchmark interest rate. Different working groups in the industry are working on fall-back language for different instruments and different IBORs, which the Group is monitoring closely and will look to implement when appropriate.

Fixed rate debt comprises Senior Notes and convertible bonds.

Note 19. Financial instruments continued

Interest rate benchmark reform continued

The interest rate profile of the Group's financial assets and liabilities, excluding trade and other receivables and trade and other payables, at 31 December 2020 and 2019, was as follows:

	2020 Cash and cash equivalents $m	2020 Fixed rate debt $m	2020 Floating rate debt $m	2020 Total $m	2019 Cash and cash equivalents $m	2019 Fixed rate debt $m	2019 Floating rate debt $m	2019 Total $m
US$	**717.3**	**(1,750.0)**	**(1,431.0)**	**(2,463.7)**	259.9	(1,750.0)	(1,344.3)	(2,834.4)
Euro	**0.1**	**–**	**–**	**0.1**	0.5	–	–	0.5
Sterling	**72.0**	**–**	**–**	**72.0**	16.3	–	–	16.3
Other	**16.0**	**–**	**–**	**16.0**	12.1	–	–	12.1
	805.4	**(1,750.0)**	**(1,431.0)**	**(2,375.6)**	288.8	(1,750.0)	(1,344.3)	(2,805.5)

Cash at bank consisted mainly of deposits which earn interest at rates set in advance for periods ranging from overnight to three months by reference to market rates.

The following table demonstrates the sensitivity of the Group's financial instruments to reasonably possible movements in interest rates:

		Effect on finance costs		Effect on equity	
	Market movement	2020 $m	2019 $m	2020 $m	2019 $m
Interest rate	100 basis points	**(14.3)**	(13.4)	**(14.3)**	(13.4)
Interest rate	(10) basis points	**1.4**	3.4	**1.4**	3.4

Credit risk

The Group has a credit policy that governs the management of credit risk, including the establishment of counterparty credit limits and specific transaction approvals. The primary credit exposures for the Group are its receivables generated by the marketing of crude oil and amounts due from JV Partners (including in relation to their share of the TEN FPSO lease). These exposures are managed at the corporate level. The Group's crude sales are predominantly made to international oil market participants including the oil majors, trading houses and refineries. JV Partners are predominantly international major oil and gas market participants. Counterparty evaluations are conducted utilising international credit rating agency and financial assessments. Where considered appropriate, security in the form of trade finance instruments from financial institutions with an appropriate credit rating, such as letters of credit, guarantees and credit insurance, are obtained to mitigate the risks.

The Group generally enters into derivative agreements with banks which are lenders under the Reserves Based Lending facility. Security is provided under the facility agreement which mitigates non-performance risk. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties. The maximum financial exposure due to credit risk on the Group's financial assets, representing the sum of cash and cash equivalents, investments, derivative assets, trade receivables, and receivables from Joint Venture Partners, as at 31 December 2020 was $1,973.5 million (2019: $1,619.7 million).

Foreign currency risk

The Group conducts and manages its business predominantly in US dollars, the operating currency of the industry in which it operates. The Group also purchases the operating currencies of the countries in which it operates routinely on the spot market. From time to time the Group undertakes certain transactions denominated in other currencies. These exposures are often managed by executing foreign currency financial derivatives. There were no material foreign currency financial derivatives in place as at 31 December 2020 (2019: nil). Cash balances are held in other currencies to meet immediate operating and administrative expenses or to comply with local currency regulations.

As at 31 December 2020, the only material monetary assets or liabilities of the Group that were not denominated in the functional currency of the respective subsidiaries involved were $20.0 million in non-US dollar-denominated cash and cash equivalents (2019: $28.9 million).

The following table demonstrates the sensitivity of the Group's financial instruments to reasonably possible movements in US dollar exchange rates:

		Effect on profit before tax		Effect on equity	
	Market movement	2020 $m	2019 $m	2020 $m	2019 $m
US$/foreign currency exchange rates	20%	**(3.3)**	(4.8)	**(3.3)**	(4.8)
US$/foreign currency exchange rates	(20%)	**5.0**	7.3	**5.0**	7.3

Note 19. Financial instruments continued

Liquidity risk

The Group manages its liquidity risk using both short term and long term cash flow projections, supplemented by debt financing plans and active portfolio management across the Group. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework covering the Group's short, medium and long term funding and liquidity management requirements.

The Group closely monitors and manages its liquidity risk. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, changes in commodity prices, different production rates from the Group's producing assets and delays to development projects. In addition to the Group's operating cash flows, portfolio management potential has been identified across the Group to deliver material proceeds to reduce debt and enhance the financial capability and flexibility of the Group. The Group had $1.1 billion (2019: $1.2 billion) of total facility headroom and free cash as at 31 December 2020.

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Weighted average effective interest rate	Less than 1 month $m	1–3 months $m	3 months to 1 year $m	1–5 years $m	5+ years $m	Total $m
31 December 2020							
Non-interest bearing	**n/a**	**18.9**	**14.8**	**55.7**	**66.1**	**34.1**	**189.5**
Lease liabilities	**7.1%**	**22.3**	**59.9**	**158.5**	**955.6**	**20.1**	**1,216.5**
Fixed interest rate instruments	**7.8%**						
Principal repayments		**–**	**–**	**300.0**	**1,450.0**	**–**	**1,750.0**
Interest charge		**9.9**	**28.0**	**78.6**	**216.3**	**–**	**332.9**
Variable interest rate instruments	**5.6%**						
Principal repayments		**–**	**–**	**–**	**1,431.0**	**–**	**1,431.0**
Interest charge		**4.3**	**9.9**	**44.4**	**217.5**	**–**	**276.1**
		53.2	**113.1**	**588.9**	**4,288.8**	**25.8**	**5,070.0**

	Weighted average effective interest rate	Less than 1 month $m	1–3 months $m	3 months to 1 year $m	1–5 years $m	5+ years $m	Total $m
31 December 2019							
Non-interest bearing	n/a	92.0	36.1	71.8	7.4	72.0	279.3
Lease liabilities	7.1%	20.1	69.3	194.8	1,111.0	29.9	1,425.1
Fixed interest rate instruments	7.8%						
Principal repayments		–	–	–	950.0	800.0	1,750.0
Interest charge		9.9	28.0	78.6	304.8	28.0	449.3
Variable interest rate instruments	5.8%						
Principal repayments		–	–	–	1,345.0	–	1,345.0
Interest charge		5.9	11.8	53.1	308.2	–	379.0
		127.9	145.2	398.3	4,026.4	929.9	5,627.7

Note 20. Leases

This note provides information for leases where the Group is a lessee. The Group did not enter into any contracts acting as a lessor.

i) Amounts recognised in the balance sheet

Right-of-use assets (included within property, plant and equipment) and lease liabilities	Right of use assets 31 December 2020 $m	Right of use assets 31 December 2019 $m	Lease liabilities 31 December 2020 $m	Lease liabilities 31 December 2019 $m
Property leases	**40.5**	57.4	**45.6**	60.6
Oil and gas production and support equipment leases	**624.3**	710.0	**1,167.8**	1,351.0
Transportation equipment leases	**1.5**	6.4	**2.3**	13.5
Other equipment	**–**	–	**–**	–
Total	**666.3**	773.8	**1,216.5**	1,425.1
Current			**240.8**	284.2
Non-current			**975.7**	1,140.9
Total			**1,216.5**	1,425.1

Additions to the right-of-use assets during the 2020 financial year were $16.5 million. Refer to note 11.

For ageing of lease liabilities, refer to note 19.

The Group's leases balance includes TEN FPSO and Espoir FPSO, classified as Oil and gas production and support equipment. As at 31 December 2020, the present value of the TEN FPSO and Espoir FPSO right-of-use asset was $613.0 million (31 December 2019: $675.6 million) and $5.0 million (31 December 2019: $6.7 million), respectively. The present value of the TEN FPSO and Espoir FPSO lease liability was $1,133.1 million (31 December 2019: $1,269.6 million) and $17.7 million (31 December 2019: $20.1 million), respectively. Included within additions to the right of-use-assets is Ruche FPSO which has a present value of $17.8 million as at 31 December 2020, and a corresponding lease liability of $16.9 million. This balance was transferred to assets and liabilities held for sale at 31 December 2020 (note 16).

A receivable from Joint Venture Partners of $535.7 million (1 January 2019: $656.9 million) was recognised in other assets (note 12) to reflect the value of future payments that will be met by cash calls from partners relating to the TEN FPSO lease. The present value of the receivable from Joint Venture Partners unwinds over the expected life of the lease and is reported within finance revenue.

Carrying amounts of the lease liabilities and joint venture leases receivables and the movements during the period:

	Lease liabilities $m	Joint Venture lease receivables $m	Total $m
At 1 January 2020	(1,425.1)	640.4	(784.7)
Additions and changes in lease estimates	(26.5)	2.5	(24.0)
Disposals	12.2	(2.6)	9.6
Payments	298.1	(139.9)	158.2
Interest (expense)/income	(91.0)	40.6	(50.4)
Transfer to liabilities held for sale	16.9	–	16.9
Foreign exchange movements	1.1	–	1.1
At 31 December 2020	**(1,216.5)**	**541.0**	**(675.5)**

ii) Amounts recognised in the statement of profit or loss

Right-of-use assets (included within Property, plant and equipment)	31 December 2020 $m	31 December 2019 $m
Depreciation charge of right-of-use assets		
Property leases	**9.9**	11.9
Oil and gas production and support equipment leases	**62.5**	73.9
Total	**72.4**	85.8
Interest expense on lease liabilities (included in finance cost	**91.0**	103.5
Interest income on amounts due from Joint Venture Partners	**(40.6)**	(50.0)
Total	**122.8**	143.8

The total cash outflow for leases in 2020 was $158.2 million (2019: $172.1 million).

Note 21. Provisions

	Notes	Decommissioning 2020 $m	Other provisions 2020 $m	Total 2020 $m	Decommissioning 2019 $m	Other provisions 2019 $m	Total 2019 $m
At 1 January		850.1	76.2	926.3	794.0	81.5	875.5
New provisions and reclassifications		14.9	136.6	151.5	109.0	15.5	124.5
Disposals		–	–	–	–	(0.3)	(0.3)
Transfer to assets and liabilities held for sale	16	(129.2)	–	(129.2)	–	–	–
Payments		(57.7)	(58.4)	(116.1)	(75.1)	(20.4)	(95.5)
Unwinding of discount	5	13.1	–	13.1	16.3	–	16.3
Currency translation adjustment		4.9	0.2	5.1	5.9	–	5.9
At 31 December		696.1	154.6	850.7	850.1	76.3	926.4
Current provisions		104.4	125.4	229.8	102.6	70.2	172.8
Non-current provisions		591.7	29.2	620.9	747.5	6.1	753.6

Other provisions include non-income tax provision, restructuring provision and disputed cases and claims. Management estimates non-current other provisions would fall due between two and five years.

Non-Current-other provisions mainly relates to Bangladesh litigation. Refer to Uncertain Tax Positions in Accounting Policies.

The decommissioning provision represents the present value of decommissioning costs relating to the European and African oil and gas interests.

	Inflation assumption	Discount rate assumption 2020	Cessation of production assumption 2020	Total 2020 $m	Discount rate assumption 2019	Cessation of production 2019	Total 2019 $m
Côte d'Ivoire	2%	1%	2031	63.9	2%	2033	55.6
Equatorial Guinea[1]	–	–	–	–	2%	2030–2032	116.1
Gabon[1]	2%	1–1.5%	2027–2037	61.8	2–2.5%	2022–2037	56.7
Ghana	2%	1–1.5%	2034–2036	323.5	2–2.5%	2032–2036	365.6
Mauritania	n/a	n/a	2018	89.0	n/a	2018	82.6
UK	n/a	n/a	2018	157.9	n/a	2018	173.5
				696.1			850.1

1. Decommissioning provision relating to Equatorial Guinea and Ruche (Gabon) transferred to Assets and Liabilities held for Sale (note 16) as at 31 December 2020 ($124.3 million and $4.9 million, respectively).

During 2020 the Group lowered its decommissioning discount rate assumptions from 2-2.5% to 1-1.5 per cent in line with the reduction in US Treasury rates.

Note 22. Deferred taxation

	Accelerated tax depreciation $m	Decommissioning $m	Tax losses $m	Other temporary differences $m	Provision for onerous service contracts $m	Deferred petroleum revenue tax $m	Total $m
At 1 January 2019	(1,101.2)	127.7	527.5	(24.9)	33.4	11.6	(425.9)
Credit/(charge) to income statement	363.1	(21.1)	(177.8)	(26.0)	(11.5)	(2.0)	124.7
Transfer to current tax liability	–	–	–	24.2	–	–	24.2
Exchange differences	–	1.7	(0.4)	(0.1)	(0.2)	0.1	1.1
At 1 January 2020	(738.1)	108.3	349.3	(26.8)	21.7	9.7	(275.9)
Credit/(charge) to income statement	78.7	(5.9)	(13.0)	17.3	–	2.2	79.3
Transfer to assets classified as held for sale	13.7	2.3	–	0.7	–	–	16.7
Exchange differences	–	0.9	(0.6)	0.4	–	0.2	0.9
At 31 December 2020	(645.7)	105.6	335.7	(8.4)	21.7	12.1	(179.0)

Note 22. Deferred taxation continued

	2020 $m	2019 $m
Deferred tax liabilities	**(673.3)**	(793.4)
Deferred tax assets	**494.3**	517.5
	(179.0)	(275.9)

Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the level of deferred tax assets recognised which can result in a charge or credit in the period in which the change occurs.

Note 23. Called-up equity share capital and share premium account

Allotted equity share capital and share premium

	Equity share capital allotted and fully paid		Share premium
	Number	$m	$m
Ordinary shares of 10p each			
At 1 January 2019 (previously reported)	1,393,439,716	209.1	1,344.2
Restatement			(49.5)
At 1 January 2020 (as adjusted)			1,294.7
Issued during the year			
Exercise of share options	14,458,235	1.8	–
At 1 January 2020 (as adjusted)	**1,407,897,951**	**210.9**	**1,294.7**
Issued during the year			
Exercise of share options	**6,173,826**	**0.8**	**–**
At 31 December 2020	**1,414,071,777**	**211.7**	**1,294.7**

The Company does not have a maximum authorised share capital.

Note 24. Share-based payments

Analysis of share-based payment charge

	Notes	2020 $m	2019 $m
Tullow Incentive Plan		**11.9**	15.8
Employee Share Award Plan		**8.6**	11.9
2020 PDMR Buyout Award		**0.4**	–
UK and Irish Share Incentive		**–**	–
		20.9	27.7
Capitalised to intangible and tangible assets		**–**	1.9
Expensed to operating costs	4	**0.9**	2.6
Expensed as exploration costs written off		**–**	1.0
Expensed as administrative cost	4	**20.0**	22.2
Total share-based payment charge		**20.9**	27.7

Tullow Incentive Plan (TIP)

Under the TIP, Senior Management can be granted nil exercise price options, normally exercisable from three years (five years in the case of the Company's Directors) to ten years following grant provided an individual remains in employment. The size of awards depends on both annual performance measures and total shareholder return (TSR) over a period of up to three years. There are no post-grant performance conditions. No dividends are paid over the vesting period; however, it has been agreed for the TIP Awards since 2018 that an amount equivalent to the dividends that would have been paid on the TIP shares during the vesting period if they were 'real' shares will also be payable on exercise of the award. There are further details of the TIP in the Remuneration Report on pages 57 to 73.

The weighted average remaining contractual life for TIP awards outstanding at 31 December 2020 was 3.2 years.

Note 24. Share-based payments continued

2005 Performance Share Plan (PSP)

Under the PSP, Senior Management could be granted nil exercise price options, normally exercisable between three and ten years following grant. Awards made before 8 March 2010 were made as conditional awards to acquire free shares on vesting. To provide flexibility to participants, those awards were converted into nil exercise price options. All PSP awards are fully vested.

As at 31 December 2020 there were no PSP awards remaining.

Employee Share Award Plan (ESAP)

Most Group employees are eligible to be granted nil exercise price options under the ESAP. These are normally exercisable from three to ten years following grant. An individual must normally remain in employment for three years from grant for the share to vest. Awards are not subject to post-grant performance conditions. No dividends are paid over the vesting period; however, it has been agreed for the ESAP awards since 2018 that an amount equivalent to the dividends that would have been paid on the ESAP shares during the vesting period if they were 'real' shares will also be payable on exercise of the award.

Phantom options that provide a cash bonus equivalent to the gain that could be made from a share option (being granted over a notional number of shares) have also been granted under the ESAP in situations where the grant of share options was not practicable.

The weighted average remaining contractual life for ESAP awards outstanding at 31 December 2020 was 5.8 years.

2010 Share Option Plan (2010 SOP) and 2000 Executive Share Option Scheme (2000 ESOS)

Participation in the 2010 SOP and 2000 ESOS was available to most of the Group's employees. Options have an exercise price equal to market value shortly before grant and are normally exercisable between three and ten years from the date of the grant subject to continuing employment.

Options granted prior to 2011 were granted under the 2000 ESOS where exercise was subject to a performance condition. Performance was measured against constituents of the FTSE 100 index (excluding investment trusts). 100 per cent of awards vested if the Company's TSR was above the median of the index companies over three years from grant. The 2010 SOP was replaced by the ESAP for grants from 2014. During 2013 phantom options were granted under the 2010 SOP to replace certain options granted under the 2000 ESOS that lapsed as a result of performance conditions not being satisfied. These replacement phantom options provide a cash bonus equivalent to the gain that could be made from a share option (being granted over a notional number of shares with a notional exercise price). Phantom options have also been granted under the 2010 SOP and the 2000 ESOS in situations where the grant of share options was not practicable.

As at 31 December 2020 there were no ESOS or phantom options remaining. Outstanding options under the SOP at 31 December 2020 had exercise prices of 900p to 1,294p (2019: 900p to 1,294p) and remaining contractual lives between 75 days and 2.6 years. The weighted average remaining contractual life is 0.9 years.

2020 PDMR Buyout Awards

On 5 August 2020, the Company granted the new Chief Executive Officer a number of Buyout Awards following the commencement of their employment in order to compensate them for certain share arrangements forfeited upon leaving their former employer.

The grant of the awards was conditional on the CEO purchasing shares in the Company with a value of £350,000 (the "Purchased Shares"). These awards will vest after five years from the date of joining subject to continued service and the retention of the Purchased Shares. The awards comprise: a restricted share award in the form of a nil-cost option over 3,000,000 shares; a share option over 3,000,000 shares with a per share exercise price of £0.2566 (being equal to the market value of a share at the close of trading on the dealing date immediately following the date on which the Purchased Shares were acquired); and a share option over 3,000,000 shares with a per share exercise price of £0.5132 (being twice the exercise price for the above options).

The awards will ordinarily vest on 1 July 2025 and if they remain unexercised will expire on 1 July 2030. There are further details of the 2020 PDMR Buyout Awards in the Remuneration Report on pages 57 to 73.

The weighted average remaining contractual life for the PDMR Buyout Awards outstanding at 31 December 2020 was 9.5 years.

UK and Irish Share Incentive Plans (SIPs)

These are all-employee plans set up in the UK and Ireland, to enable employees to save out of salary up to prescribed monthly limits. Contributions are used by the SIP trustees to buy Tullow shares (Partnership Shares) at the end of each three-month accumulation period. The Company makes a matching contribution to acquire Tullow shares (Matching Shares) on a one-for-one basis. Under the UK SIP, Matching Shares are subject to time-based forfeiture over three years on leaving employment in certain circumstances or if the related Partnership Shares are sold. The fair value of a Matching Share is its market value when it is awarded.

Under the UK SIP: (i) Partnership Shares are purchased at the lower of their market values at the start of the accumulation period and the purchase date (which is treated as a three-month share option for IFRS 2 purposes and therefore results in an accounting charge); and (ii) Matching Shares vest over the three years after being awarded (resulting in their accounting charge being spread over that period).

Under the Irish SIP: (i) Partnership Shares are bought at the market value at the purchase date (which does not result in any accounting charge); and (ii) Matching Shares vest over the two years after being awarded (resulting in their accounting charge being spread over that period).

Note 24. Share-based payments continued

UK and Irish Share Incentive Plans (SIPs) continued

The following table illustrates the number and average weighted share price at grant or weighted average exercise price (WAEP) of, and movements in, share options under the TIP, PSP, DSBP, ESAP and 2010 SOP/2000 ESOS.

		Outstanding as at 1 January	Granted during the year	Exercised during the year	Forfeited/ expired during the year	Outstanding at 31 December	Exercisable at 31 December
2020 TIP –	number of shares	19,803,133	10,133,701	(2,274,564)	454,558	28,116,828	4,394,115
2020 TIP –	average weighted share price at grant	203.6	10.9	222.2	226.3	133.0	214.3
2019 TIP –	number of shares	20,295,802	6,010,697	(5,350,737)	(1,152,629)	19,803,133	2,966,380
2019 TIP –	average weighted share price at grant	208.1	226.3	231.2	273.4	203.6	213.8
2020 PSP –	number of shares	4,881	–	–	(4,881)	–	–
2020 PSP –	average weighted share price at grant	1,281.0	–	–	1,281.0	–	–
2019 PSP –	number of shares	408,605	–	(363,521)	(40,203)	4,881	4,881
2019 PSP –	average weighted share price at grant	868.2	–	872.6	778.0	1,281.0	1,281.0
2020 ESAP –	number of shares	22,256,115	21,858,732	(4,062,562)	(10,132,586)	29,919,699	11,711,333
2020 ESAP –	average weighted share price at grant	223.6	10.9	213.5	57.1	126.1	218.9
2019 ESAP –	number of shares	26,513,311	5,611,909	(8,630,213)	(1,238,892)	22,256,115	7,750,966
2019 ESAP –	average weighted share price at grant	221.5	226.3	219.0	223.3	223.6	258.9
2020 SOP/ESOS –	number of shares	6,433,141	–	–	(489,878)	5,943,263	5,943,263
2020 SOP/ESOS –	WAEP	1,125.6	–	–	1,137.7	1,124.6	1,124.6
2019 SOP/ESOS –	number of shares	8,122,372	–	–	(1,689,231)	6,433,141	6,433,141
2019 SOP/ESOS –	WAEP	1,079.1	–	–	901.9	1,125.6	1,125.6
2020 Buyout Awards –	number of shares	–	9,000,000	–	–	9,000,000	–
2020 Buyout Awards –	WAEP	–	25.7	–	–	25.7	–
2019 Buyout Awards –	number of shares	–	–	–	–	–	–
2019 Buyout Awards –	WAEP	–	–	–	–	–	–
2020 phantoms –	number of phantom shares	1,117,395	–	–	(1,117,395)	–	–
2020 phantoms –	WAEP	1,086.9	–	–	1,086.9	–	–
2019 phantoms –	number of phantom shares	1,280,230	–	–	(162,835)	1,117,395	1,117,395
2019 phantoms –	WAEP	1,086.7	–	–	1,085.5	1,086.9	1,086.9

The options granted during the year were valued using a proprietary binomial valuation.

The following table details the weighted average fair value of awards granted and the assumptions used in the fair value expense calculations.

	2020 TIP	2020 ESAP	2020 Buyout Awards	2019 TIP	2019 ESAP
Weighted average fair value of awards granted	10.9p	10.9p	21.5p	226.3p	226.3p
Weighted average share price at exercise for awards exercised	31.4p	25.8p	–	186.9p	217.5p
Principal inputs to options valuations model:					
Weighted average share price at grant	10.9p	10.9p	27.7p	226.3p	226.3p
Weighted average exercise price	0.0p	0.0p	25.7p	0.0p	0.0p
Risk-free interest rate per annum[1]	0.3%	0.3%	–0.1%	0.7%/0.8%	0.7%
Expected volatility per annum[1, 2]	82%	82%	78%– 83%	53%/55%	53%
Expected award life (years)[1, 3]	3.0	3.0	4.9– 6.2	3.0/5.0	3.0
Dividend yield per annum[4]	n/a	n/a	0%	n/a	n/a
Employee turnover before vesting per annum[1]	5%	5%	0%	5%/0%	5%

1. Shows the assumption for 2019 TIP awards made to Senior Management/Executives and Directors respectively. 2020 TIP Awards were made to senior management only.
2. Expected volatility was determined by calculating the historical volatility of the Company's share price over a period commensurate with the expected life of the awards. The fair values of the 2020 and 2019 ESAP and TIP Awards are not affected by the assumption for the Company's share price volatility.
3. The expected life is the average expected period from date of grant to exercise allowing for the Company's best estimate of participants' expected exercise behaviour.
4. No dividend yield assumption is needed for the fair value calculations for the 2020 TIP and 2020 ESAP Awards as a dividend equivalent will be payable on the exercise of these awards.

Note 24. Share-based payments continued
UK and Irish Share Incentive Plans (SIPs) continued

	2020 PSP	2019 PSP	2020 DSBP	2019 DSBP	2020 SOP/ESOS	2019 SOP/ESOS
Weighted average share price at exercise for awards exercised	**n/a**	157.7p	**n/a**	148.8p	**n/a**	n/a

Note 25. Commitments and contingencies

	2020 $m	2019 $m
Capital commitments	**253.9**	230.4
Contingent liabilities		
Performance guarantees	**115.6**	82.6
Other contingent liabilities	**82.9**	104.3
	198.5	186.9

Where Tullow acts as operator of a Joint Venture the capital commitments reported represent Tullow's net share of these commitments.

Where Tullow is non-operator the value of capital commitments is based on committed future work programmes.

Performance guarantees are in respect of abandonment obligations, committed work programmes and certain financial obligations.

Other contingent liabilities
This includes amounts for ongoing legal disputes with third parties where we consider the likelihood of a cash outflow to be higher than remote but not probable. The timing of any economic outflow if it were to occur would likely range between one and five years.

In January 2013, the Group acquired Spring Energy Norway AS (Spring) from HitecVision V (Hitec), a Norwegian private equity company, and Spring employee minority shareholders. In addition to the initial consideration payable under the sale and purchase agreement for Spring. The Group undertook to make contingent bonus payments to Hitec and the Spring employee minority shareholders in the event of the discovery on or before 31 December 2016 of commercially viable reserves from four identified drilling prospects (including the Wisting prospect in licence PL537).

In September 2013, OMV Norge AS, the operator of PL537, announced that it had made a discovery by drilling the Wisting prospect. Hitec claims that the conditions for a bonus payment under the Spring SPA had been met in respect of the Wisting prospect in PL537 as at 31 December 2016. Tullow has disputed this position. An arbitration was commenced in Norway to determine if a bonus payment is payable in respect of the Wisting discovery and a decision is expected to be made in late 2020. Hitec has claimed US$95 million, which includes interest that is estimated to accrue until the end of the 2020 financial year (which TOHBV has disputed). This claim amount is based on a preliminary calculation that is subject to update.

In 2016, the Group sold its interest in PL537 to Equinor but remains responsible for this dispute.

Note 26. Related party transactions
The Directors of Tullow Oil plc are considered to be the only key management personnel as defined by IAS 24 Related Party Disclosures.

	2020 $m	2019 $m
Short term employee benefits	**2.7**	3.1
Post-employment benefits	**0.2**	0.5
Share-based payments	**2.3**	3.2
	5.2	6.8

Short term employee benefits
These amounts comprise fees paid to the Directors in respect of salary and benefits earned during the relevant financial year, plus bonuses awarded for the year.

Post-employment benefits
These amounts comprise amounts paid into the pension schemes of the Directors.

Share-based payments
This is the cost to the Group of Directors' participation in share-based payment plans, as measured by the fair value of options and shares granted, accounted for in accordance with IFRS 2 Share-based Payment.

There are no other related party transactions. Further details regarding transactions with the Directors of Tullow Oil plc are disclosed in the Remuneration Report on pages 57 to 73.

Note 27. Events since 31 December 2020

The six-monthly redetermination of Tullow's Reserves Based Lending (RBL) facility was originally expected to conclude at the end of January. Tullow and its lending banks have agreed to extend the process by up to one month, which allowed for additional time to review Tullow's new Business Plan and operating strategy. Tullow has now received approval for a new debt capacity amount under the facility of approximately $1.7 billion.

On 9 February 2021, Tullow announced that it signed two separate sale and purchase agreements with Panoro for all of Tullow's assets in Equatorial Guinea (the EG transaction) and the Dussafu asset (the Dussafu transaction) in Gabon for $180.0 million consisting of up to US$105.0 million for the EG transaction, up to US$70.0 million for the Dussafu transaction and a further $5.0 million consideration to be paid after both transactions have completed. The EG Transaction constitutes a Class 1 transaction under the UK Listing Rules and is subject to the approval of Tullow's shareholders. The Dussafu Transaction constitutes a Class 2 transaction and therefore does not require shareholder approval. Completion of the EG Transaction and the Dussafu Transaction are not inter-conditional. However, both transactions are subject to customary government and other approvals.

On 2 March 2021, further to the announcement made on 9 February 2021, Tullow published the shareholder circular relating to the transaction having received approval from the Financial Conduct Authority.

Note 28. Cash flow statement reconciliations

Purchases of intangible exploration and evaluation assets	**2020 $m**	2019 $m
Additions to intangible exploration and evaluation assets	**170.7**	279.3
Associated cash flows		
Purchases of intangible exploration and evaluation assets	**(213.6)**	(259.4)
Non-cash movements/presented in other cash flow lines		
Capitalised interest	**–**	(16.3)
Movement in working capital	**(42.9)**	(3.6)

Purchases of property, plant and equipment	**2020 $m**	2019 $m
Additions to property, plant and equipment	**229.7**	528.4
Associated cash flows		
Purchases of property, plant and equipment	**(217.3)**	(261.5)
Non-cash movements/presented in other cash flow lines		
Decommissioning asset revisions	**(14.9)**	(109.0)
Right of use asset additions	**(16.5)**	(150.3)
Movement in working capital	**19.0**	(7.6)

Movement in borrowings	2020 $m	2019 $m	2018 $m	**2020 Movement**	2019 Movement
Borrowings	3,170.5	3,071.7	3,219.1	**98.8**	(147.4)
Associated cash flows					
Repayment of borrowings				**(185.0)**	(520.0)
Drawdown of borrowings				**270.0**	375.0
Non-cash movements/presented in other cash flow lines					
Amortisation of arrangement fees and accrued interest				**13.8**	(2.4)

Note 29. Dividends

In 2020, the Board recommended that no interim or final dividend would be paid.

Note 30. Tullow Oil plc subsidiaries

As at 31 December 2020

Each undertaking listed below is a subsidiary by virtue of Tullow Oil plc holding, directly or indirectly, a majority of voting rights in the undertaking. The ownership percentages are equal to the effective equity owned by the Group. Unless otherwise noted, the share capital of each undertaking comprises ordinary shares or the local equivalent thereof.

The percentage of equity owned by the Group is 100 per cent unless otherwise noted. The results of all undertakings listed below are fully consolidated in the Group's Financial Statements.

Company name	Country of incorporation	Direct or indirect	Address of registered office
Hardman Oil and Gas Pty Ltd	Australia	Indirect	Level 9, 1 William Street, Perth WA 6000, Australia
Hardman Resources Pty Ltd	Australia	Indirect	Level 9, 1 William Street, Perth WA 6000, Australia
Tullow Chinguetti Production Pty Ltd	Australia	Indirect	Level 9, 1 William Street, Perth WA 6000, Australia
Tullow Petroleum (Mauritania) Pty Ltd	Australia	Indirect	Level 9, 1 William Street, Perth WA 6000, Australia
Tullow Uganda Holdings Pty Ltd	Australia	Indirect	Level 9, 1 William Street, Perth WA 6000, Australia
Tullow Uganda Operations Pty Ltd	Australia	Indirect	Level 9, 1 William Street, Perth WA 6000, Australia
Tullow (EA) Holdings Limited	British Virgin Islands	Indirect	Ritter House, Wickhams Cay, Tortola, VG1110, British Virgin Islands
Planet Oil International Limited	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Argentina Limited	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Comoros Limited	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Côte d'Ivoire Onshore Limited	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow EG Exploration Limited[1]	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Gambia Limited[2]	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Group Services Limited	England and Wales	Direct	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Jamaica Limited	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow New Ventures Limited	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Mozambique Limited	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Oil 100 Limited	England and Wales	Direct	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Oil 101 Limited	England and Wales	Direct	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Oil Finance Limited	England and Wales	Direct	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Oil SK Limited	England and Wales	Direct	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Oil SNS Limited[3]	England and Wales	Direct	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Oil SPE Limited	England and Wales	Direct	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Peru Limited	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Senegal Exploration Limited[4]	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Technologies Limited	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom

1. Struck off on 19 January 2021.
2. Struck off on 19 January 2021.
3. Strike off application pending at 31 December 2020.
4. Struck off on 19 January 2021.

Note 30. Tullow Oil plc subsidiaries continued

Company name	Country of incorporation	Direct or indirect	Address of registered office
Tullow Technologies Limited	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Uganda Midstream Ltd[5]	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Uruguay Limited	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Oil Gabon SA	Gabon	Indirect	Rue Louise Charon B.P. 9773, Libreville
Tullow Oil (Mauritania) Ltd	Guernsey	Indirect	P.O. Box 119, Martello Court, Admiral Park, St. Peter Port GY1 3HB, Guernsey
Tullow Oil Holdings (Guernsey) Ltd	Guernsey	Indirect	P.O. Box 119, Martello Court, Admiral Park, St. Peter Port GY1 3HB, Guernsey
Tullow Oil Limited	Ireland	Direct	Number 1, Central Park, Leopardstown, Dublin 18, Ireland
Tullow Congo Limited	Isle of Man	Indirect	First Names House, Victoria Road, Douglas IM2 4DF, Isle of Man
Tullow Equatorial Guinea Limited	Isle of Man	Indirect	First Names House, Victoria Road, Douglas IM2 4DF, Isle of Man
Tullow Gabon Holdings Limited	Isle of Man	Indirect	First Names House, Victoria Road, Douglas IM2 4DF, Isle of Man
Tullow Gabon Limited	Isle of Man	Indirect	First Names House, Victoria Road, Douglas IM2 4DF, Isle of Man
Tullow Mauritania Limited	Isle of Man	Indirect	First Names House, Victoria Road, Douglas IM2 4DF, Isle of Man
Tullow Namibia Limited	Isle of Man	Indirect	First Names House, Victoria Road, Douglas IM2 4DF, Isle of Man
Tullow Côte d'Ivoire Exploration Limited	Jersey	Indirect	44 Esplanade, St Helier JE4 9WG, Jersey
Tullow Côte d'Ivoire Limited	Jersey	Indirect	44 Esplanade, St Helier JE4 9WG, Jersey
Tullow Ghana Limited	Jersey	Indirect	44 Esplanade, St Helier JE4 9WG, Jersey
Tullow India Operations Limited	Jersey	Indirect	44 Esplanade, St Helier JE4 9WG, Jersey
Tullow Oil (Jersey) Limited	Jersey	Direct	44 Esplanade, St Helier JE4 9WG, Jersey
Tullow Oil International Limited	Jersey	Indirect	44 Esplanade, St Helier JE4 9WG, Jersey
Tullow Ethiopia BV	Netherlands	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Guyana BV	Netherlands	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Hardman Holdings BV	Netherlands	Indirect	Prinses Margrietplantsoen 33, 2595AM 's-Gravenhage, The Netherlands
Tullow Kenya BV	Netherlands	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Netherlands Holding Cooperatief BA	Netherlands	Indirect	Prinses Margrietplantsoen 33, 2595AM 's-Gravenhage, The Netherlands
Tullow Overseas Holdings BV	Netherlands	Direct	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Suriname BV	Netherlands	Indirect	Prinses Margrietplantsoen 33, 2595AM 's-Gravenhage, The Netherlands
Tullow Uganda Holdings BV	Netherlands	Indirect	Prinses Margrietplantsoen 33, 2595AM 's-Gravenhage, The Netherlands
Tullow Zambia BV	Netherlands	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Oil Norge AS	Norway	Indirect	Tordenskioldsgate 6B, 0160 Oslo, Norway
Energy Africa Bredasdorp (Pty) Ltd	South Africa	Indirect	11th Floor, Convention Tower, Heerengracht Street, Foreshore, Cape Town 8001, South Africa
Tullow South Africa (Pty) Limited	South Africa	Indirect	11th Floor, Convention Tower, Heerengracht Street, Foreshore, Cape Town 8001, South Africa
T.U. S.A.	Uruguay	Indirect	Colonia 810, Of. 403, Montevideo, Uruguay

5. Struck off on 19 January 2021.

Note 31. Licence interests

Current exploration, development and production interests

Ghana

Licence/Unit area	Fields	Area sq km	Tullow interest	Operator	Other partners
Deepwater Tano TEN Development Area[1]	Jubilee, Wawa, Tweneboa, Enyenra, Ntomme	619	49.95% 47.18%[2]	Tullow	Kosmos, Anadarko, GNPC, Petro SA
West Cape Three Points	Jubilee	150	25.66%	Tullow	Kosmos, Anadarko, GNPC, Petro SA
Jubilee Field Unit Area[2,3]	Jubilee, Mahogany, Teak		35.48%	Tullow	Kosmos, Anadarko, GNPC, Petro SA

Notes:

1. GNPC has exercised its right to acquire an additional 5 per cent in TEN. Tullow's interest is 47.175 per cent.
2. A unitisation agreement covering the Jubilee field was agreed by the partners of the West Cape Three Points and the Deepwater Tano licences.
3. The Jubilee Unit Area was expanded in 2017 to include the Mahogany and Teak fields. It now includes all of the remaining part of the West Cape Three Points licence and a small part of the Deepwater Tano licence.

Non-Operated

Licence/Unit area	Fields	Area sq km	Tullow interest	Operator	Other partners
Côte d'Ivoire					
CI-26 Special Area "E"	Espoir	235	21.33%	CNR	Petroci
Equatorial Guinea[4]					
Ceiba	Ceiba	70	14.25%	Trident Energy	Kosmos, GEPetrol
Okume Complex	Okume, Oveng, Ebano, Elon, Akom North	192	14.25%	Trident Energy	Kosmos, GEPetrol
Gabon					
Avouma	Avouma, South Tchibala	52	7.50%	Vaalco	Addax (Sinopec), Sasol, PetroEnergy
Ebouri	Ebouri	15	7.50%	Vaalco	Addax (Sinopec), Sasol, PetroEnergy
Echira	Echira	76	40.00%	Perenco	Gabon Oil Company
Etame	Etame, North Tchibala	49	7.50%	Vaalco	Addax (Sinopec), Sasol, PetroEnergy
Ezanga		5,626	8.57%	Maurel & Prom	
Gwedidi	Gwedidi	5	7.50%	Maurel & Prom	Gabon Oil Company
Igongo	Igongo	117	36.00%	Perenco	Gabon Oil Company
Limande	Limande	54	40.00%	Perenco	Gabon Oil Company
Mabounda	Mabounda	6	7.50%	Maurel & Prom	Gabon Oil Company
Maroc	Maroc	17	7.50%	Maurel & Prom	Gabon Oil Company
Maroc Nord	Maroc Nord	17	7.50%	Maurel & Prom	Gabon Oil Company
Mbigou	Mbigou	5	7.50%	Maurel & Prom	Gabon Oil Company
M'Oba	M'Oba	57	24.31%	Perenco	Gabon Oil Company
Niembi	Niembi	4	7.50%	Maurel & Prom	Gabon Oil Company
Niungo	Niungo	96	40.00%	Perenco	Gabon Oil Company
Oba	Oba	44	10.00%	Perenco	Gabon Oil Company
Omko	Omko	16	7.50%	Maurel & Prom	Gabon Oil Company
Onal	Onal	46	7.50%	Maurel & Prom	Gabon Oil Company
Ruche [4]	Tortue	850	10.00%	BW Energy	Panoro, Gabon Oil Company
Simba	Simba	315	57.50%	Perenco	
Tchatamba Marin	Tchatamba Marin	30	25.00%	Perenco	ONE-Dyas BV
Tchatamba South	Tchatamba South	40	25.00%	Perenco	ONE-Dyas BV
Tchatamba West	Tchatamba West	25	25.00%	Perenco	ONE_Dyas BV
Turnix	Turnix	18	27.50%	Perenco	Gabon Oil Company

4. On 9 February 2021, the Group announced that it signed two separate sale and purchase agreements with Panoro Energy ASA of its entire interest in Equatorial Guinea and its entire interest in the Dussafu Marin Permit Exploration and Production Sharing contract in Gabon, in each case with an effective date of 1 July 2020. Refer to note 16.

Note 31. Licence interests continued

Non-Operated continued

Licence/Unit area	Blocks	Fields	Area sq km	Tullow interest	Operator	Other partners
United Kingdom[5, 6]						
Thames Area						
P007	49/24aF1 (Gawain)	Gawain[7]	69	50.00%	Perenco	
P037	49/28a 49/28b	Thames[7], Yare[7], Bure[7], Wensum[7]	90	66.67%	Perenco	Spirit Energy
	49/28a (part)	Thurne[7], Deben[7]		86.96%	Tullow	Spirit Energy
Gawain Unit[8]	49/24F1 (Gawain) 49/29a (part)	Gawain[7]		50.00%	Perenco	

Notes:
5. Production from the CMS Area has now ceased. Decommissioning works across this area are ongoing.
6. These fields are no longer producing. Decommissioning works are ongoing.
7. For the UK offshore area, fields that extend across more than one licence area with differing partner interests become part of a unitised area. The interest held in the Unitised Field Area is split amongst the holders of the relevant licences according to their proportional ownership of the field. The unitised areas in which Tullow is involved are listed in addition to the nominal licence holdings.
8. Refer to Gawain Unit for field interest.

Kenya

Licence	Fields	Area sq km	Tullow interest	Operator	Other partners
Kenya					
Block 10BA		11,569	50.00%	Tullow	Africa Oil, Total
Block 10BB	Amosing, Ngamia	6,172	50.00%	Tullow	Africa Oil, Total
Block 12B		6,200	100.00%	Tullow	
Block 13T	Twiga	4,719	50.00%	Tullow	Africa Oil, Total

Note 31. Licence interests continued

Exploration

Licence/Unit area	Blocks	Fields	Area sq km	Tullow interest	Operator	Other partners
Argentina						
Block MLO-114			5,942	40.00%	Tullow	Pluspetrol, Wintershall Dea
Block MLO-119			4,546	40.00%	Tullow	Pluspetrol, Wintershall Dea
Block MLO-122			4,420	100.00%	Tullow	
Côte d'Ivoire						
CI-520			1,059	60.00%	Tullow	Cairn Energy, Petroci
CI-524			551	90.00%	Tullow	Petroci
Guyana						
Kanuku			5,165	37.50%	Repsol	Total
Orinduik			1,776	60.00%	Tullow	Total, Eco Atlantic O&G
Namibia						
PEL 0037[9]	2012B, 2112A, 2113B		17,295	51.15%	Tullow	Pancontinental, Paragon
PEL 0090	2813B		5,433	56.00%	Tullow	Trago Energy, Harmattan Energy, NAMCOR
Peru						
Block Z-38[10]			4,875	35.00%	Karoon	Pitkin
Block Z-64			542	100.00%	Tullow	
Block Z-67			5,884	100.00%	Tullow	
Block Z-68			6,002	100.00%	Tullow	
Suriname						
Block 47			2,369	50.00%	Tullow	Pluspetrol, Ratio Exploration
Block 54			8,480	100.00%	Tullow	
Block 62			4,061	80.00%	Tullow	Pluspetrol

Notes:

9. Tullow will be exiting this licence in March 2021.
10. Tullow exit in process.

Company balance sheet
As at 31 December 2020

	Notes	2020 $m	2019 $m
ASSETS			
Non-current assets			
Investments	1	**3,404.8**	4,580.1
		3,404.8	4,580.1
Current assets			
Other current assets	3	**509.0**	1,104.6
Cash at bank		**5.9**	0.2
		514.9	1,104.8
Total assets		**3,919.7**	5,684.9
LIABILITIES			
Current liabilities			
Trade and other creditors	4	**(437.5)**	(439.9)
Borrowings	5	**(2,879.6)**	–
Intercompany derivative liability	6	**–**	(1.8)
		(3,317.1)	(441.7)
Non-current liabilities			
Borrowings	5	**–**	(2,793.5)
		–	(2,793.5)
Total liabilities		**(3,317.1)**	(3,235.2)
Net assets		**602.3**	2,449.7
Capital and reserves			
Called-up share capital	7	**211.7**	210.9
Share premium	7	**1,294.7**	1,294.7
Foreign currency translation reserve		**671.5**	671.5
Merger reserves		**194.5**	194.5
Retained earnings		**(1,770.1)**	(78.0)
Total equity		**602.3**	2,449.7

During the year the Company made a loss of $1,868.2 million (2019: $893.9 million loss).

Approved by the Board and authorised for issue on 9 March 2021.

Rahul Dhir

Rahul Dhir
Chief Executive Officer

Les Wood

Les Wood
Chief Financial Officer

Company statement of changes in equity (restated)

Year ended 31 December 2020

	Share capital $m	Share premium $m	Foreign Currency Translation reserve $m	Merger reserves $m	Retained earnings $m	Total equity $m
At 1 January 2019 (as previously reported)	209.1	1,344.2	671.5	194.5	1,000.0	3,419.4
Restatement[1]	–	(49.5)	–	–	49.5	–
At 1 January 2019 (as adjusted)	209.1	1,294.7	671.5	194.5	1,049.5	3,419.4
Loss for the year	–	–	–	–	(893.9)	(893.9)
Dividends paid	–	–	–	–	(100.9)	(100.9)
Exercising of employee share options	1.8	–	–	–	(1.8)	–
Share-based payment charges	–	–	–	–	25.1	25.1
At 1 January 2020 (as adjusted)	**210.9**	**1,294.7**	**671.5**	**194.5**	**(78.0)**	**2,449.7**
Loss for the year	**–**	**–**	**–**	**–**	**(1,868.2)**	**(1,868.2)**
Exercising of employee share options	**0.8**	**–**	**–**	**–**	**(0.8)**	**–**
Share-based payment charges	**–**	**–**	**–**	**–**	**20.9**	**20.9**
At 31 December 2020	**211.7**	**1,294.7**	**671.5**	**194.5**	**(1,770.1)**	**602.3**

1. Comparative information in respect of share premium and retained earnings has been restated in relation to the treatment of the exercise of nil-cost employee share options which are issued at nominal value rather than market value as previously recognised. This has a $49.5 million and $35.8 million impact on the opening position as at 1 January 2019 and on the options issued in 2019 respectively.

Company accounting policies

As at 31 December 2020

(a) General information

Tullow Oil plc is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is Tullow Oil plc, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT. The Financial Statements are presented in US dollars and all values are rounded to the nearest $0.1 million, except where otherwise stated. Tullow Oil plc is the ultimate Parent of the Group.

(b) Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. The Financial Statements have therefore been prepared in accordance with Financial Reporting Standard 101 (FRS 101) Reduced Disclosure Framework as issued by the Financial Reporting Council.

The following exemptions from the requirements of IFRS have been applied in the preparation of these Financial Statements, in accordance with FRS 101:

- paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7 Financial Instruments: Disclosures.
- paragraphs 91 to 99 of IFRS 13 Fair Value Measurement (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- paragraph 38 of IAS 1 Presentation of Financial Statements – comparative information requirements in respect of certain assets.

The following paragraphs of IAS 1 Presentation of Financial Statements:

- 10(d) (statement of cash flows);
- 111 (cash flow statement information);
- 134–136 (capital management disclosures);
- IAS 7 Statement of Cash Flows;
- paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- paragraph 17 of IAS 24 Related Party Disclosures (key management compensation); and
- the requirements in IAS 24 Related Party Disclosures, to disclose related party transactions entered into between two or more members of a group. Where relevant, equivalent disclosures have been given in the Group accounts.

The Financial Statements have been prepared on the historical cost basis, except for derivative financial instruments that have been measured at fair value.

The Company has applied the exemption from the requirement to publish a separate profit and loss account for the Parent Company set out in section 408 of the Companies Act 2006.

During the year the Company made a loss of $1,868.2 million (2019: $893.9 million loss).

(c) Going concern

Refer to the Basis of preparation in the Accounting Policies section of the Group accounts.

(d) Foreign currencies

The US dollar is the functional and presentational currency of the Company. Transactions in foreign currencies are translated at the rates of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the rates of exchange ruling at the balance sheet date, with a corresponding charge or credit to the income statement. However, exchange gains and losses arising on long term foreign currency borrowings, which are a hedge against the Company's overseas investments, are dealt with in reserves.

(e) Share-based payments

The Company has applied the requirements of IFRS 2 Share-based Payments. The Company has share-based awards that are equity settled and cash settled as defined by IFRS 2. The fair value of the equity settled awards has been determined at the date of grant of the award allowing for the effect of any market-based performance conditions. This fair value, adjusted by the Company's estimate of the number of awards that will eventually vest as a result of non-market conditions, is expensed uniformly over the vesting period.

The fair values were calculated using a binomial option pricing model with suitable modifications to allow for employee turnover after vesting and early exercise. Where necessary, this model is supplemented with a Monte Carlo model. The inputs to the models include: the share price at date of grant; exercise price; expected volatility; expected dividends; risk-free rate of interest; and patterns of exercise of the plan participants.

For cash settled awards, a liability is recognised for the goods or service acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in the income statement.

(f) Investments

Investments in subsidiaries are accounted for at cost less any provision for impairment.

(g) Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss; and loans and receivables. The classification depends on the purpose for which the financial assets were acquired.

Management determines the classification of its financial assets at initial recognition. As of 31 December 2020, all financial assets were classified at amortised cost.

Assets are classified and measured at amortised cost when the business model of the Company is to collect contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. These assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in profit or loss when the assets are derecognised, modified or impaired.

(h) Financial liabilities

The measurement of financial liabilities is determined by the initial classification.

i) Financial liabilities at fair value through profit or loss:

Those balances that meet the definition of being held for trading are measured at fair value through profit or loss. Such liabilities are carried on the balance sheet at fair value with gains or losses recognised in the income statement.

Intercompany derivative liabilities fall under this category of financial instruments.

ii) Financial liabilities measured at amortised cost:

All financial liabilities not meeting the criteria of being classified at fair value through profit or loss are classified as financial liabilities measured at amortised cost. The instruments are initially recognised at their fair value net of transaction costs that are directly attributable to the issue of financial liability. Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

Borrowings and trade creditors fall under this category of financial instruments.

(i) Share issue expenses

Costs of share issues are written off against the premium arising on the issues of share capital.

(j) Finance costs of debt

Finance costs of debt are recognised in the profit and loss account over the term of the related debt at a constant rate on the carrying amount.

Interest-bearing borrowings are recorded as the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

(k) Taxation

Current and deferred tax, including UK corporation tax and overseas corporation tax, are provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred corporation tax is recognised on all temporary differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying temporary differences can be deducted. Deferred tax is measured on a non-discounted basis.

Deferred tax is provided on temporary differences arising on acquisitions that are categorised as business combinations. Deferred tax is recognised at acquisition as part of the assessment of the fair value of assets and liabilities acquired. Any deferred tax is charged or credited in the income statement as the underlying temporary difference is reversed.

(l) Capital management

The Company defines capital as the total equity of the Company. Capital is managed in order to provide returns for shareholders and benefits to stakeholders and to safeguard the Company's ability to continue as a going concern. Tullow is not subject to any externally imposed capital requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital, issue new shares for cash, repay debt, and put in place new debt facilities.

(m) Critical accounting judgements and key sources of estimation uncertainty

The Group assesses critical accounting judgements annually. The following are the critical judgements, apart from those involving estimations which are dealt with in policy (ag), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

Investments (note 1):

The Company is required to assess the carrying values of each of its investments in subsidiaries for impairment. The net assets of certain of the Company's subsidiaries are predominantly intangible exploration and evaluation (E&E) and property, plant and equipment assets.

Where facts and circumstances indicate that the carrying amount of an E&E asset held by a subsidiary may exceed its recoverable amount, by reference to the specific indicators of impairment of E&E assets, an impairment test of the asset is performed by the subsidiary undertaking and the asset is impaired by any difference between its carrying value and its recoverable amount. The recognition of such an impairment by a subsidiary is used by the Company as the primary basis for determining whether or not there are indications that the investment in the related subsidiary may also be impaired, and thus whether an impairment test of the investment carrying value needs to be performed. The results of exploration activities are inherently uncertain and the assessment of impairment of E&E assets by the subsidiary, and that of the related investment by the Company, is judgemental.

For property, plant and equipment, the value of assets/fields supporting the investment value is assessed by estimating the discounted future cash flows based on management's expectations of future oil and gas prices and future costs.

In order to discount the future cash flows the Group calculates CGU-specific discount rates. The discount rates are based on an assessment of a relevant peer group's post-tax weighted average cost of capital (WACC). The post-tax WACC is subsequently grossed up to a pre-tax rate. The Group then deducts any exploration risk premium which is implicit within a peer group's WACC.

Where there is evidence of economic interdependency between fields, such as common infrastructure, the fields are grouped as a single CGU for impairment purposes.

Amounts due from subsidiary undertakings (note 3):

The Company is required to assess the carrying values of each of the amounts due from subsidiary undertakings, considering the requirements established by IFRS 9 Financial Instruments.

The IFRS 9 impairment model requires the recognition of 'expected credit losses', in contrast to the requirement to recognise 'incurred credit losses' under IAS 39. Where conditions exist for impairment on amounts due from subsidiary undertakings expected credit losses assume that repayment of a loan is demanded at the reporting date. If the subsidiary has sufficient liquid assets to repay the loan if demanded at the reporting date, the expected credit loss is likely to be immaterial. However, if the subsidiary cannot demonstrate the ability to repay the loan, if demanded at the reporting date, the Company calculates an expected credit loss. This calculation considers the percentage of loss of the amount due from subsidiary undertakings, which involves judgement around how amounts would likely be recovered, and over what time they would be recovered.

Note 1. Investments

	2020 $m	2019 $m
Subsidiary undertakings	**3,404.8**	4,580.1
	3,404.8	4,580.1

During 2020, the Company decreased its investments in subsidiaries' undertakings by $1,175.4 million (2019: $987.0 million); additional impairment of $1,936.4 million (2019: $1,905.1 million) was recognised against the Company's investments in subsidiaries in relation to losses incurred by Group service companies and exploration companies and reduction in value of the Group's production companies. (Refer to notes 10 and 11 in the Notes to the Group Financial Statements.)

	Trigger for 2020 impairment	2020 Impairment $m	2020 Remaining recoverable amount $m	2019 Impairment $m	2019 Remaining recoverable amount $m
Tullow Oil Limited	**a**	**–**	**–**	13.2	–
Tullow Oil SK Limited	**a**	**75.8**	**–**	43.6	–
Tullow Group Services Limited	**b**	**85.2**	**–**	139.9	64.7
Tullow Overseas Holdings B.V.	**a,b**	**1,775.4**	**3,339.4**	1,708.4	4,450.1
Tullow Oil SPE Limited	**n/a**	**–**	**65.3**	–	65.3
Total		**1,936.4**	**3,404.7**	1,905.1	4,580.1

a. Reduction in net asset value as a result of impairment of direct and indirect subsidiaries.

b. Impact of loss making subsidiaries.

The Company's subsidiary undertakings as at 31 December 2020 are listed on pages 137 to 138. The principal activity of all companies relates to oil and gas exploration, development and production.

Note 2. Deferred tax

The Company has tax losses of $620.0 million (2019: $628.5 million) that are available indefinitely for offset against future non-ring-fenced taxable profits in the Company. A deferred tax asset of $nil (2019: $nil) has been recognised in respect of these losses on the basis that the Company does not anticipate making non-ring-fenced profits in the foreseeable future.

Note 3. Other current assets

Amounts falling due within one year

	2020 $m	2019 $m
Other debtors	**8.4**	8.0
Due from subsidiary undertakings	**500.6**	1,096.6
	509.0	1,104.6

The amounts due from subsidiary undertakings include $200.1 million (2019: $1,067.2 million) that incurs interest at LIBOR plus 4.5 per cent (2019: LIBOR plus 4.5 per cent). The remaining amounts due from subsidiaries accrue no interest. All amounts are repayable on demand. At 31 December 2020 a provision of $444.2 million (2019: $114.8 million) was held in respect of the recoverability of amounts due from subsidiary undertakings.

Note 4. Trade and other creditors

Amounts falling due within one year

	2020 $m	2019 $m
Accrued interest	**31.5**	33.9
Due to subsidiary undertakings	**406.0**	406.0
	437.5	439.9

Note 5. Borrowings

	2020 $m	2019 $m
Current		
Bank borrowings – within one year		
6.25% Senior Notes due 2022 ($650 million)	**646.7**	–
Reserves Based Lending credit facility	**1,441.7**	–
7.00% Senior Notes due 2025 ($800 million)	**791.2**	–
Carrying value of total borrowings	**2,879.6**	–
Non-current		
Bank borrowings – after one year but within five years		
Reserves Based Lending credit facility	**–**	1,357.4
6.25% Senior Notes due 2022	**–**	645.5
Bank borrowings – more than five years		
7.00% Senior Notes due 2025	**–**	790.6
Carrying value of total borrowings	**–**	2,793.5

Term loans are secured by fixed and floating charges over the oil and gas assets of the Group. Refer to Note 18- Borrowings in the consolidated accounts.

As at 31 December 2020 ,the Group has assessed it does not have an unconditional right to defer payment of the facility, Senior notes due 2022 or senior notes due 2025 based on a forecast breach in covenants, as such, these borrowings have been classified as current. Refer to going concern disclosure for further details.

Note 6. Financial instruments

Disclosure exemptions adopted

Where equivalent disclosures for the requirements of IFRS 7 Financial Instruments: Disclosures and IFRS 13 Fair Value Measurements have been included in the 2020 Annual Report and Accounts of Tullow Oil plc, the Company has adopted the disclosure exemptions available to the Company's accounts.

Financial risk management objectives

The Company follows the Group's policies for managing all its financial risks.

Fair values of derivative instruments

All derivatives are recognised at fair value on the balance sheet with valuation changes recognised immediately in the income statement. Fair value is the amount for which the asset or liability could be exchanged in an arm's-length transaction at the relevant date. Where available, fair values are determined using quoted prices in active markets. To the extent that market prices are not available, fair values are estimated by reference to market-based transactions, or using standard valuation techniques for the applicable instruments and commodities involved.

The Company had an intercompany oil derivative trade with a wholly owned subsidiary which matured on 31 December 2020.

The Company's derivative carrying and fair values were as follows:

Assets/liabilities	2020 Less than 1 year $m	2020 1–3 years $m	2020 Total $m	2019 Less than 1 year $m	2019 1–3 years $m	2019 Total $m
Intercompany oil derivatives	**–**	**–**	**–**	(1.8)	–	(1.8)
Total assets	**–**	**–**	**–**	–	–	–
Total liabilities	**–**	**–**	**–**	(1.8)	–	(1.8)

The following provides an analysis of the Company's financial instruments measured at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly or indirectly; and

Level 3: fair value measurements are those derived from valuation techniques which include inputs for the asset or liability that are not based on observable market data.

All of the Company's derivatives are Level 2 (2019: Level 2). There were no transfers between fair value levels during the year.

For financial instruments which are recognised on a recurring basis, the Company determines whether transfers have occurred between levels by reassessing categorisation (based on the lowest-level input which is significant to the fair value measurement as a whole) at the end of each reporting period.

Note 6. Financial instruments continued

Income statement summary

Derivative fair value movements during the year which have been recognised in the income statement were as follows:

Loss on derivative instruments	2020 $m	2019 $m
Intercompany oil derivatives	(2.1)	7.5

Cash flow and interest rate risk

The interest rate profile of the Company's financial assets and liabilities, excluding trade and other receivables and trade and other payables, at 31 December 2020 and 31 December 2019 was as follows:

	2020 Cash at bank $m	2020 Fixed rate debt $m	2020 Floating rate debt $m	2020 Total $m	2019 Cash at bank $m	2019 Fixed rate debt $m	2019 Floating rate debt $m	2019 Total $m
US$	5.8	(1,450.0)	(1,431.0)	(2,875.2)	0.1	(1,450.0)	(1,344.3)	(2,794.4)
Euro	0.1	–	–	0.1	0.1	–	–	0.1
	5.9	(1,450.0)	(1,431.0)	(2,875.1)	0.2	(1,450.0)	(1,344.3)	(2,794.5)

Cash at bank consisted mainly of deposits which earn interest at rates set in advance for periods ranging from overnight to three months by reference to market rates.

Liquidity risk

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Weighted average effective interest rate	Less than 1 month $m	1–3 months $m	3 months to 1 year $m	1–5 years $m	5+ years $m	Total $m
31 December 2020							
Non-interest bearing	n/a	31.5	–	446.9	–	–	478.4
Fixed interest rate instruments	6.9%						
Principal repayments		–	–	–	1,450.0	–	1,450.0
Interest charge		–	28.0	68.6	216.3	–	312.9
Variable interest rate instruments	5.6%						
Principal repayments		–	–	–	1,431.0	–	1,431.0
Interest charge		4.3	9.9	44.4	217.5	–	276.1
		35.8	37.9	559.9	3,314.8	–	3,948.4

	Weighted average effective interest rate	Less than 1 month $m	1–3 months $m	3 months to 1 year $m	1–5 years $m	5+ years $m	Total $m
31 December 2019							
Non-interest bearing	n/a	33.9	–	414.0	–	–	447.9
Fixed interest rate instruments	6.9%						
Principal repayments		–	–	–	650.0	800.0	1,450.0
Interest charge		–	28.0	68.6	284.9	28.0	409.5
Variable interest rate instruments	5.8%						
Principal repayments		–	–	–	1,345.0	–	1,345.0
Interest charge		5.9	11.8	53.1	308.2	–	379.0
		39.8	39.8	535.7	2,588.1	828.0	4,031.4

Note 7. Called-up equity share capital and share premium account

Allotted equity share capital and share premium

	Equity share capital allotted and fully paid Number	Share capital $m	Share premium $m
At 1 January 2019 (previously reported)	1,393,439,716	209.1	1,344.2
Restatement			(49.5)
At 1 January 2019 (as adjusted)			1,294.7
Issued during the year			
Exercise of share options	14,458,235	1.8	–
At 1 January 2020 (as adjusted)	**1,407,897,951**	**210.9**	**1,294.7**
Issued during the year			
Exercise of share options	**6,173,826**	**0.8**	**–**
At 31 December 2020	**1,414,071,777**	**211.7**	**1,294.7**

The Company does not have an authorised share capital. The par value of the Company's shares is 10p.

Alternative performance measures

The Group uses certain measures of performance that are not specifically defined under IFRS or other generally accepted accounting principles. These non-IFRS measures include capital investment, net debt, gearing, adjusted EBITDAX, underlying cash operating costs and free cash flow.

Capital investment

Capital investment is defined as additions to property, plant and equipment and intangible exploration and evaluation assets less decommissioning asset additions, right-of-use asset additions, capitalised share-based payment charge, capitalised finance costs, additions to administrative assets, Norwegian tax refund and certain other adjustments. The Directors believe that capital investment is a useful indicator of the Group's organic expenditure on exploration and appraisal assets and oil and gas assets incurred during a period because it eliminates certain accounting adjustments such as capitalised finance costs and decommissioning asset additions.

	2020 $m	2019 $m
Additions to property, plant and equipment	229.7	528.4
Additions to intangible exploration and evaluation assets	170.7	279.3
Less:		
Decommissioning asset additions	14.9	109.0
Right-of-use asset additions	16.5	150.3
Lease payments related to capital activities	(4.0)	(2.7)
Capitalised share-based payment charge	–	1.9
Capitalised finance costs	–	16.3
Additions to administrative assets	9.6	21.0
Norwegian tax refund	–	0.9
Other non-cash capital expenditure	75.3	21.0
Capital investment	288.1	490.0
Movement in working capital	133.2	9.0
Additions to administrative assets	9.6	21.0
Norwegian tax refund	–	0.9
Cash capital expenditure per the cash flow statement	**430.9**	520.9

Net debt

Net debt is a useful indicator of the Group's indebtedness, financial flexibility and capital structure because it indicates the level of cash borrowings after taking account of cash and cash equivalents within the Group's business that could be utilised to pay down the outstanding cash borrowings. Net debt is defined as current and non-current borrowings plus non-cash adjustments, less cash and cash equivalents. Non-cash adjustments include unamortised arrangement fees, adjustment to convertible bonds, and other adjustments. The Group's definition of net debt does not include the Group's leases as the Group's focus is the management of cash borrowings and a lease is viewed as deferred capital investment.

The value of the Group's lease liabilities as at 31 December 2020 was $242.4 million current and $975.7 million non-current; it should be noted that these balances are recorded gross for operated assets and are therefore not representative of the Group's net exposure under these contracts.

	2020 $m	2019 $m
Borrowings	3,170.5	3,071.7
Non-cash adjustments	10.5	22.6
Less cash and cash equivalents	(805.4)	(288.8)
Net debt	**2,375.6**	2,805.5

Gearing and adjusted EBITDAX

Gearing is a useful indicator of the Group's indebtedness, financial flexibility and capital structure and can assist securities analysts, investors and other parties to evaluate the Group. Gearing is defined as net debt divided by adjusted EBITDAX. Adjusted EBITDAX is defined as profit/(loss) from continuing activities adjusted for income tax (expense)/credit, finance costs, finance revenue, gain on hedging instruments, depreciation, depletion and amortisation, share-based payment charge, restructuring costs, gain/(loss) on disposal, exploration costs written off, impairment of property, plant and equipment net, and provision for onerous service contracts.

	2020 $m	2019 $m
Loss from continuing activities	(1,221.5)	(1,694.1)
Adjusted for:		
Income tax (credit)/expense	(51.9)	40.7
Finance costs	314.3	322.3
Finance revenue	(59.4)	(55.5)
Loss on hedging instruments	0.8	1.5
Depreciation, depletion and amortisation	467.1	724.6
Share-based payment charge	21.0	25.8
Provisions	92.8	4.2
(Loss)/gain on disposal	3.4	(6.6)
Exploration costs written off	986.7	1,253.4
Impairment of property, plant and equipment, net	250.6	781.2
Adjusted EBITDAX	**803.9**	1,397.5
Net debt	**2,375.6**	2,805.5
Gearing (times)	**3.0**	2.0

Underlying cash operating costs

Underlying cash operating costs is a useful indicator of the Group's costs incurred to produce oil and gas. Underlying cash operating costs eliminates certain non-cash accounting adjustments to the Group's cost of sales to produce oil and gas. Underlying cash operating costs is defined as cost of sales less operating lease expense, depletion and amortisation of oil and gas assets, underlift, overlift and oil stock movements, share-based payment charge included in cost of sales, and certain other cost of sales. Underlying cash operating costs are divided by production to determine underlying cash operating costs per boe.

	2020 $m	2019 $m
Cost of sales	**993.6**	966.7
Less:		
Depletion and amortisation of oil and gas and leased assets	**446.4**	696.1
Underlift, overlift and oil stock movements	**160.5**	(137.3)
Share-based payment charge included in cost of sales	**0.9**	2.6
Other cost of sales	**54.1**	54.0
Underlying cash operating costs	**331.7**	351.3
Production (mmboe)	**27.4**	31.7
Underlying cash operating costs per boe ($/boe)	**12.1**	11.1

Free cash flow

Free cash flow is a useful indicator of the Group's ability to generate cash flow to fund the business and strategic acquisitions, reduce borrowings and provide returns to shareholders through dividends. Free cash flow is defined as net cash from operating activities, and net cash used in investing activities, less debt arrangement fees, repayment of obligations under leases, finance costs paid, and foreign exchange gain.

	2020 $m	2019 $m
Net cash from operating activities	**698.6**	1,258.7
Net cash from/(used) in investing activities	**84.3**	(512.0)
Repayment of obligations under leases	**(158.2)**	(172.1)
Finance costs paid	**(198.5)**	(215.4)
Foreign exchange gain/(loss)	**5.4**	(4.3)
Free cash flow	**431.6**	354.9

At the Capital Markets Day in November 2020, the Group presented a revised Business Plan focusing on the maximisation of value from the Group producing assets. In order to assess performance against the revised Business Plan, the Group set out two new alternative performance measures in replacement of free cash flow, Underlying operating cash flow and pre-financing free cash flow. These measures will be used from 2021 onwards but are set out below.

Underlying operating cash flow

This is a useful indicator of the Group's assets ability to generate cash flow to fund further investment in the business, reduce borrowing and provide returns to shareholders. Underlying operating cash flow is defined as net cash from operating activities less repayments of obligations under leases plus decommissioning expenditure.

Pre-financing free cash flow

This is a useful indicator of the Group's ability to generate cash flow to reduce borrowings and provide returns to shareholders through dividends. Pre- financing free cash flow is defined as net cash from operating activities, and net cash used in investing activities, less repayment of obligations under leases and foreign exchange gain.

	2020	2019
Net cash from operating activities	**698.6**	1,258.7
Less:		
Decommissioning expenditure	**57.7**	75.1
Payments to/from decommissioning escrow fund	**–**	3.8
Plus:		
Repayment of obligations under leases	**(158.2)**	(172.1)
Operating cash flow	**598.1**	1,165.5
Net cash from/(used) in investing activities	**84.3**	(512.0)
Decommissioning expenditure	**(57.7)**	(75.1)
Payments to/from decommissioning escrow fund	**–**	-3.8
Pre-financing free cash flow	**624.7**	574.6

Shareholder information

Financial calendar

2020 full year results announced	10 March 2021
Annual General Meeting	TBC
AGM trading update	TBC
Trading statement and operational update	14 July 2021
2021 half-year results announced	8 September 2021
November trading update	10 November 2021

Shareholder enquiries

All enquiries concerning shareholdings, including notification of change of address, loss of a share certificate or dividend payments, should be made to the Company's registrar.

For shareholders on the UK register, Computershare provides a range of services through its online portal, Investor Centre, which can be accessed free of charge at www.investorcentre.co.uk. Once registered, this service, accessible from anywhere in the world, enables shareholders to check details of their shareholdings or dividends, download forms to notify changes in personal details and access other relevant information.

United Kingdom registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZY

Tel – UK shareholders: 0370 703 6242
Tel – Irish shareholders: +353 1 247 5413
Tel – overseas shareholders: +44 870 703 6242

Contact: www.investorcentre.co.uk/contactus

Ghana registrar

The Central Securities Depository (Ghana) Limited
4th Floor, Cedi House, P.M.B CT 465 Cantonments, Accra, Ghana

Tel – Ghana shareholders: + 233 303 972 254/302 689 313

Contact: info@csd.com.gh

Share dealing service

A telephone share dealing service has been established for shareholders with Computershare for the sale and purchase of Tullow Oil shares. Shareholders who are interested in using this service can obtain further details by calling the appropriate telephone number below:

UK shareholders: 0370 703 0084
Irish shareholders: +353 1 447 5435

If you live outside the UK or Ireland and wish to trade you can do so through the Computershare Trading Account. To find out more or to open an account, please visit www.computershare-sharedealing.co.uk or phone Computershare on +44 870 707 1606.

ShareGift

If you have a small number of shares whose value makes it uneconomical to sell, you may wish to consider donating them to ShareGift which is a UK registered charity specialising in realising the value locked up in small shareholdings for charitable purposes. The resulting proceeds are donated to a range of charities, reflecting suggestions received from donors. Should you wish to donate your Tullow Oil plc shares in this way, please download and complete a transfer form from www.sharegift.org/forms, sign it and send it together with the share certificate to ShareGift, PO Box 72253, London SW1P 9LQ. For more information regarding this charity, visit www.sharegift.org.

Electronic communication

To reduce impact on the environment, the Company encourages all shareholders to receive their shareholder communications, including Annual Reports and notices of meetings, electronically. Once registered for electronic communications, shareholders will be sent an email each time the Company publishes statutory documents, providing a link to the information.

Tullow actively supports Woodland Trust, the UK's leading woodland conservation charity. Computershare, together with Woodland Trust, has established eTree, an environmental programme designed to promote electronic shareholder communications. Under this programme, the Company makes a donation to eTree for every shareholder who registers for electronic communication. To register for this service, simply visit http://www.investorcentre.co.uk/etreeuk/tullowoilplc with your shareholder number and email address to hand.

Shareholder security

Shareholders are advised to be cautious about any unsolicited financial advice, offers to buy shares at a discount or offers of free Company reports. More detailed information can be found at http://scamsmart.fca.org.uk/ and in the Shareholder Services section of the Investors area of the Tullow website: www.tullowoil.com.

Corporate brokers

Barclays
5 North Colonnade, Canary Wharf, London E14 4BB

J. P. Morgan Cazenove
25 Bank Street, Canary Wharf, London E14 5JP

Davy
Davy House, 49 Dawson Street, Dublin 2 Ireland

Commercial reserves and contingent resources summary (unaudited) working interest basis

	Ghana		Non-Operated		Kenya		Exploration		Total		
	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Petroleum mmboe
Commercial reserves											
1 January 2020	**170.3**	**136.6**	**48.3**	**10.1**	**–**	**–**	**–**	**–**	**218.6**	**146.7**	**243.0**
Revisions	**29.0**	**42.6**	**8.0**	**2.8**	**–**	**–**	**–**	**–**	**37.0**	**45.3**	**44.6**
Production	**(19.2)**	**–**	**(7.9)**	**(1.8)**	**–**	**–**	**–**	**–**	**(27.1)**	**(1.8)**	**(27.4)**
31 December 2020	**180.1**	**179.2**	**48.4**	**11.1**	**–**	**–**	**–**	**–**	**228.5**	**190.2**	**260.2**
Contingent resources											
1 January 2020	**215.7**	**691.8**	**529.8**	**135.4**	**170.8**		**47.4**	**–**	**963.7**	**827.2**	**1,101.6**
Revisions	**1.3**	**57.3**	**(3.2)**	**(2.6)**	**–**	**–**	**0.3**	**–**	**(1.7)**	**54.7**	**7.5**
Additions	**–**	**–**	**–**	**–**	**–**	**–**	**6.8**	**–**	**6.8**	**–**	**6.8**
Disposals and relinquishments	**–**	**–**	**(467.1)**	**(54.1)**	**170.8**	**–**	**–**	**–**	**(467.1)**	**(54.4)**	**(476.2)**
31 December 2020	**217.0**	**749.1**	**59.5**	**78.4**	**170.8**	**–**	**54.5**	**–**	**501.7**	**827.5**	**639.7**
Total 31 December 2020	**397.1**	**928.3**	**107.9**	**89.5**	**170.8**	**–**	**54.5**	**–**	**730.2**	**1,017.7**	**899.9**

Notes:

1. Proven and Probable Commercial Reserves are as audited and reported by an independent engineer. Reserves estimates for each field are reviewed by the independent engineer based on significant new data or a material change with a review of each field undertaken at least every two years, with the exception of minor assets contributing less than 5 per cent of the Group's reserves.
2. Proven and Probable Contingent Resources are as audited and reported by an independent engineer. Resources estimates are reviewed by the independent engineer based on significant new data received following exploration or appraisal drilling.
3. The revision to reserves relates mainly to improved field performance in both Jubilee and TEN fields, maturation of projects such as Jubilee South East Phase 1 & 2, New Jubilee Acceleration projects , partial Expansion, additional gas injector in Ntomme and updated audited volumes in Simba, Ruche and Espoir, offset by production for the full year 2020.
4. The additional contingent resources relate to oil discoveries in Guyana.
5. The revision to the contingent resources relate mainly to increases at the Gabon asset, maturation from Contingent resources to reserves in both fields in Ghana and the sales of the Uganda asset.

The Group provides for depletion and amortisation of tangible fixed assets on a net entitlements basis, which reflects the terms of the Production Sharing Contracts related to each field. Total net entitlement reserves were 248.9 mmboe at 31 December 2020 (31 December 2019: 225.1 mmboe).

Contingent Resources relate to resources in respect of which development plans are in the course of preparation or further evaluation is under way with a view to future development.

Stay up to date
www.tullowoil.com

Our main corporate website has key information about our business, operations, investors, media, sustainability, careers and suppliers.

RESULTS, REPORTS AND PRESENTATIONS

Financial results, corporate Annual Reports, webcasts and fact books are all stored in the Investor Relations section of our website: **www.tullowoil.com/reports.**

E-COMMUNICATIONS

All documents on the website are available to view without any particular software requirement other than the software which is available on the Group's website.

For every shareholder who signs up for electronic communications, a donation is made to the eTree initiative run by Woodland Trust. You can register for email communication at: **www.etree.com/tullowoilplc.**

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To contact any of Tullow's principal subsidiary undertakings, please find address details on **www.tullowoil.com/contacts** or send 'in care of' to Tullow's registered address.

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