OFFERING MEMORANDUM

NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES

Tullow Oil plc

$1,800,000,000 10¼% Senior Secured Notes due 2026

Guaranteed on a senior secured basis by certain of its subsidiaries

Tullow Oil plc, incorporated as a public limited company under the laws of England and Wales (the "**Company**"), is offering $1,800,000,000 aggregate principal amount of its 10¼% Senior Secured Notes due 2026 (the "**Notes**") which will be issued pursuant to an indenture (the "**Indenture**") to be dated as of May 17, 2021 (the "**Issue Date**").

Interest on the Notes will be paid semi-annually in arrears on May 15 and November 15 of each year, beginning on November 15, 2021. The Notes will mature on May 15, 2026. The Company may redeem the Notes in whole or in part at any time on or after May 15, 2023 at the redemption prices specified herein. Prior to May 15, 2023, the Company may redeem all or part of the Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, plus the applicable "make whole" premium, as described herein. Prior to May 15, 2023, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the net proceeds from certain equity offerings at the redemption price set forth herein. Additionally, the Company may redeem all, but not less than all, of the Notes upon the occurrence of certain changes in applicable tax law.

Upon certain events defined as constituting a change of control, the Company may be required to make an offer to purchase each series of the Notes at 101% of their principal amount, plus accrued and unpaid interest and additional amounts, if any.

The Notes will be the Company's senior secured obligations and will be guaranteed (the "**Note Guarantees**" and, each, a "**Note Guarantee**") on a senior secured basis by certain of its material subsidiaries (together, the "**Guarantors**"). On May 15 of each of the Company's fiscal years beginning with the fiscal year ending December 31, 2022, the Company shall prepay $100.0 million of the outstanding principal amount of the Notes (plus accrued and unpaid interest, if any, in respect of the Notes prepaid) at a prepayment price equal to 100% of the aggregate principal amount of Notes redeemed. See "*Description of Notes—Mandatory prepayments; No sinking fund*."

On the Issue Date, the Notes and the Note Guarantees will be secured by contractual first priority security interests, which will also secure the obligations under our Revolving Credit Facility, over the following assets (together, the "**Initial Collateral**"): (i) the capital stock of Tullow Overseas Holdings BV, Tullow Oil SK Limited and Tullow Oil SPE Limited, (ii) charges over certain accounts of Tullow Oil plc, (iii) assignments of certain hedging agreements and insurance policies of Tullow Oil plc and (iv) a floating charge over all assets of Tullow Oil plc.

Within 90 days of the Issue Date, the Notes and the Note Guarantees will be secured by first-priority security interests, which will also secure the obligations under our Revolving Credit Facility, in (i) the capital stock of certain of Tullow Côte d'Ivoire Limited, Tullow Oil International Limited, Tullow Oil Gabon S.A., Tullow Kenya B.V., Tullow Gabon Holdings Limited and Tullow Gabon Limited; (ii) certain material intercompany subordinated debt owing by certain Guarantors and members; (iii) fixed charges and bank account pledge agreements over certain accounts, assignments of certain hedging agreements and insurances and floating charges over all other assets of Tullow Oil SK Limited and Tullow Oil SPE Limited; and (iv) charges over accounts of Tullow Oil SK Limited, Tullow Overseas Holdings BV, Tullow Oil SPE Limited, Tullow Oil Gabon S.A., Tullow Ghana Limited, and Tullow Côte d'Ivoire Limited (the "**Post-Closing Collateral**", together with the Initial Collateral, the "**Collateral**"), as described in "*Summary—The offering—Security*" and "*Description of notes—Security*", *provided* that the requirement for a pledge over capital stock of Tullow Oil Gabon S.A. may be extended to 120 days after the Issue Date, subject to certain conditions. In the event of enforcement of the security over the Collateral, the holders of the Notes will receive the proceeds from the Collateral only after the lenders under the Revolving Credit Facility and certain hedging obligations have been repaid in full. See "*Description of notes—Security.*" The validity and enforceability of the Guarantees and the security and liability of the Guarantors and security providers will be subject to the limitations described under "*Limitations on validity and enforceability of the Security and the Guarantees and certain insolvency law considerations.*"

The Notes and the Note Guarantees will be equal in right of payment with all of the existing and future senior indebtedness of the Company and the Guarantors, senior to all of the existing and future indebtedness of the Company and the Guarantors that is subordinated in right of payment to the Notes and the Note Guarantees and effectively senior to all of the existing and future unsecured indebtedness of the Company and the Guarantors, including the 2025 Senior Notes, to the extent of the value of the Collateral available to satisfy claims under the Notes and the Note Guarantees.

There is currently no public market for the Notes. Application will be made for the Notes admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF. There can be no assurance that the Notes will be, or will remain, listed and admitted to trade on the Euro MTF. This Offering Memorandum constitutes a prospectus for purposes of Part IV of the Luxembourg law on prospectuses for securities dated July 16, 2019.

Investing in the Notes involves a high degree of risk. See the "Risk Factors" section of this Offering Memorandum beginning on page 25 for a discussion of certain risks that you should consider in connection with an investment in any of the Notes.

Offering Price for the Notes: 100.000% plus accrued and unpaid interest, if any, from the Issue Date.

We expect that the Notes will be delivered in book-entry form through The Depository Trust Company ("**DTC**") on or about the Issue Date. The Notes will be in registered form and will be initially issued in denominations of $200,000 and integral multiples of $1,000 in excess thereof and will only be transferable in minimum principal amounts of $200,000 and integral multiples of $1,000 in excess thereof.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any other jurisdiction, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. In the United States, this offering is being made only to "qualified institutional buyers" ("**QIBs**") (as defined in Rule 144A under the U.S. Securities Act) in compliance with Rule 144A under the U.S. Securities Act ("**Rule 144A**"). You are hereby notified that the Initial Purchasers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. Outside of the United States, this offering is being made in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**"). For further details about eligible offerees and resale restrictions, see "*Plan of distribution*" and "*Notice to investors*."

Joint global coordinators and joint bookrunners

J.P. Morgan **DNB Markets** **ING** **Standard Bank** **Standard Chartered Bank**

Co-managers

ABSA **Barclays** **BNP PARIBAS** **Nedbank**

The date of this Offering Memorandum is June 15, 2021.

In making your investment decision, you should rely only on the information contained in this Offering Memorandum. We and J.P. Morgan Securities plc, DNB Markets, Inc., ING Bank N.V., London Branch, The Standard Bank of South Africa Limited, Standard Chartered Bank, Absa Bank Limited, Barclays Bank PLC, BNP PARIBAS and Nedbank Limited (acting through its Nedbank Corporate and Investment Banking Division) (collectively, the "Initial Purchasers") have not authorized anyone to provide you with any other information. If you receive any other information, you should not rely on it. We and the Initial Purchasers are offering to sell the Notes only in places where offers and sales are permitted. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front cover of this Offering Memorandum. Our business or financial condition and other information in this Offering Memorandum may change after that date.

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Important information about this Offering Memorandum

You should read this Offering Memorandum before making a decision whether to purchase any Notes.

We have prepared this Offering Memorandum based on information we have or have obtained from sources we believe to be reliable. Summaries of documents contained in this Offering Memorandum may not be complete. We will make copies of actual documents available to you upon request. Neither we nor the Initial Purchasers are providing you with any legal, investment, business, tax or other advice in this Offering Memorandum. You should consult with your own counsel, accountants and other advisors as needed to assist you in making your investment decision and to advise you whether you are legally permitted to purchase the Notes.

We are offering the Notes, and the Guarantors are issuing the Note Guarantees, in reliance on (i) an exemption from registration under the U.S. Securities Act for an offer and sale of securities that does not involve a public offering and (ii) a transaction pursuant to Regulation S that is not subject to the registration requirements of the U.S. Securities Act. If you purchase the Notes, you will be deemed to have made certain acknowledgments, representations and warranties as detailed under "*Notice to investors*." The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and applicable securities laws of any other jurisdiction pursuant to registration or exemption therefrom. You may be required to bear the financial risk of an investment in the Notes for an indefinite period. Neither we nor the Initial Purchasers are making an offer to sell the Notes in any jurisdiction where the offer and sale of the Notes is prohibited. Neither we nor the Initial Purchasers are making any representation to you that the Notes are a legal investment for you.

Each prospective purchaser of the Notes must comply with all applicable laws and rules and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither we nor the Initial Purchasers shall have any responsibility therefor.

Neither the U.S. Securities and Exchange Commission (the "**SEC**"), any U.S. state securities commission nor any non-U.S. securities authority nor other authority has approved or disapproved of the Notes or determined if this Offering Memorandum is truthful or complete. Any representation to the contrary is a criminal offense in the United States.

We accept responsibility for the information contained in this Offering Memorandum. We have made all reasonable inquiries and confirm to the best of our knowledge, information and belief that the information contained in this Offering Memorandum with regard to us and our subsidiaries and affiliates and the Notes is true and accurate in all material respects as of the date of this Offering Memorandum, that the opinions and intentions expressed in this Offering Memorandum are honestly held and that we as of the date of this Offering Memorandum are not aware of any other facts, the omission of which would make this Offering Memorandum or any statement contained herein misleading in any material respect.

None of the Initial Purchasers, Trustee, Principal Paying Agent, Registrar, Transfer Agent or London Paying Agent make any representation or warranty, express or implied, as to, and assume no responsibility for, the accuracy or completeness of the information contained in this Offering Memorandum. Nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers, Trustee, Principal Paying Agent, Registrar, Transfer Agent or London Paying Agent as to the past, the present or the future.

The information set out in relation to sections of this Offering Memorandum describing clearing and settlement arrangements, including in the "*Description of notes*" and "*Book-entry, delivery and form*," is subject to a change in or reinterpretation of the rules, regulations and procedures of DTC currently in effect. While we accept responsibility for accurately summarizing the information concerning DTC we accept no further responsibility in respect of such information.

We intend to list the Notes on the Official List of the Luxembourg Stock Exchange and have the Notes admitted for trading on the Luxembourg Stock Exchange's Euro MTF, and intend to submit this Offering Memorandum to the competent authority in connection with the listing application. In the course of any review by the competent authority, we may be requested to make changes to the financial and other information included in this Offering Memorandum. We may also be required to update the information in this Offering Memorandum to reflect changes in our business, prospects, financial condition or results of operations. We cannot guarantee that the application we have made to the Official List of the Luxembourg Stock Exchange for the Notes to be listed and admitted to trading on the Luxembourg Stock Exchange's Euro MTF thereof will be approved as of the Issue Date for the Notes or at any time thereafter, and settlement of the Notes is not conditioned on obtaining this admission to trading.

IN CONNECTION WITH THIS OFFERING, J.P. MORGAN SECURITIES PLC (THE "STABILIZING MANAGER") (OR PERSONS ACTING ON ITS BEHALF) MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL OTHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, NO ASSURANCE CAN BE GIVEN THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THIS OFFERING IS MADE AND, IF BEGUN, MAY BE DISCONTINUED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILIZING MANAGER (OR PERSONS ACTING ON ITS BEHALF) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "PLAN OF DISTRIBUTION."

Notice to U.S. investors

This offering is being made in the United States in reliance upon an exemption from registration under the U.S. Securities Act for an offer and sale of the Notes which does not involve a public offering. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements. See "*Notice to investors*."

This Offering Memorandum is being provided (1) to a limited number of U.S. investors that we reasonably believe to be "qualified institutional buyers" ("**QIBs**") under Rule 144A under the U.S. Securities Act for informational use solely in connection with their consideration of the purchase of the Notes and (2) to investors outside the United States pursuant to offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act. The Notes described in this Offering Memorandum have not been registered with, recommended by or approved by the SEC, any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States or any such securities commission or authority passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense in the United States.

Certain considerations regarding sales into Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, *provided* that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights, or consult with a legal advisor.

Pursuant to Section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Offering.

Notice to European Economic Area investors

PRIIPs Regulation / Prohibition of sales to EEA retail investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

MIFID II product governance / Professional investors and ECPs only target market

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Notice to Hong Kong investors

The Notes may not be offered or sold in Hong Kong by means of any document other than to (1) "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder, or (2) in circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of the laws of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No invitation, advertisement or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are intended to be disposed of only to persons outside Hong Kong or only to "professional investors," as defined under the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong and any rules made thereunder.

Notice to Nigerian investors

This Offering Memorandum and the Notes have not been and will not be registered with the Nigerian Securities and Exchange Commission, or under the Nigerian Investment Securities Act No. 29 of 2007 (the "**ISA**"). Further, neither this Offering Memorandum nor any other offering material related to the Notes may be utilized in connection with any offering to the public within Nigeria, and the Notes may not be offered or sold within Nigeria or to, or for the account or benefit of, persons resident in Nigeria, except in certain transactions exempt from the registration requirements of the ISA. Accordingly, this Offering Memorandum is not directed to, and the Notes are not available for subscription by, any persons within Nigeria, other than the selected investors to whom this Offering Memorandum has been addressed as a private sale, or domestic concern, within the exemption and meaning of Section 69(2) of the ISA.

Notice to Russian investors

The Notes will not be, nor are they intended to be, offered, transferred or sold as part of their initial distribution or at any time thereafter to or for the benefit of any persons (including legal entities) resident, incorporated, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation unless and to the extent otherwise permitted under Russian law. Neither the Notes nor this Offering Memorandum or other documents relating to them have been or are intended to be registered in Russia with any state authorities that may from time to time be responsible for such registration. The Notes are not eligible for "placement" and "circulation" in the Russian Federation (as defined under Russian law) unless and to the extent otherwise permitted by Russian law. The information provided in this Offering Memorandum is not an offer, or an invitation to make offers, sell, purchase, exchange or otherwise transfer the Notes in the Russian Federation or to or for the benefit of any Russian person or entity.

Notice to Singaporean investors

This Offering Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (2) to a relevant person pursuant to Section 275(1) or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed for or purchased under Section 275 of the SFA by a relevant person which is:

(1) a corporation (which is not an accredited investor (as defined in Section 4 of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(2) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239 (1) of the SFA) of that corporation or the beneficiaries' rights and interest (however described) in that trust shall not be transferable within six months after that corporation or that trust has acquired the Notes pursuant to offer made under Section 275 of the SFA except:

    (a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA;

    (b) where no consideration is or will be given for the transfer;

    (c) where the transfer is by operation of law; or

    (d) as specified in Section 276(7) of the SFA.

Pursuant to sections 309B(1)(a) and 309B(1)(c) of the SFA, it has been determined, and notice is hereby given to all relevant persons (as defined in Section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and "excluded investment products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Notice to United Kingdom investors

PRIIPs Regulation / Prohibition of sales to UK retail investors

This Offering Memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "**Financial Promotion Order**"), (ii) are persons failing within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**Relevant Persons**"). This Offering Memorandum is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons and will be engaged only with Relevant Persons.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017.565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016.87, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) 600/2014 as it forms part of domestic law by virtue of the EUWA or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This Offering Memorandum has been prepared on the basis that any offer of the Notes in the UK will be made pursuant to an exemption under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**") from a requirement to publish a prospectus for offers of Notes. This Offering Memorandum is not a prospectus for the purpose of the U Prospectus Regulation.

Notwithstanding the United Kingdom's departure from the European Union, any references in this Offering Memorandum to European Union law should be treated as references to such law as applied in England and Wales from time to time including as retained, amended, re-enacted or otherwise given effect on or after 11:00 pm on January 31, 2020.

U.K. MiFIR product governance / Professional Investors and ECPs Only Target Market

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the securities has led to the conclusion that: (i) the target market for the securities is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the securities (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.

Forward-looking statements

Except for historical information contained herein, statements contained in this Offering Memorandum may constitute "forward-looking statements," within the meaning of the securities laws of certain jurisdictions, including, without limitation, statements under the headings "*Presentation of industry and market data,*" "*Summary,*" "*Risk factors,*" "*Management's discussion and analysis of financial condition and results of operations,*" "*Our business*" and other sections. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "anticipate," "expect," "suggests," "plan," "believe," "intend," "estimates," "targets," "projects," "should," "could," "would," "may," "will," "forecast," and other similar expressions or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Offering Memorandum and include statements regarding our current intentions, beliefs or expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those referred to or suggested by the forward-looking statements contained in this Offering Memorandum. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this Offering Memorandum, they may not be indicative of our results, financial conditions or liquidity or developments in subsequent periods.

Any forward-looking statements that we make in this Offering Memorandum speak only as of the date of such statement, and we undertake no obligation to update such statements, whether as a result of new information, future events or otherwise. Comparisons of results for current and any prior periods are not intended to project trends into the future or indicate future performance, unless expressed as such, and should only be viewed as historical data.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results. We believe that these risks and uncertainties include, but are not limited to, those described in the "*Risk factors*" section of this Offering Memorandum:

- the adverse impact of the COVID-19 pandemic on global oil and gas prices and corresponding adverse impacts on our cash flows, liquidity, results of operations, financial condition and access to capital;
- political, economic, fiscal, legal, regulatory and social uncertainties in certain of the countries in which we do business, including risks associated with bribery and corruption;
- underdeveloped infrastructure in certain of the countries in which we do business including threats of terrorist activity, armed conflicts and political upheaval;
- outbreaks of communicable diseases;
- increased susceptibility to disruptions in emerging capital markets compared to more developed markets;
- crime and governmental or business corruption in certain of the countries in which we do business;
- uncertainties in the application or interpretation of laws and regulations in certain of the countries in which we do business;
- ability to maintain constructive relationship with governments in host countries and risks of deterioration of such relationship;

- risk of disputes over title or exploration and production rights;
- licensing and other regulatory requirements in the countries in which we do business;
- adverse sovereign action by governments in the countries in which we do business;
- impact of the United Kingdom's exit from the EU;
- changes to tax legislation or increases in effective tax rates;
- volatility in oil and gas prices;
- competitiveness of our industry;
- drilling, exploration, productions, and environmental risks and hazards;
- significant uncertainty as to the success of appraisal, exploration and development activities;
- risks associated with climate change and climate change abatement legislation and regulatory initiatives and its impact on our access to capital;
- concentration of a significant proportion of our production in the Jubilee and TEN fields in Ghana;
- compliance with obligations under licenses, contracts and field development plans;
- numerous operational risks and hazards associated with exploration, development and production operations;
- oil and gas commercial reserves and contingent resources may be less than expected;
- issues caused by joint venture partners;
- the inability to sell assets on attractive terms or in a timely manner;
- inadequate insurance coverage;
- the risk of litigation;
- operating with a significant level of total net debt;
- failure to obtain access to necessary equipment and transportation systems including technological advancements in the industry;
- unanticipated increased costs including with respect to decommissioning obligations;
- exposure to losses from hedging activities;
- wage demands or work stoppages by unionized employees;
- failure to identify acquisition targets, to carry out appropriate diligence, to complete and integrate acquisitions successfully;
- our ability to retain and hire qualified personnel;
- damage to our business reputation;
- currency exchange and inflation risks;
- compliance with health and safety and environmental regulations; and

- intentional or unintentional disruption to our website and internal systems and misappropriation of confidential information.

We urge you to read the sections of this Offering Memorandum entitled "*Presentation of industry and market data,*" "*Summary,*" "Risk factors," "*Management's discussion and analysis of financial condition and results of operations,*" and "*Our business*" for a more complete discussion of factors that could affect our future performance and the markets in which we operate.

Presentation of financial and other information

Financial information

Our audited consolidated financial statements as at and for the years ended December 31, 2018 and 2019 included in this Offering Memorandum have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**EU IFRS**") as issued by the International Accounting Standards Board. The audited consolidated financial statements have also been prepared in accordance with IFRS adopted by the European Union and comply with Article 4 of the EU IAS Regulation.

Our audited consolidated financial statements as at and for the year ended December 31, 2020 included in this Offering Memorandum have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, and in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies to the European Union ("**UK IFRS**" and together with EU IFRS, "**IFRS**").

IFRS 16 (*Leases*) became effective on, and applies to periods beginning on or after January 1, 2019. Our audited consolidated financial statements as of and for the year ended December 31, 2019 and 2020, each included elsewhere in this Offering Memorandum, give effect to IFRS 16 (*Leases*). The new standard replaces the previous accounting standard, IAS 17 (Leases), including related interpretations. We elected to adopt the new rules retrospectively but recognized the cumulative effect of initially applying the new standard on January 1, 2019. In accordance with the transition provisions in IFRS 16, we followed the modified retrospective approach. The adoption of IFRS 16 in the year ended December 31, 2019 resulted in $123.2 million being recorded on the balance sheet as property, plant and equipment right-of-use assets and $195.1 million as lease liabilities. During the year ended December 31, 2019 the effect on the income statement was recognized through a $39.2 million depreciation charge on the right-of-use assets, of which $29.0 million was subsequently capitalized through our normal operations, and a small net decrease in administrative expenses, along with a $10.0 million increase in finance costs, partially offset by interest on amounts due from joint venture partners of $3.7 million. In the statement of cash flows, we separated the total amount of cash paid in principal (presented within financing activities) and interest (presented within operating activities) in accordance with IFRS 16. Previously, lease payments were all presented as operating cash flows under IAS 17. See also "*Management's discussion and analysis of financial condition and results of operations—Key factors affecting comparability—IFRS 16*."

The audited consolidated financial statements contained in the F-Pages to this Offering Memorandum should be read in conjunction with the relevant notes thereto.

Prospective investors are advised to consult their professional advisors for an understanding of: (i) the differences between IFRS and U.S. GAAP and other standards of generally accepted accounting principles and how those differences might affect the financial information included in this Offering Memorandum and (ii) the impact that future additions to, or amendments of, IFRS may have on results of operations or financial condition, as well as on the comparability of the prior periods.

Financial information marked as "unaudited" in tables in this Offering Memorandum is not taken from the audited consolidated financial statements and is taken from the Company's internal accounting system or is based on calculations of figures of the abovementioned sources.

The financial information included in this Offering Memorandum is not intended to comply with the applicable accounting requirements of the U.S. Securities Act and the related rules and regulations of the SEC which would apply if the Notes were being registered with the SEC.

Rounding

Certain numerical figures set out in this Offering Memorandum, including financial information presented in millions or thousands and percentages describing market shares, have been subject to rounding adjustments and, as a result, the totals of the data in this Offering Memorandum may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other information set forth in "*Management's discussion and analysis of financial condition and results of operations*" are calculated using the unrounded numerical data in the financial statements or the tabular presentation of other information contained in this Offering Memorandum, as applicable, and not using the numerical data in the narrative description thereof.

Non-IFRS financial measures

This Offering Memorandum contains non-IFRS measures, including capital investment, total net debt, Adjusted EBITDAX, gearing, underlying cash operating costs, NPV-10 of 2P Reserves and free cash flow, that are not required by, or presented in accordance with, IFRS. These measures are termed "non-IFRS measures" because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. Our management uses these measures to measure operating performance and liquidity, in presentations to our Board and as a basis for strategic planning and forecasting, as well as monitoring certain aspects of our operating cash flow and liquidity. We present non-IFRS measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The non-IFRS measures may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. Non-IFRS measures such as capital investment, total net debt, Adjusted EBITDAX, gearing, underlying cash operating costs, and free cash flow are not measurements of our performance or liquidity under IFRS and should not be considered as alternatives to operating profit/(loss) or profit/(loss) for the year, capital expenditure or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities.

An explanation of the relevance of each of the non-IFRS measures and a description of how they are calculated is set out below. Additionally, we present a reconciliation of each of the non-IFRS measures to the most directly comparable measure calculated and presented in accordance with IFRS and discuss its limitations. For a reconciliation of these non-IFRS measures, refer to "*Summary historical financial data.*"

Future Net Revenue—NPV-10 of 2P Reserves

NPV-10 of 2P Reserves (as defined in this Offering Memorandum) represents the present value of estimated future post-tax net cash flows from our proved and probable (2P) oil and natural gas reserves, derived from total project oil and/or gas revenues associated with the 2P reserves production forecast using Strip Pricing (as defined in this Offering Memorandum) based on April 16, 2021 as the date of determination, *less* estimated future cash operating expenses, investment capital expenditure, decommissioning costs and contractual tax and fiscal deductions, in each case only in respect of 2P oil and natural gas reserves (and excluding (i) any such projected future revenues and costs in respect of non-producing assets and/or 2C oil and natural gas reserves and (ii) all corporate costs, including but not limited to corporate level G&A, insurance and certain operating and decommissioning expenditures that are not allocated to the assets). The commodity price can be modified by crude quality differentials, quality bank differentials or domestic supply obligations, as applicable. These estimated unlevered future net cash flows are discounted at 10% per annum, applying a mid-year discounting methodology to reflect timing of future cash flows.

"Strip pricing", for the purposes of this Offering Memorandum, is calculated as the average of the relevant Strip Price for each of the 30 trading days before the relevant date of determination. "Strip price" in relation to oil means as of any date, the average pricing for generic Brent crude futures contracts that trade on the Intercontinental Exchange Futures Europe for each of the following periods: (a) with respect to the remainder of the calendar year as of such date, the remaining period of such calendar year, (b) with respect to each of the four full calendar years following such date, the 12 month period of each such calendar year and (c) with respect to the fifth full calendar year following such date and each full calendar year thereafter, the average pricing for the fourth complete calendar year set forth in clause (b) of this definition, inflated at 2% per annum beginning the calendar year ended December 31, 2026 and thereafter. Based on the April 16, 2021 date of determination and this calculation methodology, the nominal Brent 30-trading day average price per barrel of Brent used was \$63.9/bbl for 2021, \$60.4/bbl for 2022, \$58.0/bbl for 2023, \$56.5/bbl for 2024, \$55.5/bbl for 2025, \$56.6/bbl for 2026 and inflated at 2% per annum thereafter. "Strip price" in relation to gas means (a) for Jubilee, \$2.35/MMBtu RT17, (b) for TEN fields associated gas is sold at \$0.5/MMBtu (RT13) and non-associated gas at \$3.0/MMBtu (RT13) and for Espoir at the rates as defined in the Associated Natural Gas Sale and Purchase

Agreement CI-26, being $6.79/Mcf for 2021, $6.73/Mcf for 2022, $5.49/Mcf for 2023, $6.29/Mcf for 2024, $6.16/Mcf for 2025, $6.17/Mcf for 2026 and inflated at 2% per annum following December 31, 2026.

In calculating NPV-10 of 2P Reserves, at the time of the respective audits we provided the TRACS team with production history, our decline analysis or forecasts, reservoir models and assumptions for current and new development assets, where applicable. In addition, we also provided TRACS with our development plans, historical costs and future cost assumptions, fiscal terms and statements regarding cessation of production. We provided life of field cost data including capital, fixed and variable operating and decommissioning costs. Our cost estimates for our producing assets were based on historic data and operating experience, while the cost estimates for new developments were based on the industry standard Que$tor Cost Estimating Tool and informed by our internal factors and norms. For our non-operated assets, we provided cost estimates based on data from our joint venture partners who operate those fields. An inflation/escalation rate of 2% per annum was assumed to convert real terms to nominal costs.

We advised TRACS that under our hedging program the total asset value should be adjusted. As of April 20, 2021, and based on an assumed forward curve price of $64/bbl in 2021 and $61.0/bbl in 2022, the value in 2021 is $(81.5) million and in 2022 is $1.6 million giving a 10% discounted present value of $(76.3) million. Including the impact of our hedging program, the NPV-10 for our 2P Reserves is $2,978.4 when adjusted for hedging exposure.

NPV-10 of 2P Reserves is a non-IFRS financial measure. The oil and gas industry uses measurements like "**NPV-10**" to compare the relative size and value of proved and probable Reserves; however, such measure are used by different companies for differing purposes and our use or computation of the term NPV-10 of 2P Reserves is not comparable to the use or computation of similarly titled measures reported by other companies in the oil and gas industry. In particular, our calculation includes proved and probable (2P) Reserves, while other companies using a similarly titled metric are representing the present value of estimated future net cash flows from proved (1P) Reserves. Our calculation of NPV-10 of 2P Reserves is not determined in accordance with the rules and regulations of the SEC. When estimating the 2P Reserves and NPV-10 of our respective assets at December 31, 2020, TRACS used certain reserves and resources information gathered during various audits that were completed during the two years prior to December 31, 2020 and assumed that the development plans at the time of the last respective asset audit were still valid. In particular, any activities that were estimated to be executed prior to December 31, 2020 are assumed to have taken place, and thus not included in the costs going forward. In addition, all oil and gas production that has been produced between the time of the respective audit and December 31, 2020 has been accounted for in the production forecasts but no updated analysis was performed by TRACS on production performance.

Adjusted EBITDAX

We define Adjusted EBITDAX as profit/(loss) from continuing activities less income tax credit/(expense), finance costs, finance revenue, gain/(loss) on hedging instruments, depreciation, depletion, amortization, 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, net.

We believe that Adjusted EBITDAX is a supplemental measure of our performance. Adjusted EBITDAX and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing Adjusted EBITDAX as reported by us to Adjusted EBITDAX of other companies. Adjusted EBITDAX as presented here differs from the definition of "**Consolidated Cash Flow**" contained in the Indenture.

Some of the limitations of Adjusted EBITDAX are:

- it does not reflect our cash expenditures or future requirements for capital investments or contractual commitments;
- it does not reflect changes in, or cash requirements for, our working capital needs;
- it does not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on our debt;

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and Adjusted EBITDAX does not reflect any cash requirements that would be required to make such replacements;
- it is not adjusted for all non-cash income or expense items that are reflected in our consolidated cash flow statement;
- it does not reflect exploration costs which are necessary in order to replace our reserves;
- it does not consider cash flows associated with our lease arrangements;
- it does not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations;
- the further adjustments made in calculating Adjusted EBITDAX are those that management consider are not representative of our underlying operations and therefore are subjective in nature; and
- other companies in our industry may calculate these measures differently from the way we do, limiting their usefulness as comparative measures.

Because of these limitations, Adjusted EBITDAX should not be considered as a measure of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations. You should compensate for these limitations by relying primarily on our other IFRS results and using this non-IFRS measure only to supplement your evaluation of our performance.

Total net debt, finance costs and gearing

Total net debt is a non-IFRS measure that we define as current and non-current borrowings plus non-cash adjustments consisting of unamortized arrangement fees and the equity component of any compound debt instrument, less cash and cash equivalents. As adjusted total net debt represents total net debt, after adjusting for the Transactions, as if the Transactions had occurred on December 31, 2020. As adjusted finance costs represents cash interest payments on our total debt for the year ended December 31, 2020 after adjusting for the Transactions, as if the Transactions had occurred on January 1, 2020.

We believe total net debt is a useful indicator relating to our indebtedness, financial flexibility and capital structure because it indicates the level of borrowings after taking account of unamortized arrangement fees and the equity component of any compound debt instrument (which do not represent amounts that we are required to repay to our lenders) and cash and cash equivalents within our business that could be utilized to pay down the outstanding borrowings. Our definition of total net debt does not include our leases as our focus is the management of cash borrowings and a lease is viewed as deferred capital investment. We believe that total net debt can assist securities analysts, investors and other parties to evaluate us. Total net debt and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. Accordingly, caution is required in comparing total net debt as reported by us to total net debt of other companies.

Gearing is a non-IFRS measure that we define as total net debt (as defined above) divided by Adjusted EBITDAX. We believe that gearing is a useful indicator of our indebtedness, financial flexibility and capital structure and can assist securities analysts, investors and other parties to evaluate us. Gearing and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. Other companies may refer to gearing as a net leverage ratio or may present a measure titled "gearing" or similarly titled measures that are very different financial metrics that are calculated using different financial metrics than those contained in our calculation. Accordingly, caution is required in comparing gearing as reported by us to gearing of other companies.

Capital investment

Capital investment is a non-IFRS measure that we define as additions to property, plant and equipment and intangible exploration and evaluation assets less decommissioning asset additions, right-of-use asset additions, capitalized share-based payment charge, capitalized finance costs, additions to administrative assets, Norwegian tax refund, Uganda capital investment adjustment and certain other adjustments.

We believe that capital investment is a useful indicator of our organic expenditure on exploration and appraisal assets and oil and gas assets incurred during a period because it eliminates certain non-cash accounting adjustments such as capitalized finance costs and decommissioning asset additions. We believe that capital investment can assist securities analysts, investors and other parties to evaluate us. Capital investment and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. Accordingly, caution is required in comparing capital investment as reported by us to capital investment of other companies.

Underlying cash operating costs

Underlying cash operating costs is a non-IFRS measure that is defined as cost of sales *less* depletion and amortization of oil and gas leased 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 is a useful indicator of our underlying cash costs incurred to produce oil and gas. We believe that underlying cash operating costs can assist securities analysts, investors, and other parties to evaluate us. Underlying cash operating costs and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. Accordingly, caution is required in comparing underlying cash operating costs as reported by us to underlying cash operating costs of other companies.

Presentation of certain metrics on a per-boe basis

Underlying cash operating costs per boe of production are presented on a per-barrel of oil equivalent (boe) basis in this Offering Memorandum. The denominator of this measure for the years ended December 31, 2018 and 2019 is calculated as the sum of our actual production plus the loss of production insurance equivalent boe related to the turret remediation work at the Jubilee field (the "**Jubilee Field Insurance Production-Equivalent Barrels**"). See "*Our business—Main producing assets—Ghana Jubilee field—Turret remediation project*." The Jubilee Field Insurance Production Equivalent Barrels are calculated by dividing the amounts received under our Business Interruption Policy ("**BI Policy**") in relation to the turret remediation work at the Jubilee field for such period by the price per barrel of oil specified in the BI Policy. During the years ended December 31, 2018 and 2019, the number of Jubilee Field Insurance Production-Equivalent Barrels totaled 8,600 bopd and 2,000 bopd, respectively.

In addition, another metric presented on a per-boe basis in this Offering Memorandum is depreciation, depletion and amortization per boe. Depreciation, depletion and amortization per boe is calculated by dividing depreciation, depletion and amortization by our production plus Jubilee Field Insurance Production-Equivalent Barrels.

Because our operating costs at the Jubilee field are generally fixed in nature and, they and depreciation, depletion and amortization expenses are incurred irrespective of the actual production from the Jubilee field, we believe the inclusion of the Jubilee Field Insurance Production-Equivalent Barrels in the presentation of these metrics presents a more accurate portrayal of our operating results than if they were excluded. However, potential noteholders should be cautioned that the Jubilee Field Insurance Production-Equivalent Barrels were not physically produced, and had an insurable event not occurred at the Jubilee Field, the number of barrels of oil actually produced could have varied significantly from the denominator used in this calculation, and cash underlying operating costs per boe as well as depreciation, depletion and amortization per boe at the Jubilee field could have been significantly different, in each case, during the years ended December 31, 2018 and 2019.

Free cash flow

Free cash flow is defined as net cash from operating activities, net cash used in/(from) investing activities, debt arrangement fees, repayment of obligations under leases, finance costs paid, *less* foreign exchange gain/(loss). We believe that free cash flow is a useful indicator of our ability to generate organic cash flow to fund the business and strategic acquisitions, reduce borrowings and available to return to shareholders through dividends. Free cash flow does not reflect any restrictions on the transfer of cash and cash equivalents within the company or any requirement to repay our borrowings and does not take into account cash flows that are available from disposals of the issues of shares. We therefore take such factors into account in addition to free cash flow when determining the resources available for capital investment, acquisitions and for distributions to shareholders. We believe that free cash flow can assist securities analysts, investors, and other companies to evaluate us. Free cash flow and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. Accordingly, caution is required in comparing free cash flow as reported by us to free cash flow of other companies.

Certain reserves and production information

Unless otherwise indicated, the oil and gas reserves data presented in this Offering Memorandum for the year ended December 31, 2018 is audited by ERC Equipoise Limited ("**ERCE**") and for the years ended December 31, 2019 and 2020 is audited by TRACS International Limited ("**TRACS**") and has been estimated at our request by TRACS. TRACS is an independent reservoir evaluation company which has prepared its estimates in accordance with resource definitions jointly set out by the Society of Petroleum Engineers ("**SPE**"), the World Petroleum Council, the American Association of Petroleum Geologists ("**AAPG**") and the Society of Petroleum Evaluation Engineers ("**SPEE**") in June 2018 in the "*Petroleum Resources Management System*" ("**PRMS**").

In this Offering Memorandum, references to "commercial reserves" are to 2P reserves, which is the sum of our proved reserves plus probable reserves. Pursuant to the classifications and definitions provided by the PRMS, "proved reserves" is defined as those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations, and "probable reserves" is defined as those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves. "**Possible reserves**" are those additional reserves which, after analysis of geoscience and engineering data, are less likely to be recoverable than probable reserves.

In this Offering Memorandum, references to "contingent resources" are to 2C resources, unless specified otherwise. Pursuant to the classifications and definitions provided by the PRMS, 2C resources are those quantities of estimated contingent resources (being those quantities estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not then considered to be commercially recoverable due to one or more contingencies) that have at least a 50% probability that the quantities actually recovered will equal or exceed this estimate. References in this Offering Memorandum to 1C resources means those quantities of estimated contingent resources that have at least a 90% probability that the quantities actually recovered will equal or exceed this estimate and references in this Offering Memorandum to 3C resources means those quantities of estimated contingent resources that have at least a 10% probability that the quantities actually recovered will equal or exceed this estimate.

Estimates of petroleum reserves, future net revenue, contingent resources, and prospective resources should be regarded only as estimates that may change as additional information becomes available. Not only are such reserves, contingent resources, revenue and potential revenue estimates based on that information which is currently available, but such estimates are also subject to the uncertainties inherent in the application of judgmental factors in interpreting such information.

Unless otherwise indicated, all production figures are presented on a net to our working interest basis. Where gross amounts are indicated, they are presented on a total basis—i.e., the actual interest of the relevant license holder in the relevant fields and license areas without deduction for the economic interest of our joint venture partners, taxes or royalty interests or otherwise. Our legal interest and effective working interest in the relevant fields and license areas are separately disclosed. See "*Our business—Production and development*." See also "*Our business—Material agreements relating to our assets*" for a more detailed discussion of the terms of the agreements governing our interests.

Hydrocarbon data

The report referenced in this Offering Memorandum uses the following estimates:

- oil in standard millions of barrels ("**mmbbl**") (a barrel being the equivalent of 42 U.S. gallons) and barrels of oil per day ("**bopd**");

- natural gas and natural gas liquids in billions of cubic feet ("**bcf**") at standard temperature and pressure bases; and

- liquid in standard millions of barrels of oil equivalent ("**mmboe**") and barrels of oil equivalent per day ("**boepd**").

This Offering Memorandum presents certain production and reserves-related information on an "equivalency" basis. Our conversion of data for tons into barrels and from cubic feet into boe may differ from that data used by other companies. We have assumed a conversion rate of 6 bcf to 1 mmboe. This conversion is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent value equivalencies at the wellhead. Although this conversion factor is an industry accepted convention, it is not reflective of price or market value differentials between product types.

There are a number of uncertainties inherent in estimating quantities of commercial reserves and contingent resources, including many factors beyond our control. The commercial reserves and contingent resources information as of December 31, 2020 in the TRACS Report dated February 2021 represent only estimates and such estimates are forward-looking statements which are based on judgments regarding future events that may be inaccurate. See "*Forward-looking statements*." Estimation of commercial reserves and contingent resources is a subjective process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact manner. The accuracy of any commercial reserves or contingent resources estimate is a function of a number of factors, many of which are beyond our control, including the quality of available data, and involves engineering and geological interpretation and judgment. As a result, estimates of different engineers may vary. In addition, results of drilling, testing and production subsequent to the date of an estimate may justify revising the original estimate. Accordingly, due to the inherent uncertainties and the limited nature of reservoir data and the inherently imprecise nature of commercial reserves and contingent resources estimates, the initial commercial reserves and contingent resources estimates are often different from the quantities of oil and natural gas that are ultimately recovered. The meaningfulness of such estimates depends primarily on the accuracy of the assumptions upon which they were based. Thus, you should not place undue reliance on the ability of the commercial reserves and contingent resources reports prepared by TRACS to predict actual commercial reserves and contingent resources or on comparisons of similar reports concerning other companies and this Offering Memorandum should be accepted with the understanding that the Company's financial performance subsequent to the date of the estimates may necessitate revision of the commercial reserves and contingent resources information set forth herein. In addition, except to the extent that we acquire additional properties containing commercial reserves or conduct successful exploration and development activities, or both, our commercial reserves will decline as they are produced.

Potential investors should note that the ERCE Reports and TRACS Reports have not estimated proved and probable reserves under the standards of reserves measurement applied by the U.S. SEC (the "U.S. SEC Basis") for any of the relevant periods reviewed in the Offering Memorandum, or otherwise. The U.S. SEC Basis differs from PRMS.

Presentation in ERCE and TRACS reports

ERCE has prepared assessments of our asset base as of December 31, 2018 and presented its estimates of commercial reserves and contingent resources in its reports dated January 22, 2019 (the "**ERCE Report**").

The technical personnel responsible for preparing the reserve estimates at ERCE meet the requirements regarding qualifications, independence, objectivity and confidentiality set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the SPE. ERCE is an independent firm of petroleum engineers, geologists, geophysicists and petrophysicists. It does not own an interest in our assets and was not employed on a contingent fee basis.

TRACS has prepared assessments of our asset base as of December 31, 2019 and 2020 and presented its estimates of commercial reserves and contingent resources in reports dated January 2020 and February 2021, respectively (each a "**TRACS Report**" and together, the "**TRACS Reports**").

The technical personnel responsible for preparing the reserve estimates at TRACS meet the requirements regarding qualifications, independence, objectivity and confidentiality set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the SPE. TRACS is an independent firm of petroleum engineers, geologists, geophysicists and petrophysicists. It does not own an interest in our assets and is not employed on a contingent fee basis.

Joint venture partners

In this Offering Memorandum, when we describe activities in relation to licenses and assets in which we hold interests, references to "we," "our" and similar words mean, depending on the context, Tullow Oil plc and its joint venture partners with interests in such licenses and assets.

Sale of assets

On November 10, 2020, we completed the sale of our 33.33% interest in Blocks 1, 1A, 2 and 3A in the Lake Albert Development Project in Uganda and our interest in the proposed East African Crude Oil Pipeline System to Total E&P Uganda B.V. ("**Total Uganda**") for initial cash consideration of $500.0 million plus an additional $75.0 million to be paid upon the final investment decision for the Lake Albert Development Project and the associated pipeline, as well as contingent payments linked to production and global oil prices after first oil (the "**Uganda Disposal**"). At the time of sale, we were the operator of Block 2. The upstream segment sold pursuant to the Uganda Disposal included nine production licenses and two exploration licenses in Uganda. After initially acquiring interests in Blocks 1 and 3A in 2004 and Block 3A in 2006, we then completed a successful farm-down of our interests in 2011 for $2.6 billion to CNOOC Uganda and Total Uganda. We announced a further farm-down in 2017 to CNOOC Uganda Limited and Total Uganda for consideration of $900.0 million; however, this agreement lapsed in August 2019 following a failure of the parties to agree to all aspects of tax treatment of the transaction with the Government of Uganda. The Uganda Disposal allowed us to realize value from the Lake Albert Development Project following the expiration of the farm-down agreement with Total Uganda and CNOOC Uganda in August 2019.

On March 31, 2021, we completed the sale of the entire issued share capital of Tullow EG to a subsidiary of Panoro Energy ASA in exchange for upfront cash consideration at completion of $88.8 million, as well as contingent payments determined by future oil production and price parameters (the "**Equatorial Guinea Disposal**"). A further deferred consideration of $5.0 million is payable within two business days of completion of the Dussafu Disposal (as defined below), payable on the basis that both the Equatorial Guinea Disposal and the Dussafu Disposal complete. The Equatorial Guinea Disposal was originally announced on February 9, 2021. Tullow EG held an undivided 14.25% participating interest in and relating to the development and production interests in two offshore licenses, encompassing the Ceiba field and the Okume Complex in Equatorial Guinea. Completion of the Equatorial Guinea Disposal marked our exit from our Equatorial Guinea licenses after 18 years.

Also on February 9, 2021, we announced that we had entered into a sale and purchase agreement pursuant to which Tullow Oil Gabon SA agreed to transfer the entirety of our 10% undivided legal and beneficial interest in the Dussafu Marin Permit Exploration and Production Sharing contract and our corresponding rights under the Dussafu joint operating agreement, which includes the right to take our share of oil and petroleum attributable to our interests and our corresponding share of the right, title and interest in and to jointly owned funds, Dussafu joint property and all other assets attributable to the production sharing contract and the joint operating agreement, to Pan Petroleum Gabon B.V. for cash consideration of $46.0 million (subject to adjustment) and additional contingent payments of up to $24.0 million in aggregate payable over a five year period as a percentage of Pan Petroleum Gabon B.V.'s net cash from oil sales once production meets an agreed daily average and where the average daily oil price for the relevant year is greater than $55/bbl (the "**Dussafu Disposal**"). Prior to executing the Dussafu Disposal sale and purchase agreement, we and our joint venture partners had entered into a settlement agreement concerning our payment to BW Energy and our other joint venture partners of $9.4 million, and a corresponding cost recovery entitlement assignment to us for the same amount. Completion of the settlement agreement and assignment of the cost recovery entitlement are subject to approval from the Government of Gabon. Pursuant to the terms of the Dussafu Disposal sale and purchase agreement, the parties have agreed that we will retain $5.0 million of the liability for the settlement amount (of which $1.0 million may be reimbursed by Pan Gabon subject to certain conditions being met after completion of the Dussafu Disposal). Completion of the Dussafu Disposal remains subject to several conditions including approval from the Government of Gabon and from BW Energy, including to release and terminate the pledge running in its favor over certain of the assets to be disposed. For more information on the risks related to this potential sale, see "*Risk Factors—We may be unable to sell assets on commercially acceptable terms or in a timely manner and may* *be required to retain liabilities for certain matters*" and "*Risk Factors—The conditions required for receipt of contingent consideration may not be met*."

Unless otherwise indicated, all information in this Offering Memorandum relating to our interests in licenses, acreage under license, commercial reserves, contingent resources, production and sales revenue (i) with respect to the years ended December 31, 2018 and 2019, includes the assets and liabilities subject to the Uganda Disposal, Equatorial Guinea Disposal and the Dussafu Disposal and (ii) with respect to the year ended December 31, 2020, includes the assets and liabilities subject to the Equatorial Guinea Disposal and the Dussafu Disposal (as such assets and liabilities were treated as held for sale) but excludes the assets subject to the Uganda Disposal (as the disposal completed prior to December 31, 2020). The table below shows the net contingent resources as of December 31, 2018 and 2019 contributed by the assets disposed of in the Uganda Disposal:

	As of December 31,	
	2018	**2019**
Contingent Resources		
Oil (mmbbl)	488.6	467.1
Gas (bscf)	42.7	54.4
Total Contingent Resources (mmboe)	**495.7**	**476.2**

The tables below show the net commercial reserves, contingent resources, production and sales revenue as of and for the years ended December 31, 2019 and 2020 contributed by the assets included in the Equatorial Guinea Disposal and Dussafu Disposal. Completion of the Dussafu Disposal remains subject to certain conditions that are outside our control, such as approval from the government of Gabon and certain operating partners, and there can be no assurance that it will complete on time or at all. *See*: "*Risk Factors—We may be unable to sell assets on commercially acceptable terms or in a timely manner and may be required to retain liabilities for certain matters*" and "*Risk Factors—The conditions required for receipt of contingent consideration may not be met*."

	As of December 31, 2019 Equatorial Guinea Disposal	**As of December 31, 2020 Equatorial Guinea Disposal**	**As of December 31, 2019 Dussafu Disposal**	**As of December 31, 2020 Dussafu Disposal**
Commercial Reserves				
Oil (mmbbl)	12.2	10.4	4.3	4.8
Gas (bscf)	-	-	-	-
Total Commercial Reserves (mmboe)	**12.2**	**10.4**	**4.3**	**4.8**
Contingent Resources				
Oil (mmboe)	24.3	24.3	2.1	4.4
Gas (bscf)	-	-	-	-
Total Contingent Resources (mmboe)	**24.3**	**24.3**	**2.1**	**4.4**

	For the year ended December 31, 2019 Equatorial Guinea Disposal	**For the year ended December 31, 2020 Equatorial Guinea Disposal**	**For the year ended December 31, 2019 Dussafu Disposal**	**For the year ended December 31, 2020 Dussafu Disposal**
Production				
Oil production (boepd)	5,450.7	4,782.2	1,182.5	1,411.3
Underlying cash operating costs per boe ($/boe)	15.8	17.9	21.9	16.9
Sales Revenue (in millions of $)	59.1	98.4	22.2	20.2

Currency presentation and definitions

In this Offering Memorandum, all references to "**U.S. dollars**" and "**$**" are to the lawful currency of the United States of America and all references to "**pounds sterling**," "**pence**" and "**£**" are to the lawful currency of England and Wales.

Definitions

Unless otherwise specified or the context requires otherwise in this Offering Memorandum, references to "**Tullow,**" "**Group,**" "**we**," "**us**," and "**our**" refer to Tullow Oil plc, together with its subsidiaries. As the context requires in this Offering Memorandum, references to "**Company**" either refer to (i) Tullow Oil plc as the issuer of the 2022 Senior Notes, the 2025 Senior Notes and the Notes or (ii) Tullow Oil plc, together with its subsidiaries. The following definitions apply throughout this Offering Memorandum, unless the context otherwise requires:

"**2021 Convertible Bonds**".....................	Tullow Oil (Jersey) Limited's $300.0 million aggregate principal amount of $6^{5}/_{8}$% guaranteed convertible bonds due 2021 issued on July 12, 2016.
"**2021 Convertible Bonds Trust Deed**" ..	The trust deed, dated as of July 12, 2016, by and among, *inter alios*, Tullow Oil (Jersey) Limited, as issuer, the Company, as parent guarantor, and Deutsche Trustee Company Limited, as trustee, governing the 2021 Convertible Bonds.
"**2022 Senior Notes**"	The $650.0 million aggregate principal amount of 6¼% Senior Notes due 2022 issued on April 8, 2014 by the Company under the 2022 Senior Notes Indenture.
"**2022 Senior Notes Indenture**".............	The indenture, dated as of April 8, 2014, by and among, *inter alios*, the Company, as issuer, and Deutsche Trustee Company Limited, as trustee, governing the 2022 Senior Notes.
"**2025 Senior Notes**"	The $800.0 million aggregate principal amount of 7% Senior Notes due 2025 issued on March 23, 2018 by the Company under the 2025 Senior Notes Indenture.
"**2025 Senior Notes Indenture**"	The indenture dated March 23, 2018 among *inter alios*, the Company, as issuer, the Guarantors and Deutsche Trustee Company Limited, as trustee.
"**Business Day**"	Each day that is not a Saturday, Sunday or other day on which banking institutions in New York (United States) or London (England) are authorized or required by law to close.
"**Clearing System**"	The Depository Trust Company ("**DTC**").
"**Collateral**"	The collateral as described under "*Summary—The offering—Security" and "Description of notes—Security.*"
"**Company**"	Tullow Oil plc, a public limited company incorporated under the laws of England and Wales having its registered office at 9 Chiswick Park, 566 Chiswick High Road, London, W4 5XT.
"**Dussafu Disposal**"	The sale by Tullow Gabon of its entire 10% undivided legal and beneficial interest in the Dussafu Marin Permit Exploration and Production Sharing contract in Gabon to Pan Petroleum Gabon B.V. (a subsidiary of Panoro Energy ASA) for cash consideration and contingent payments.

"**European Economic Area**" or "**EEA**"....	The trading area established by the European Economic Area Agreement of January 1, 1994, currently comprising the member states of the European Union (currently, Austria, Belgium, Bulgaria, Croatia (on a provisional basis), Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain and Sweden) and Norway, Iceland and Liechtenstein.
"**Equatorial Guinea Disposal**"	The sale by Tullow Netherlands of its entire shareholding in Tullow EG, which holds an undivided 14.25% participating interest in and under the production sharing contract and joint operating agreement relating to the development and production interests in two offshore licenses in Equatorial Guinea, encompassing the Ceiba field and Okume Complex, to Panoro Energy Holding B.V. (a subsidiary of Panoro Energy ASA).
"**Existing Finance Agreements**"	Collectively, the 2022 Senior Notes Indenture, the 2025 Senior Notes Indenture, the 2021 Convertible Bonds Trust Deed and the RBL Facility.
"**FSMA**"	The Financial Services and Markets Act 2000, as amended.
"**Guarantors**"	Collectively, Tullow Côte d'Ivoire Limited, Tullow Oil SPE Limited, Tullow Ghana Limited, Tullow Oil Gabon S.A., Tullow Oil International Limited, Tullow Kenya B.V., Tullow Oil SK Limited, Tullow Overseas Holdings B.V., Tullow Gabon Holdings Limited and Tullow Gabon Limited.
"**Indenture**"	The indenture governing the Notes, to be dated as of the Issue Date, by and among, *inter alios*, the Company and Deutsche Trustee Company Limited, as trustee.
"**Initial Purchasers**"	Together, J.P. Morgan Securities plc, DNB Markets, Inc., ING Bank N.V., London Branch, The Standard Bank of South Africa Limited, Standard Chartered Bank, Absa Bank Limited, Barclays Bank PLC, BNP PARIBAS and Nedbank Limited (acting through its Nedbank Corporate and Investment Banking Division).
"**Intercreditor Agreement**"	The intercreditor agreement to be entered into on or about the Issue Date by, among others, the Company, the original debtors named therein, GLAS Trust Corporation Limited as security agent, J.P. Morgan AG as original RCF Agent and Deutsche Trustee Company Limited as trustee for the Notes.
"**Issue Date**"	The date on which the Notes offered hereby are issued.
"**ITLOS**"	The International Tribunal of the Law of the Sea.
"**Jubilee Field Insurance Production-Equivalent Barrels**"..........	The production-equivalent barrels received in the form of business interruption payments for lost production received in relation to the turret remediation work at the Jubilee field.
"**Jubilee Field Production-Equivalent Insurance Payments**"..........................	The revenues associated with production-equivalent business interruption payments received in relation to the turret remediation work at the Jubilee field.

"**Lake Albert Development Project**"	Together, the 33.33% interest in the production sharing agreements for each of Block 1, 1A, 2 and 3A in Uganda and licenses and certain other related contracts and the interests in the East African Crude Oil Pipeline System.
"**London Stock Exchange**" or "**LSE**"	London Stock Exchange plc.
"**Notes**"	The $1,800.0 million senior secured notes offered hereby.
"**NPV-10 of 2P Reserves**"	For any specified period, the present value of estimated future post-tax net cash flows from our proved and probable (2P) oil and natural gas reserves.
"**Offering**"	This offering of the Notes.
"**Oil Recovery Target**"	For a given field, production to date *plus* 2P reserves as a percentage of STOIIP.
"**OPEC**"	The Organization of the Petroleum Exporting Countries.
"**OPEC+**"	OPEC and its allies.
"**Project Oil Kenya**"	The Group's appraisal project in the South Lockichar Basin in Kenya.
"**QIBs**"	Qualified Institutional Buyers under Rule 144A under the U.S. Securities Act.
"**RBL Facility**"	The senior secured revolving credit facility agreement dated as of August 22, 2005, as amended and restated or acceded to from time to time, between, among others, the Company and Natixis as agent, which will be repaid in full and cancelled in connection with the Transactions.
"**Refinancing**"	The use of proceeds from the Offering, together with cash on balance sheet, to, (i) at maturity, repay in full and cancel the 2021 Convertible Bonds, (ii) redeem in full the 2022 Senior Notes and (iii) repay all amounts outstanding under, and cancel all commitments made available pursuant to, the RBL Facility.
"**Revolving Credit Facility**"	The senior secured revolving credit facility agreement to be entered into on or prior to the Issue Date by, among others, the Company and J.P. Morgan AG, as agent, comprised of (i) a $500.0 million revolving credit facility and (ii) a $100.0 million letter of credit facility.
"**SEC**"	The U.S. Securities and Exchange Commission.
"**STOIIP**"	Stock tank oil originally in place.
"**Strip Price**"	As of any date, the average pricing for generic Brent crude futures contracts that trade on the Intercontinental Exchange Futures Europe for each of the following periods: (a) with respect to the remainder of the calendar year as of such date, the remaining period of such calendar year, (b) with respect to each of the four full calendar years following such date, the 12 month period of each such calendar year and (c) with respect to the fifth full calendar year following such date and each full calendar year thereafter, the average pricing for the fourth

	complete calendar year set forth in clause (b) of this definition but inflated at 2% per annum compared to the previous calendar year.
"**Strip Pricing**"	For any date of determination, the average of the relevant Strip Price for each of the 30 trading days before the relevant date of determination.
"**Transactions**"	Collectively, the Offering and the Refinancing.
"**Tullow EG**"	Tullow Equatorial Guinea Limited.
"**Tullow Gabon**"	Tullow Oil Gabon SA.
"**Tullow Netherlands**"	Tullow Overseas Holdings B.V.
"**Turret Remediation Project**"	The remediation project to repair the turret bearing system of the Jubilee Floating Production Storage and Offloading.
"**Uganda Disposal**"	The sale for cash consideration of the entirety of our interests in each of the assets comprising the Lake Albert Development Project, being (i) a 33.33% interest in the production sharing agreements for Block 1, 1A, 2 and 3A in Uganda and the licenses and certain other contracts related thereto and (ii) our interests in the proposed East African Crude Oil Pipeline System.
"**United Kingdom**" or "**U.K.**"	The United Kingdom of Great Britain and Northern Ireland.
"**U.K. Corporate Governance Code**"	The U.K. Corporate Governance Code published by the Financial Reporting Council.
"**United States**" or "**U.S.**"	The United States of America.
"**U.S. dollars,**" or "**$**"	The lawful currency of the United States.
"**U.S. Exchange Act**"	The U.S. Securities Exchange Act of 1934, as amended, and the rules and regulation promulgated thereunder.
"**U.S. Securities Act**"	The U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

Presentation of industry and market data

In this Offering Memorandum, we rely on and refer to information regarding our business and the markets in which we operate and compete. The market data and certain economic and industry data and forecasts used in this Offering Memorandum were obtained from governmental and other publicly available information, independent industry publications and reports prepared by industry consultants, including:

- BP Statistical Review of World Energy, annual publication by BP plc;
- CIA World Factbook, consisting of U.S. government profiles of countries around the world;
- Energy Information Administration, a U.S. government department responsible for collecting, analyzing and disseminating energy information;
- Ghana National Petroleum Corporation, the Ghanaian state agency responsible for the exploration, licensing and distribution of petroleum-related activities in Ghana;
- International Energy Agency, an international organization focusing on energy for its 30 member countries;
- International Monetary Fund, an international financial institution;
- International Trade Administration, an agency within the U.S. Department of Commerce;
- Organization of the Petroleum Exporting Countries, an international organization with a mission to coordinate and unify petroleum policies of its member countries;
- The Oil and Gas Year, a publication for the oil and gas industry;
- U.S. Department of Energy, a U.S. government department whose mission is to advance energy technology and promote related innovation in the United States;
- Transparency International, an international non-governmental organization; and
- World Bank, an international financial institution.

Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that there can be no assurance as to the accuracy and completeness of such information. We believe that these industry publications, surveys and forecasts are reliable, but we have not independently verified any of the data from third-party sources. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward-looking statements in this Offering Memorandum.

We cannot assure you that any of the assumptions underlying any statements regarding the oil and gas industry are accurate or correctly reflect our position in the industry. Market data and statistics are inherently predictive and speculative and are not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. In addition, the value of comparisons of statistics for different markets is limited by many factors, including that (i) the markets are defined differently, (ii) the underlying information was gathered by different methods and (iii) different assumptions were applied in compiling the data. Accordingly, the market statistics included in this Offering Memorandum should be viewed with caution and no representation or warranty is given by any person, including us or the Initial Purchasers, as to their accuracy.

Elsewhere in this Offering Memorandum, statements regarding the oil and gas industry are not based on published statistical data or information obtained from independent third-parties, but are based solely on our experience, our internal studies and estimates, and our own investigation of market conditions. We cannot assure you that any of these studies or estimates are accurate, and none of our internal surveys or information have been verified by any independent sources. While we are not aware of any misstatements regarding our estimates presented herein, our estimates involve risks, assumptions and uncertainties and are subject to change based on various factors, including those discussed under the heading "*Risk factors*" in this Offering Memorandum.

Summary

This summary highlights certain information about our business and the offering described elsewhere in this Offering Memorandum. This summary is not complete and does not contain all the information you should consider before investing in the Notes. This summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information included in this Offering Memorandum, including our audited consolidated financial statements, and the related notes thereto. The commercial reserves and contingent resources data and NPV-10 of 2P Reserves information presented in this section have been estimated in accordance with PRMS guidelines and definitions. Estimated commercial reserves and contingent resources presented herein may differ from estimates made in accordance with guidelines and definitions used by other companies in the industry or by the SEC. See "Presentation of financial and other information." Unless otherwise indicated, all production figures are presented on a net to our working interest basis. Where gross amounts are indicated, they are presented on a total basis—i.e., the actual interest of the relevant license holder in the fields and license areas without deduction for the economic interest of other participants, taxes or royalty interests or otherwise. Our legal interest and effective working interest in the relevant fields and license areas are separately disclosed. See "Our business—Production and development." See also "Our business—Material agreements relating to our assets" for a more detailed discussion of some of the terms of the agreements governing our interests.

You should read carefully the entire Offering Memorandum to understand our business, the nature and terms of the Notes and tax and other considerations important to your decision to invest in the Notes, including the risks discussed under the caption "*Risk factors*" and "*Management's discussion and analysis of financial condition and results of operations.*"

Overview

We are a well-established, recognized oil and gas company with a portfolio of assets primarily in sub-Saharan Africa and South America. Our producing assets are concentrated in West Africa, where our near-term investment projects except Kenya are also located. Our exploration licenses span West Africa and South America. Our new business plan and operating strategy focuses on delivering material value from our significant resource base associated with our producing assets. We believe this has the potential to deliver sustainable operating margins and strong cash flow to support deleveraging. While our near-term focus and expenditures will be on our producing assets, we believe our development assets in Kenya and the wider assets across our exploration portfolio have the potential to deliver significant value in the long-term.

Following the successful completion of the Uganda Disposal in November 2020 and the Equatorial Guinea Disposal on March 31, 2021 and upon the anticipated completion of the Dussafu Disposal, we will have interests in 50 licenses in 10 countries and will be operator of: (i) two producing fields, the Jubilee and TEN fields in Ghana; (ii) four development blocks in Kenya; and (iii) 16 exploration licenses spread across Africa and South America. We also have diversified non-operated interests in 25 producing fields in Côte d'Ivoire and Gabon. For more information on the Uganda Disposal, the Equatorial Guinea Disposal and the Dussafu Disposal, see "*Presentation of financial and other information—Sale of assets*."

As of and for the year ended December 31, 2020, we had commercial reserves of 260.2 mmboe (of which approximately 87.8% were oil), aggregate commercial reserves and contingent resources of 899.9 mmboe (of which approximately 81.1% were oil) and reserves replacement of over 160%. During the year ended December 31, 2020, our average daily production (oil and gas) on a net working interest basis was 74,900 boepd, our revenue was $1,396.1 million, our Adjusted EBITDAX was $803.9 million, our loss after tax was $1,221.5 million and our free cash flow was $431.6 million. As at December 31, 2020, *pro forma* for the Equatorial Guinea Disposal, our NPV-10 of 2P Reserves was approximately $3,054.7 million (excluding the impact of hedging).

Our West African light oil production portfolio across Ghana, Gabon and Côte d'Ivoire generates almost all of our cash flow and, in 2020, represented all of our oil production. Our largest producing asset is the Jubilee Field in Ghana, in which we have a 35.48% working interest and which we operate on behalf of our partners Kosmos Energy, Anadarko Petroleum, Ghana National Petroleum Corporation and PetroSA. We are also the operator and hold a 47.18% working interest in the TEN fields in Ghana, working with the same joint venture partners as in the Jubilee field.

Going forward, we aim to achieve a more reliable and consistent operating performance and maintain improvement in operating margins. We have approached 2021 as a year of transition as we start to grow production back to sustainable levels and look to generate improved free cash flow. Through the combination of better operating performance, safe and reliable operations, active reservoir management and a rigorous focus on cost discipline, we believe we can improve our resilience to lower oil prices and drive higher margins and cash flows to fund our investments, navigate our debt maturities and reduce debt levels.

We have systematically screened opportunities across our entire producing asset base in West Africa and prioritized high-return, short-cycle and quick payback investments. As of December 31, 2020, the Jubilee and TEN fields accounted for total 2P Reserves and 2C Resources of 210.0 mmboe and 341.8 mmboe, respectively, and our non-operated producing assets in Côte d'Ivoire and Gabon, excluding the contributions of the asset held for sale in the Dussafu Disposal, accounted for total 2P reserves and 2C resources of 34.7 mmboe and 27.5 mmboe, respectively. Rigorous and disciplined capital allocation will be our fundamental guiding principle to consistently invest in these high-return opportunities, with a near-term target of investing at least 90% of our capital expenditure on our producing assets. In line with this primary, in April 2021 we commenced a multi-year, multi-well drilling campaign at the Jubilee and TEN fields.

In addition, our positions in emerging basins in South America and Kenya (with net contingent resources of 170.8 mmbbl as of December 31, 2020) present further opportunities to realize value. In Guyana and elsewhere in our emerging basins portfolio, we are working to better define the prospect inventory with our partners. Following the Government of Kenya's extension of our Block 10BB and 13T licenses to the end of 2021, we are reassessing the development with the aim of making it viable at low oil prices. Pursuant to the terms of our license extension, we and our joint venture partners are required to submit a technically and commercially compliant Field Development Plan ("**FDP**") with the Government of Kenya by December 31, 2021. For more information, see "*Our business—Main development assets—Kenya*." Our approach to realizing value in these assets requires an innovative approach that leverages our deep geoscience and engineering expertise.

Our headquarters are in London, and we have regional offices in Ghana and Kenya. As of December 31, 2020, following our reorganization, we had 410 employees, of whom approximately 52% were African nationals, and 63 contractors. For more information on our employees, see "*Our business—Employees*." Our ordinary shares are admitted to trading on the main markets of the London Stock Exchange, the Irish Stock Exchange and the Ghana Stock Exchange and we are a constituent of the FTSE 250 index.

Our strengths

We believe that the following key strengths differentiate us from our competitors.

High quality asset base with robust reserves and significant resource potential to support stable production

We maintain, and are continuing to develop, a high-quality portfolio of low cost, long life oil producing assets, which generate strong operating cash flows. Our operated producing assets in Ghana, the Jubilee and TEN fields, and our non-operated producing assets in Côte d'Ivoire and Gabon are located in proven petroleum systems and are underpinned by a large resource base with well-defined and profitable investment opportunities. We also have low underlying cash operating costs across our portfolio, with an average of $12.1/boe in the year ended December 31, 2020, allowing us to generate a significant cash margin at current oil prices.

There is significant value left to realize from our Ghanaian assets, with approximately 210.0 mmboe of commercial reserves and 341.8 mmboe of contingent resources as of December 31, 2020, of which 86% and 63%, respectively, are oil. Our two flagship operated assets in Ghana, the Jubilee and TEN fields, are high quality, low cost, long life producing assets, which as at December 31, 2020, had stock tank oil initially in place ("**STOIIP**") of 1,900 mmbbl and 1,100 mmbbl, respectively, and recovery factors of 16% and 8%, respectively, measured by taking gross historical production volume divided by STOIIP. We procured the Maersk Venturer rig to drill a multi-well program in Ghana which started in April 2021 for up to four years. We believe this program will stabilize and increase our production from both of our fields in Ghana. By focusing our activities on our West African producing assets, we believe we can capitalize on the expertise we have developed over several decades and establish economies of scale with respect to drilling, production, operating and administrative costs, thereby allowing us to grow our oil production in the medium term. Our assets in Ghana in particular are structurally advantaged, with the majority of the infrastructure already in-place and the ability to tie back wells to our existing subsea infrastructure and two Floating Production Storage and Offloading (“**FPSO**”) vessels with relatively low incremental capex and short investment cycles, yielding attractive returns. Across both Jubilee and TEN fields, we currently have 25 producing wells, as well as 18 water injection wells and four gas injection wells. Given the large inventory of compelling drilling opportunities, with over 50 future well opportunities identified across the Jubilee and TEN fields, as well as an improving outlook for oil and natural gas, we may consider accelerating the drilling program with a second rig.

Cash generation through low-cost production, operational improvements and cost reduction

Due to the light oil focused nature of our production and our control of underlying cash operating costs, we have historically achieved attractive cash margins from our producing assets. For the year ended December 31, 2020, difficult macroeconomic conditions reduced the average realized price per bbl from our oil sales but we still generated operating cash flow before working capital of $687.7 million in aggregate. During the three years ended December 31, 2020, we generated an aggregate operating cash flow before working capital of $3,272.2 million.

Despite the lower oil prices during 2020, we maintained our financial discipline, followed the recommendations of our business review, which concluded in February 2020, and decisively implemented capital investment reductions, cost savings measures and an organizational restructuring to materially lower our cash expenditure. Our capital investment reduced to $288.1 million in 2020 compared to $490.0 million in 2019, with $206.3 million invested in focused production and development activities and only $81.8 million invested in exploration and appraisal activities. We estimate that the organizational restructuring we implemented during 2020 will deliver a one-time reduction in our cost base resulting in cash cost savings of approximately $125.0 million per annum as compared to the year ended December 31, 2019, primarily through a reduction of our employee headcount by 53%, closing of our Dublin and Cape Town offices and outsourcing certain routine administrative activities. We have also centralized our finance function, allowing for greater standardization, a stronger control environment and quicker financial decision making.

We intend to continue focusing on operating efficiencies and costs in an effort to maintain strong margins even at low oil prices. Ultimately, we believe our high-quality investment portfolio and capital discipline will drive tangible, self-funded production growth, with strong cash flows to enable deleveraging.

Focus on capital discipline and deleveraging

We seek to secure value and generate liquidity through portfolio management activities by farming down or divesting our assets. In 2020 we sold our entire interests in Blocks 1, 1A, 2 and 3A in Uganda and the proposed East African Crude Oil Pipeline System for an initial cash consideration of $500.0 million. A further consideration of $75.0 million will be due when the Lake Albert Development Project and associated pipeline reach their respective final investment decisions, which are expected in 2021, as well as contingent payments payable after first oil is achieved and linked to production and global oil prices. The Uganda Disposal represents our exit from our licenses in Uganda after 16 years of operations in the Lake Albert basin. On March 31, 2021, we completed the Equatorial Guinea Disposal, which was the sale of the entire issued share capital of Tullow EG for $88.8 million of upfront cash consideration, with contingent payments determined by future oil production and price parameters capped at $16.0 million. Tullow EG held an undivided 14.25% participating interest relating to the development and production interests in an offshore license encompassing the Ceiba field and the Okume Complex. On February 9, 2021, we announced that we had signed a binding sale and purchase agreement pursuant to which Tullow Gabon has agreed to transfer its entire 10% undivided legal and beneficial interest in the Dussafu Marin Permit Exploration and Production Sharing contract in Gabon for an upfront cash consideration of $46.0 million (subject to adjustment and deduction), as well as contingent payments of up to $24.0 million linked to asset performance and oil price. Upon completion of the Dussafu Disposal, we will be entitled to deferred consideration of $5.0 million in respect of both the Equatorial Guinea Disposal and the Dussafu Disposal. See “*Presentation of financial and other information—Sale of assets.*”

Reducing our total net debt to deleverage our balance sheet continues to be a key objective. As of December 31, 2020, we had reduced our total net debt by $400.0 million compared to December 31, 2019 using the net proceeds from the Uganda Disposal and the free cash flow generated by our producing assets. Despite the volatility of oil prices and reduced levels of production in 2020, the Uganda Disposal enabled us to maintain a gearing ratio of 3.0x as of December 31, 2020 (up from 2.0x as of December 31, 2019). We believe that the

Transactions as well as the Equatorial Guinea Disposal and, upon completion the Dussafu Disposal, will provide us with the financial flexibility to carry out our new business plan and operating strategy and, in turn, both grow our cash flow and continue to reduce our total net debt.

Upside potential from success across the exploration, development and production lifecycle

We have developed a portfolio of assets through which we have established strong technical production performance, development of complex projects and exploration and appraisal success. As operator of our Ghanaian assets, we believe that we have demonstrated to host governments that we can effectively manage strategically important producing assets of material size and scale and maintain key collaborative relationships with our joint venture partners. In addition, we have established a strong track record as an experienced developer of assets as well, having brought both the Jubilee and TEN fields offshore Ghana to production, both within budget and on time. Our gross 2P Reserves Oil Recovery Targets for Jubilee and TEN fields is 34% and 20%, respectively, calculated by adding gross 2P Reserves to gross historical production divided by STOIIP. We have also driven growth through our exploration campaigns, which focus on finding light oil in commercial quantities in conventional geological formations and have resulted in major basin opening discoveries in Uganda (2006), Ghana (2007) and Kenya (2012). Our uptime performance in Ghana has increased from 91% in the year ended December 31, 2018 to 92% and then 98% in the years ended December 31, 2019 and 2020, respectively.

Our development prospects include Project Oil Kenya, the onshore development project in the South Lokichar Basin in Kenya, which as of December 31, 2020 had 170.8 mmbbls net estimated contingent resources. Following successful completion of the Early Oil Pilot Scheme ("**EOPS**") in 2020 and extension of two of our license blocks until December 31, 2021, a comprehensive review of the development concept is being completed to assess future strategic options.

We will aim to be disciplined and focused in our exploration activity going forward, supporting our established producing operations in West Africa through near-field and infrastructure-led exploration, and carefully evaluating how to realize potential from our exploration licenses.

Proven track record of operating in emerging markets

We have been active in emerging markets since acquiring our first interests in Senegal in 1986. In 2004, we acquired Energy Africa, marking the start of a strategic focus on acquiring, appraising and developing oil and gas fields across Africa and other emerging markets. We believe that our approach of developing collaborative working relationships with local communities, governments and regulators in our host countries has demonstrated our ability to effectively navigate and operate in these markets. For example, we have continued to successfully operate our assets in Ghana through five changes of government. We publicly support contract transparency and we believe our reputation provides a competitive advantage when bidding for new licenses.

We have a shared prosperity agenda through which we seek to engage positively with local communities, provide investment in healthcare, education, infrastructure development and environmental stewardship, as well as promote the security of our facilities and employees. We have sustained a social license to operate in Africa and South America by working to align our business with the national development priorities of our host countries. Between 2018 and 2020, approximately 20% to 30% of our supply chain expenditure has been with indigenous companies. We strive to support social and community investment in countries in which we have operations through our Socio-Economic Investment ("**SEI**") program. The SEI program is focused on implementing sustainable projects to help us manage the socio-economic impacts of our operations on those communities most affected by these activities. Since 2015, we have committed to supply at no charge to the Government of Ghana 200 bcf of wet gas from the Jubilee field 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 six million individuals with access to electricity since 2015. In addition, to impact mitigation projects, we also support strategic long-term SEI initiatives to ensure that host countries and neighbouring communities have access to as many lasting benefits as can be enabled through our in-country activities. These discretionary strategic investments are focused on education and developing local businesses and local skills to participate in the oil and gas industry and wider economy.

Proactive approach to safe, responsible and sustainable operations

We actively manage the safety of all personnel working in our operations, including through the application of health and safety standards, the implementation of security measures at our facilities and audits of health and safety risks. We manage our Environmental Health and Safety ("**EHS**") performance by measuring leading and lagging indicators in an EHS scorecard which our board of directors sets annually. One of the performance measures we track is lost time injury frequency, a recognized industry metric. We monitor our injury rates and benchmark them against industry averages published by the International Oil and Gas Producers Association. In 2020, our Kenyan and Ghanaian operations had no lost time injuries and no recordable injuries, representing excellent performance. See "*Our business—Sustainability—Health and Safety*." We investigate and document all health, safety and environmental issues which we are aware of, including lost time injuries, and track recommendations and actions to closure with management oversight via monthly "Safe and Sustainable Operations" meetings. Our internal key performance indicators track both investigation closure and action closure.

We strive to communicate openly and operate transparently and to demonstrate accountability and strong ethics, which we foster through our Code of Ethical Conduct and compliance training. Consistent with our commitment to revenue transparency and accountability, we were an early adopter of the EUR Accounting Directive, and we started publishing details of our financial payments to national governments in our Annual Report and Accounts in 2013. We also made a number of voluntary disclosures over and above the Directive.

Cash flows supported by robust hedging profile which will provide the opportunity to further reduce our debt

As part of our risk management program, we actively hedge our exposure to oil prices to provide strong price protection and support consistent cash flows while retaining access to the upside. As of the Issue Date, we will have hedged approximately 75% of our production entitlement for the remainder of 2021 with an average price floor of $46/bbl and approximately 18% of our production entitlement of 2022 with an average price floor of $41/bbl. We intend to add new hedges across 2022 to mid-year 2024, for approximately 75% of our production entitlement through to the second anniversary of the Issue Date and approximately 50% of our production entitlement from the second to the third anniversary of the Issue Date, targeting a price floor of $55/bbl for our new hedges while continuing to allow upside participation to oil prices. Once these new hedges are in place, we expect our hedging program will protect approximately 41 mmbbls of our production entitlement through to the third anniversary of the Issue Date, and we believe this hedging program could protect up to approximately $2.0 billion of revenue, calculated as 41 mmbbls hedged multiplied by an assumed price floor of $55/bbl, and assuming an oil price of zero. Within two weeks of the Issue Date, we intend to have 50% of the new hedges in place, with a further 25% in place by the date falling 90 days after the Issue Date and the final 25% in place by December 31, 2021.

Management team with decades of industry experience

Our senior management team has significant oil and gas experience and a strong track record of delivering growth based on identifying organic and acquisition opportunities. The executive directors on our board of directors have extensive oil and gas knowledge and together have more than 70 years of industry experience. Our Chief Executive Officer, Rahul Dhir brings substantial leadership experience in the oil and gas industry, having founded Delonex Energy, an Africa-focused oil and gas company, in 2013 and having spent six years as Chief Executive Officer and Managing Director at Cairn India. Our Chief Financial Officer, Les Wood, has extensive industry knowledge having gained international oil and gas experience working at BP for 28 years, holding a variety of senior roles including chief financial officer for BP plc Canada and BP plc Middle East, as well as being the global head of business development.

The non-executive directors on the board bring a broad range of oil and gas industry specific business, financial and commercial experience, which we believe is vital to managing an international company. We believe that our leadership team, with its experience and proven track record, provides a strong platform to deliver sustainable performance and long-term growth.

Our strategy

Our purpose is to build a better future through responsible oil and natural gas development and to create a resilient, self-funded business. As part of our ten year plan, we aim to invest substantially over the next decade, generating significant revenues for our host countries, creating local business opportunities, providing a compelling proposition for investors and being a great place to work for our staff. In recognition of the necessary energy transition under way and peaking of oil demand, we believe the only barrels that will be competitive are those that are low cost and produced in a safe and environmentally and socially responsible manner.

We are focusing on low cost production as well as near-field and infrastructure-led opportunities in developing countries. We aim to achieve this through continued improvement of our operating performance to sustain low-cost production and drive cash flows, implementing capital and cost discipline in a refocused and defined investment portfolio, managing our capital structure by driving our gearing ratio down and addressing debt maturities and realizing value through revised development concepts and accretive asset sales.

Allocate capital to high return, short cycle development opportunities

Our new business plan and operating strategy is focused on the substantial potential within the large resource base associated with our producing assets and particularly at the Jubilee and TEN fields where there is already extensive infrastructure in place.

- In Ghana, we have a significant resource base across the Jubilee and TEN fields, with these two fields accounting for estimated commercial reserves and contingent resources of 210.0 mmboe and 341.8 mmboe, respectively, as of December 31, 2020. Near-field opportunities present significant upside with low cost. The average water injection rate for Jubilee for the years ended December 31, 2018, 2019 and 2020 was approximately 128 kbw/d, 145 kbw/d and 158 kbw/d, respectively. We have contracted with Maersk Drilling for the deep water drillship Maersk Venturer for a multi-year, multi-well drilling program. In 2021, the rig is expected to drill and complete four wells in total, consisting of two Jubilee production wells, one Jubilee water injection well and one TEN gas injection well to provide pressure support to two Ntomme oil production wells. We anticipate that greater water injection volumes will sustain reservoir pressure and improve sweep efficiency.

- We are targeting additional material value in Ghana by improving gas offtake performance. Higher gas export improves reservoir management, enhances oil production and reduces emissions. In 2020, we saw record levels of gas export build up. We aim to improve gas offtake performance through targeted interventions to improve facilities reliability, continued stabilization of onshore gas demand and increasing alignment with the Government on Ghana on projected gas offtake. In first half of 2019, the second half of 2019, the first half of 2020 and the second half of 2020, the average gas offtake rate was 44 mmscf/d, 73 mmscf/d, 65 mmscf/d and 110mmscf/d, respectively. Going forward, we aim to maintain gas performance with sustained facilities uptime and debottlenecking gas handling capacity on the Jubilee FPSO.

- We aim to drive future drilling costs down significantly through simplified well design and reduced completion complexity, improved rig reliability through enhanced maintenance assurance, integrated planning across subsurface, drilling and projects teams and advanced alignment with joint venture partners on well targets. Between 2018 and 2020, our average drilling cost per well on a gross basis, normalized for 2021 rig rates, was $76.0 million, which has been reduced to approximately $60.0 million as of the date of this Offering Memorandum. We continue to target improvements.

- We have systematically screened near-field opportunities across our producing asset base in West Africa and high-graded high-return, short-cycle and quick payback investments. We have identified economies of scale and will need minimal additional infrastructure in order to achieve a high return on investment. We have so far high-graded more than 60 investments requiring minimal additional infrastructure, including 50 investments in Ghana, two investment campaigns in Côte d'Ivoire and eight investments in Gabon. We believe these high-graded investments could deliver substantial returns on investment assuming oil prices do not deteriorate significantly from current levels. We may add to this inventory as we mature further investment opportunities. In addition, our strong geoscience and subsurface skills will help us to maximize recovery and add additional resources which we believe will provide further value from our production base.

- Rigorous and disciplined capital allocation will be our fundamental guiding principle so that we are able to consistently invest in high return opportunities, as appropriate. We allocated 60% and 80% of our capital expenditure to our producing assets in 2019 and 2020, respectively, and we are targeting an allocation of over 90% of our capital expenditure to our producing assets in the medium term. Our net capital expenditure in 2020 totalled $288.1 million split across Ghana ($123.0 million), our non-operated fields ($58.0 million), Kenya ($26.0 million) and exploration ($81.0 million) and we aim to carefully manage our net capital expenditure in 2021 in response to the volatile oil market environment.

Maintain a disciplined approach to financial management and a strong balance sheet

We aim to have a conservative financial profile and strong balance sheet with ample liquidity. Debt reduction and active management of our debt maturities will remain a priority, with portfolio action remaining central to delivering a more conservative capital structure. The combination of the Uganda Disposal and the Equatorial Guinea Disposal as well as the pending Dussafu Disposal, represent the first significant steps in raising material proceeds from portfolio management in order to further streamline our business and reduce total net debt in line with our strategic objectives. See "*Presentation of financial and other information—Sale of assets*."

We also suspended our dividend payment in December 2019 and did not pay an interim dividend in 2020. We further announced that we would not pay a full year dividend for the year ended December 31, 2020 in order to preserve cash and that the dividend will continue to be suspended until we have further reduced debt and strengthened our balance sheet.

As part of our prudent risk management program, we actively hedge our exposure to oil prices on a graduated rolling basis to provide strong price protection and support consistent cash flows for our business. Liquidity risk will continue to be monitored closely through cash flow forecasts and sensitivity analyses. We will also continue to manage credit risk by assessing the creditworthiness of potential counterparties before entering into transactions with them and by continuing to evaluate their creditworthiness after transactions have been initiated.

We maintain insurance policies that we believe are in line with customary industry practice in the jurisdictions where we do business and we also procure business interruption insurance to protect against loss of production from our material assets. In the years ended December 31, 2018, 2019 and 2020, we continued to issue insurance claims in respect of the Jubilee Turret Remediation Project and recorded insurance proceeds of $310.8 million, $123.8 million and $24.8 million in each of those years, respectively, under our Business Interruption and Hull and Machinery policies. See "*Presentation of financial and other information*," "*Risk Factors—Risks relating to our business—Our insurance coverage may not be adequate for covering all losses arising from potential operational hazards and unforeseen interruptions*," and "*Our business—Significant factors affecting results of operation—Insurance*."

Deliver near-field exploration and appraisal success to add oil reserves and resources

We plan to build on our exploration and appraisal successes in Ghana, Uganda and Kenya by continuing to explore for oil in conventional geological core plays where we have proven expertise. Our new business plan and operating strategy involves a particular focus on exploring close to existing infrastructure as well as infill drilling within our current developments and, as such, we aim to focus a significant portion of our capital investment on our West African producing licenses in the coming years.

We believe we have attractive opportunities to realize value in Kenya and South America. These require an innovative approach and a deep geoscience and engineering expertise but do not require significant capital investment in the evaluation phase. In Kenya, we are in the process of re-assessing Project Oil Kenya to design a project that would be economic at low oil prices while preserving the phased development concept. In South America, we have substantial acreage in Argentina, Suriname and Guyana and are currently working to generate value through prospect identification and maturation.

Notwithstanding our intention to reduce our leverage and our focus on organic growth, we may also selectively consider acquisition opportunities as and when they arise. We may choose to pursue selective acquisition opportunities that fit our core competencies and value creation objectives while continuing to focus on prudent financial risk management.

Environmental stewardship

While we are focused on the immediate challenges facing Tullow, we know that we must consider the wider context in which we operate and, in particular, the impact of climate change. We support the goals of the Paris Agreement negotiated at the 2015 United Nations Conference on Climate Change (the "**Paris Agreement**"). In April 2020, we published our Climate Policy, which formalized our support for the goals of Article 2 of the Paris Agreement to hold the increase to the global average temperature to below 2˚C. We have therefore committed to a long-term ambition of becoming a Net Zero Company in relation to our Scope 1 and 2 emissions (per the GHG Protocol Corporate Standard). We aim to accomplish this target through a combination of decarbonizing our operated assets in Ghana and pursuing a nature-based carbon removal program. Investment in decarbonization projects over the next three years will result in an increased gas handling capacity on Jubilee and enable process modifications on TEN, which will support our goal of eliminating routine flaring in Ghana by 2025. To offset our residual hard-to-abate carbon emissions, work is under way to identify nature-based carbon removal projects such as reforestation, afforestation and conservation that we may invest in to achieve our Net Zero ambition. We will also seek to align our carbon offset strategy with government priorities, emerging regulation on Article 6 of the Paris Agreement and our shared prosperity strategy, focused on creating socioeconomic opportunities for our host communities.

Recent Developments

Recent trading

Based on preliminary management estimates, our performance through to March 31, 2021 is in line with our expectations.

The preliminary information is based on internal management estimates and has been prepared under the responsibility of our management, and has not been prepared in accordance with IFRS. This preliminary information has not been audited, reviewed or verified, and no procedures have been completed by our external auditors with respect thereto. It is not intended to be a comprehensive statement of our financial or operational results for the three months ended March 31, 2021, and you should not place undue reliance thereon.

Ghana operations

On February 16, 2021, we executed a four-year drilling contract with Maersk Drilling for the deep-water drillship Maersk Venturer. Work relating to the contract commenced on April 6, 2021 and will cover development drilling on the Jubilee and TEN fields offshore Ghana. In 2021, the rig is expected to drill and complete four wells in total, consisting of two Jubilee production wells, one Jubilee water injection well and one TEN gas injection well to provide pressure support to two Ntomme oil production wells.

The final phase of the Jubilee Turret Remediation Project was completed in March 2021 with the installation of a Catenary Anchor Leg Mooring ("**CALM**") buoy to assist with offloading. The CALM buoy and one of two offloading lines were installed at the end of 2020 and were fully commissioned in early 2021. Finally, we have a planned shutdown for maintenance on the Jubilee FPSO in the second half of 2021, which we expect to have a negative impact on production.

Disposals

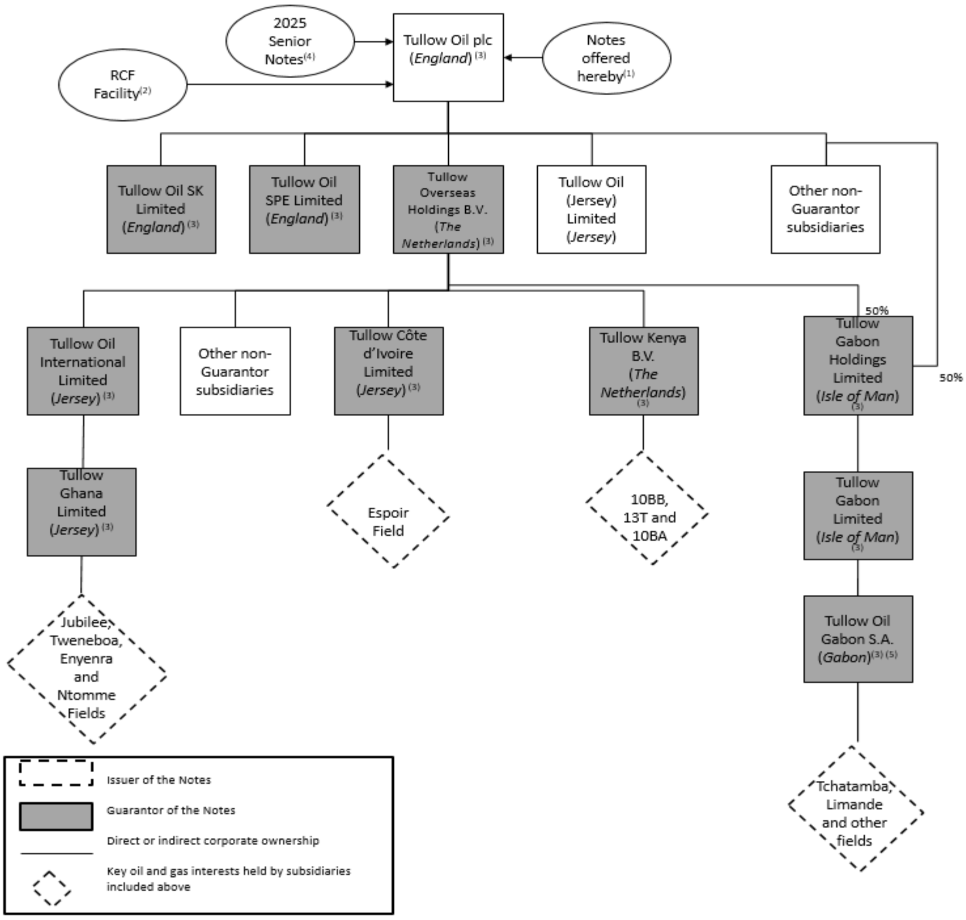
On March 31, 2021, we completed the Equatorial Guinea Disposal, which was the sale of the entire issued share capital of Tullow EG to a subsidiary of Panoro Energy ASA in exchange for upfront cash consideration at completion of $88.8 million, as well as contingent payments determined by future oil production and price parameters. Tullow EG held an undivided 14.25% participating interest in and relating to the development and production interests in two offshore licenses, encompassing the Ceiba field and the Okume Complex in Equatorial Guinea. Upon completion of the Dussafu Disposal, an additional $5.0 million of contingent consideration is payable on the basis that both the Equatorial Guinea Disposal and the Dussafu Disposal complete. For more information on the commercial reserves, contingent resources and recent production associated with these assets, see "*Presentation of financial and other information—Sale of assets*."

On February 9, 2021, we announced a sale and purchase agreement pursuant to which Tullow Oil Gabon SA agreed to transfer the entirety of our 10% undivided legal and beneficial interest in the Dussafu Marin Permit

Exploration and Production Sharing contract and our corresponding rights and assets to Pan Petroleum Gabon B.V. for cash consideration of $46.0 million (subject to adjustment and deduction) and additional contingent payments of up to $24.0 million. Prior to executing the Dussafu Disposal sale and purchase agreement, we and our joint venture partners had entered into a settlement agreement concerning our payment to BW Energy and our joint venture partners of $9.4 million, and a corresponding cost recovery entitlement assignment to us for the same amount. Completion of the settlement and the assignment of the cost recovery entitlement are subject to approval from the Government of Gabon. Pursuant to the terms of the Dussafu Disposal sale and purchase agreement, the parties have agreed that we will retain $5.0 million of the liability for the settlement amount (of which $1.0 million may be reimbursed by Pan Petroleum Gabon B.V. subject to certain conditions being met after completion of the Dussafu Disposal). Completion of the Dussafu Disposal remains subject to several conditions including approval from the Government of Gabon and from BW Energy, including to release and terminate the pledge running in its favor over certain of the assets to be disposed. For more information on the commercial reserves, contingent resources and recent production associated with these assets, see "*Presentation of financial and other information—Sale of assets*" and for more information on the risks related to this potential sale, see "*Risk Factors—We may be unable to sell assets on commercially acceptable terms or in a timely manner and may be required to retain liabilities for certain matters*" and "*Risk Factors—The conditions required for receipt of contingent consideration may not be met*."

Corporate structure and certain financing arrangements

The following chart shows a simplified summary of our corporate and financing structure after giving effect to the Transactions and the Equatorial Guinea Disposal. See "*Capitalization*." The chart does not include all of our subsidiaries or all of the debt obligations thereof. Unless otherwise indicated, the subsidiaries included in the simplified structure below are directly or indirectly wholly-owned by Tullow Oil plc. Our legal interests in our assets vary based on our contractual arrangement with our joint venture partners and the relevant licenses and related agreements. For a description of our interests in certain assets, see "*Our business—Overview of our assets*." For a summary of the debt obligations identified in this diagram, see "*Description of notes,*" "*Description of certain financing arrangements*" and "*Capitalization.*"



(1) The Notes offered hereby will be senior secured debt of the Company ranking *pari passu* in right of payment with all existing and future obligations of the Company that are not expressly contractually subordinated in right of payment to the Notes, including under the Revolving Credit Facility, certain hedging obligations and the 2025 Senior Notes Indenture. The Notes will be structurally subordinated to all existing and future obligations of the Company's subsidiaries that do not guarantee the Notes, including any trade payables and letters of credit issued by such subsidiaries. The Notes will benefit from senior secured Note Guarantee by certain of our subsidiaries. The Notes and the Guarantees will be secured by first-priority liens over the Note Collateral but will receive proceeds from enforcement of security over the Collateral only after certain obligations, including lenders under the Revolving Credit Facility and counterparties to certain hedging obligations, have been paid in full, each Note Guarantee will be a general senior obligation of the relevant guarantor and will be (i) be *pari passu* in right of payment with all existing and future indebtedness of such Guarantor that is not subordinated in right of payment to such Note Guarantee, including its obligations under the Revolving Credit Facility and (ii) be senior in right of payment to all existing and future indebtedness of such Guarantor that is subordinated in right of payment to such Note Guarantee, including the guarantees of the 2025 Senior Notes. As of and for the year ended December 31, 2020, the Guarantors represented 92.9% of the Company and its subsidiaries' consolidated sales revenue, 97.4% of the Company and its subsidiaries consolidated property, plant and equipment fixed assets and 96.2% of the Company and its subsidiaries' 2P reserves. These percentages are unadjusted for Equatorial Guinea Disposal which occurred subsequent to year-end and accounts for the majority of non-Guarantor revenues and non-Guarantor plant, property and equipment and the entirety of non-Guarantor 2P Reserves as of December 31, 2020.

(2) In connection with the Transactions, we will enter into a Revolving Credit Facility, which will provide for aggregate borrowings of up to \$600.0 million, comprised of (i) a \$500.0 million revolving credit facility and (ii) a \$100.0 million letter of credit facility and will be secured by first-priority security interests in the Collateral and guaranteed by the same entities that will guarantee the Notes. We

expect the revolving credit facility will be undrawn on the Issue Date. For a description of the Revolving Credit Facility, see "*Description of certain financing arrangements—Senior secured revolving credit facilities*."

(3) The obligations of the Company and the Guarantors under the Indenture and the Revolving Credit Facility will be secured by first-priority security interests over the following assets: (a) on the Issue Date, (i) the capital stock of Tullow Overseas Holdings BV, Tullow Oil SK Limited and Tullow Oil SPE Limited, (ii) charges over certain accounts of Tullow Oil plc, (iii) assignments of certain hedging agreements and insurance policies of Tullow Oil plc and (iv) a floating charge over all assets of Tullow Oil plc (together, the "**Initial Collateral**"), and (b) within 90 days of the Issue Date, (i) the capital stock of certain of Tullow Côte d'Ivoire Limited, Tullow Oil International Limited, Tullow Oil Gabon S.A., Tullow Kenya B.V., Tullow Gabon Holdings Limited and Tullow Gabon Limited; (ii) certain material intercompany subordinated debt owing by certain Guarantors and members; (iii) fixed charges and bank account pledge agreements over certain accounts, assignments of certain hedging agreements and insurances and floating charges over all other assets of Tullow Oil SK Limited and Tullow Oil SPE Limited; and (iv) charges over accounts of Tullow Oil SK Limited, Tullow Overseas Holdings BV, Tullow Oil SPE Limited, Tullow Oil Gabon S.A., Tullow Ghana Limited, and Tullow Côte d'Ivoire Limited (the "**Post-Closing Collateral**", together with the Initial Collateral, the "**Collateral**"); *provided* that the requirement for a pledge over capital stock of Tullow Oil Gabon S.A. may be extended to 120 days after the Issue Date, subject to certain conditions. See "*—The Offering—Security*" and "*Description of notes—Security*." Pursuant to the terms of the Intercreditor Agreement, any liabilities in respect of obligations under the Revolving Credit Facility and certain hedging obligations will have priority relative to liabilities in respect of obligations under the Notes in relation to proceeds received upon enforcement action over the Collateral. Any remaining proceeds received upon any enforcement action over any Collateral will be applied *pro rata* to the repayment of all obligations under the Indenture, including the Notes, and any other senior secured indebtedness of the Company and the Guarantors permitted to be incurred and secured by the Collateral pursuant to the Indenture and the Intercreditor Agreement. The validity and enforceability of the Guarantees and the liability of the Guarantors will be subject to the limitations described in "*Limitations on validity and enforceability of the Security and the Guarantees and certain insolvency law considerations.*"

(4) The 2025 Senior Notes represent $800.0 million aggregate principal amount of the Company's 7% Senior Notes due 2025 issued on March 16, 2018. The 2025 Senior Notes are guaranteed on a senior subordinated basis by the Guarantors and will mature on March 1, 2025. See "*Description of other indebtedness—2025 Senior Notes*."

(5) On February 9, 2021, we announced a sale pursuant to which Tullow Oil Gabon SA agreed to transfer its entire 10% undivided legal and beneficial interest in the Dussafu Marin Permit Exploration and Production Sharing contract in Gabon to Pan Petroleum Gabon B.V. for cash consideration of $46.0 million (subject to adjustment and deduction) and additional contingent payments of up to $24.0 million. While we intend to complete this sale in the first half of 2021, the sale and purchase agreement is subject to a number of conditions that are outside of our control, including consent from the government of Gabon and certain joint venture partners. *See* "*Risk Factors—We may be unable to sell assets on commercially acceptable terms or in a timely manner and may be required to retain liabilities for certain matters*" and "*Risk Factors—The conditions required for receipt of contingent consideration may not be met.*"

The offering

The following is a brief summary of certain terms of this offering of Notes. It is not intended to be complete and it is subject to important limitations and exceptions. Accordingly, it may not contain all the information that is important to you. For additional information regarding the Notes and the Note Guarantees, see "*Description of notes*."

Issuer	Tullow Oil plc, incorporated as a public limited company under the laws of England and Wales (the "**Company**").
Notes offered	$1,800.0 million aggregate principal amount of 10¼% Senior Secured Notes due 2026 (the "**Notes**").
Issue date	On or about May 17, 2021.
Issue price...	100.000% (plus accrued and unpaid interest from the Issue Date).
Maturity date	May 15, 2026.
Interest payment dates	We will pay interest on the Notes semi-annually in arrears on May 15 and November 15, beginning November 15, 2021. Interest will accrue from the Issue Date.
Form and denomination.......................	The Company will issue the Notes on the Issue Date in global registered form in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof maintained in book entry form. Notes in denominations of less than $200,000 will not be available.
Ranking of the Notes	The Notes will be:

- general senior obligations of the Company;
- secured by first-priority liens or security interests over the Collateral, but will receive proceeds from enforcement of security over the Collateral only after certain obligations, including lenders under the Revolving Credit Facility and counterparties to certain hedging obligations, have been paid in full, as described below under "*—Security*";
- *pari passu* in right of payment with all existing and future indebtedness of the Company that are not expressly contractually subordinated in right of payment to the Notes, including indebtedness incurred under the Revolving Credit Facility and the 2025 Notes Indenture;
- senior in right of payment to all existing and future obligations of the Company that are subordinated in right of payment to the Notes;
- effectively subordinated to all existing and future secured obligations of the Company and its Restricted Subsidiaries, to the extent of the value of the property and asset securing such obligations, unless such assets also secure the Notes on an equal and ratable or senior basis;
- structurally subordinated to all existing and future obligations of the Company's Restricted Subsidiaries that do not guarantee the Notes, including any trade payables and letters of credit issued by such Restricted Subsidiaries; and

- guaranteed on a senior basis by the Guarantors, subject to limitations under applicable law as set forth under "—*Note Guarantees*" on a senior secured basis.

The Notes will be subject to the terms of the Intercreditor Agreement. See "*Description of other indebtedness—Intercreditor Agreement*."

Guarantors .... The Notes will be guaranteed on the Issue Date on a senior secured basis (the "**Note Guarantees**") by the same entities that guarantee the Revolving Credit Facility and the 2025 Senior Notes: Tullow Côte d'Ivoire Limited, Tullow Oil SPE Limited, Tullow Ghana Limited, Tullow Oil Gabon S.A., Tullow Oil International Limited, Tullow Kenya B.V., Tullow Oil SK Limited, Tullow Overseas Holdings B.V., Tullow Gabon Holdings Limited and Tullow Gabon Limited (collectively, the "**Guarantors**").

On a *pro forma* basis after giving effect to the Transactions, as of and for the year ended December 31, 2020, the Guarantors represented 92.9% of the Company and its Restricted Subsidiaries' consolidated sales revenue, 97.4% of the Company and its Restricted Subsidiaries' consolidated property, plant and equipment fixed assets and 96.2% of the Company and its Restricted Subsidiaries' 2P reserves. These percentages are unadjusted for the Equatorial Guinea Disposal which occurred subsequent to year-end and accounts for the majority of non-Guarantor revenues and non-Guarantor property, plant and equipment and the entirety of non-Guarantor 2P reserves as of December 31, 2020. On a *pro forma* basis after giving effect to the Transactions, as of December 31, 2020, the non-Guarantor subsidiaries of the Company had no financial indebtedness (excluding intercompany indebtedness).

Although the Indenture governing the Notes will contain limitations on the amount of additional indebtedness the Company and its Restricted Subsidiaries will be allowed to incur, the amount of such additional indebtedness could be substantial.

The obligations of each Guarantor under its Note Guarantee will be limited to an amount that can be guaranteed under applicable laws, and will not apply to the extent a Note Guarantee would be illegal or unenforceable under applicable local and bankruptcy laws. See "*Risk factors—Risks related to the Notes and our structure—Each Note Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defences that may limit its validity and enforceability*" and "*Limitations on validity and enforceability of the Security and the Guarantees and certain insolvency law considerations.*"

Ranking of the Note Guarantees .... Each Note Guarantee will be a general senior obligation of the relevant Guarantor and will be:

- secured by first-priority liens over the Collateral, but will receive proceeds from enforcement of security over the Collateral only after certain obligations, including lenders under the Revolving Credit Facility and counterparties to certain hedging obligations, have been paid in full, as described below under "—*Security*";

- *pari passu* in right of payment with all existing and future indebtedness of such Guarantor that is not subordinated in right of payment to such Note Guarantee, including obligations under the Revolving Credit Facility;

	• senior in right of payment to all existing and future indebtedness of such Guarantor that is subordinated in right of payment to such Note Guarantee, including guarantees of the 2025 Senior Notes; • effectively subordinated to all existing and future secured obligations of that guarantor, to the extent of the value of the property and assets securing such obligations, unless such assets also secure such Note Guarantee on an equal and ratable or senior basis. The Note Guarantees will be subject to the terms of the Intercreditor Agreement. See "*Description of other indebtedness—Intercreditor Agreement*."
Security..	On the Issue Date, the Notes and the Note Guarantee will be secured by contractual first priority Liens over the following assets (together, the "**Initial Collateral**"): (i) the capital stock of Tullow Overseas Holdings BV, Tullow Oil SK Limited and Tullow Oil SPE Limited, (ii) charges over certain accounts of Tullow Oil plc, (iii) assignments of certain hedging agreements and insurance policies of Tullow Oil plc and (iv) a floating charge over all assets of Tullow Oil plc. Within 90 days of the Issue Date, the Notes and the Note Guarantee will be secured by contractual first priority Liens over the following assets : (i) the capital stock of Tullow Côte d'Ivoire Limited, Tullow Oil International Limited, Tullow Oil Gabon S.A., Tullow Kenya B.V., Tullow Gabon Holdings Limited and Tullow Gabon Limited (ii) certain material intercompany subordinated debt owing by certain Guarantors; (iii) fixed charges and bank account pledge agreements over certain accounts, assignments of certain agreements and floating charges over all other assets of Tullow Oil SK Limited and Tullow Oil SPE Limited; and (iv) charges over accounts of Tullow Oil SK Limited, Tullow Overseas Holdings BV, Tullow Oil SPE Limited, Tullow Oil Gabon S.A., Tullow Ghana Limited, and Tullow Côte d'Ivoire Limited (together, the "**Post-Closing Collateral**" and, together with the Initial Collateral, the "**Collateral**"), *provided* that the requirement that the Notes and the Note Guarantees be secured by contractual first priority Liens in respect of capital stock held by Tullow Gabon Limited in Tullow Oil Gabon S.A. may be automatically extended to the date falling 120 days after the Issue Date, subject to certain conditions. If the provision of the Collateral is impracticable or inadvisable, however, due to disruptions caused by or in relation to the 2020 novel coronavirus outbreak, the date(s) by which the Post-Closing Collateral are required to secure the Notes and the Note Guarantees shall be deemed to be extended until such time as the provision of such Collateral becomes practicable. The Collateral may be limited by applicable law or subject to certain defences that may limit their validity and enforceability. For more information on the security interests granted, see "*Description of notes—Security*" and for more information on the potential limitations to the security interests, see "*Limitations on validity and enforceability of the Security and the Guarantees and certain insolvency law considerations*" and "*Risk Factors—Risks related to the Notes.*"
Intercreditor Agreement.......................	Pursuant to the Intercreditor Agreement, the first priority security interests securing the Notes and the Note Guarantees are contractually deemed to rank equally with the security interests that secure (but only

	to the extent that such security is expressed to secure those liabilities) (i) obligations under the Revolving Credit Facility, (ii) certain obligations under hedging arrangements and (iii) certain other future indebtedness permitted to be incurred under the Indenture. Such security interests are, or will be, evidenced by security documents for the benefit of (whether directly or through the Security Agent) the holders of the Notes, the lenders under the Revolving Credit Facility, certain hedging arrangements and/or the holders of certain other future indebtedness permitted to be incurred under the Indenture. Under the terms of the Intercreditor Agreement, subject to certain conditions, in the event of acceleration of the Revolving Credit Facility or the Notes, amounts recovered in respect of the Notes, including from the enforcement of the Note Guarantees or the Collateral, will be required to repay indebtedness in respect of the Revolving Credit Facility, certain hedging arrangements and certain future indebtedness permitted under the terms of the Indenture and the Intercreditor Agreement *pari passu* with the Revolving Credit Facility and certain hedging obligations in priority to the Notes, following the payment of fees and expenses of the agent under the Revolving Credit Facility, the Trustee and the Security Agent (and any receiver or delegate) and any fees and expenses of any other creditor representative of future indebtedness permitted under the terms of the Indenture to benefit from such security interests.
Additional amounts	All payments made by us under or with respect to the Notes or by any of the Guarantors with respect to any Note Guarantee will be made free and clear of and without withholding or deduction for taxes unless required by law. If we or any Guarantor is required by law to withhold or deduct for taxes imposed by any relevant taxing jurisdiction with respect to a payment to the holders of Notes, we or such Guarantor, as applicable, will pay the additional amounts necessary so that the net amount received by the holders of Notes after such withholding or deduction is equal to the amount that they would have received in the absence of such withholding or deduction, subject to certain exceptions. See "*Description of notes—Additional amounts.*"
Optional redemption for tax reasons	In the event of certain developments affecting taxation we may redeem the Notes in whole, but not in part, at any time upon giving prior notice, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to, but excluding, the date of redemption. See "*Description of notes—Redemption for changes in taxes.*"
Original issue discount..........................	The Notes may be issued with original issue discount ("**OID**") for U.S. federal income tax purposes. In such event, a holder subject to U.S. federal income tax will generally be required to include such OID in gross income (as ordinary income) as it accrues (on a constant yield to maturity basis) for U.S. federal income tax purposes in advance of the receipt of cash payments to which such OID is attributable and regardless of the holder's regular method of accounting for U.S. federal income tax purposes. See "*Taxation—Certain U.S. federal income tax considerations—Original issue discount.*"
Optional redemption	Prior to May 15, 2023 the Company may redeem all or part of the Notes at a redemption price equal to 100% of the principal amount of such Notes redeemed, plus accrued and unpaid interest, if any, to, but

	excluding, the redemption date, plus a "make whole" premium, as described under "*Description of notes—Optional redemption.*" In addition, on or prior to May 15, 2023 the Company may redeem up to 35% of the original principal amount of each of the Notes with the net cash proceeds from specified equity offerings at a redemption price equal to 110.25% of the principal amount thereof plus accrued and unpaid interest, if any, to, but excluding, the redemption date, provided that at least 65% of the original principal amount of the Notes remain outstanding after the redemption. See "*Description of notes—Optional redemption.*" We may redeem the Notes on or after May 15, 2023 in whole or in part, at our option at the redemption prices as described under "*Description of notes—Optional redemption.*"
Mandatory Prepayments......................	On May 15 of each of the Company's fiscal years beginning with the fiscal year ending December 31, 2022, the Company shall prepay $100.0 million of the outstanding principal amount of the Notes (plus accrued and unpaid interest, if any, in respect of the Notes prepaid) at a prepayment price equal to 100% of the aggregate principal amount of Notes redeemed. See "*Description of Notes—Mandatory prepayments; No sinking fund*."
Change of control.................................	Upon the occurrence of certain change of control events, the Company will be required to offer to repurchase the Notes at a purchase price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest, if any, to the date of the purchase. See "*Description of notes—Repurchase at the option of holders—Change of control*."
Certain covenants	The Indenture will limit, among other things, the ability of the Company and its restricted subsidiaries to: • incur additional debt and issue guarantees and preferred stock; • make certain payments, including dividends and other distributions, with respect to outstanding share capital; • repay or redeem subordinated debt or share capital; • create or incur certain liens; • impose restrictions on the ability of subsidiaries to pay dividends or other payments to the Company; • make certain investments or loans; • sell, lease or transfer certain assets, including shares of any restricted subsidiary of the Company; • guarantee certain types of other indebtedness of the Company or its restricted subsidiaries without also guaranteeing the Notes; • expand into unrelated businesses; • merge or consolidate with other entities, or make certain asset sales; and • enter into certain transactions with affiliates.

	Each of the covenants is subject to a number of important exceptions and qualifications. See "*Description of notes—Certain covenants.*"
Use of proceeds....................................	The proceeds from the sale of the Notes will be used, together with cash on hand, to (i) repay all amounts outstanding under, and cancel all commitments made available pursuant to, the RBL Facility, (ii) at maturity, repay in full and cancel the 2021 Convertible Bonds, (iii) redeem in full the 2022 Senior Notes and (iv) to pay fees and expenses incurred in connection with the Transactions. See "*Use of proceeds.*"
Transfer restrictions.............................	The Notes and the Note Guarantees have not been, and will not be, registered under U.S. federal or state or any foreign securities laws. The Notes are subject to restrictions on transfer and may not be offered or sold except pursuant to an exception from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. See "*Notice to investors.*"
No prior market	The Notes will be new securities for which there is no market. Although the Initial Purchasers have informed the Company that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market making at any time without notice. Accordingly, the Company cannot assure you that an active trading market for the Notes will develop or be maintained.
Governing law	The Notes, the Note Guarantees and the Indenture will be governed by New York law. The Guarantee Subordination Agreement, the Revolving Credit Facility and the Intercreditor Agreement will be governed by the laws of England and Wales. The documents granting the Collateral securing the Notes and the Note Guarantees will be governed by applicable local law.
Listing	Application will be made to admit the Notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF in accordance with the rules thereof. There can be no assurances that the Notes will be listed on the Official List of the Luxembourg Stock Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained.
Trustee	Deutsche Trustee Company Limited.
Registrar, Transfer Agent and Principal Paying Agent	Deutsche Bank Trust Company Americas.
London Paying Agent	Deutsche Bank AG, London Branch.
Listing Agent...	Deutsche Bank Luxembourg S.A.
Risk Factors	Investing in the Notes involves substantial risks. You should consider carefully all the information in this Offering Memorandum and, in particular, you should evaluate the specific risk factors set forth under "*Risk factors*" before making a decision.

Summary historical financial data

The following tables present our summary consolidated financial data. The financial statement data presented as of and for the years ended December 31, 2018, 2019 and 2020 has been derived from our audited consolidated financial statements included elsewhere in this Offering Memorandum.

The financial statement data set forth in the following tables should be read in conjunction with "*Presentation of financial and other information,*" "*Use of proceeds,*" "*Capitalization,*" "*Selected financial data,*" "*Management's discussion and analysis of financial condition and results of operations,*" and our audited consolidated financial statements and related notes. Historical results may not necessarily be indicative of results that may be expected for any future period.

Consolidated Income Statement Data

	Year ended December 31,		
(in millions of $)	**2018[(1)]**	**2019**	**2020**
Sales revenue	1,859.2	1,682.6	1,396.1[(2)]
Other operating income – lost production insurance proceeds	188.4	42.7	——
Cost of sales	(966.0)	(966.7)	(993.6)
Gross profit	**1,081.6**	**758.6**	**402.5**
Administrative expenses	(90.3)	(111.5)	(86.7)
Gain/(loss) on disposal[(3)]	21.3	6.6	(3.4)
Exploration costs written off[(4)]	(295.2)	(1,253.4)	(986.7)
Restructuring costs and provisions for onerous contracts	(170.8)	(4.2)	(92.8)
Impairment of property, plant and equipment, net[(5)]	(18.2)	(781.2)	(250.6)
Operating profit/(loss)	**528.4**	**(1,385.1)**	**(1,017.7)**
Profit/(Loss) from continuing activities before tax	260.5	(1,653.4)	(1,273.4)
Profit/(Loss) for the year from continuing activities	85.4	(1,694.1)	(1,221.5)

Consolidated Balance Sheet Data

	As of December 31,		
(in millions of $)	**2018[(1)]**	**2019**	**2020**
Intangible exploration and evaluation assets[(6)]	1,898.6	1,764.4	368.2
Property, plant and equipment	4,916.4	3,891.7	3,237.9
Non-current assets	8,212.0	6,799.9	4,650.4
Current assets	2,423.4	1,491.3	1,906.8
Total assets	**10,635.4**	**8,291.2**	**6,557.2**[(7)]
Current liabilities	(1,488.5)	(1,474.8)	(4,408.3)
Non-current liabilities	(6,253.7)	(5,832.8)	(2,358.9)
Total liabilities	**(7,742.2)**	**(7,307.6)**	**(6,767.2)**
Net assets/(liabilities)	**2,893.2**	**983.6**	**(210.0)**

Consolidated Cash Flow Statement Data

	Year ended December 31,		
(in millions of $)	**2018[(1)]**	**2019**	**2020**
Net cash from operating activities	1,204.0	1,258.7	698.6
Net cash from/(used) in investing activities	(427.7)	(512.0)	84.3
Net cash used in financing activities	(882.0)	(633.4)	(271.7)

Other Financial Data and Key Ratios

(in millions of $, except ratios and per share information)	As of and for the year ended December 31, 2018	2019	2020
Adjusted EBITDAX[8]	1,600.3	1,397.5	803.8
Capital investment[9]	423.2	490.0	288.1
Total debt[10]	3,240.0	3,094.3	3,180.0
Total net debt[11]	3,060.2	2,805.5	2,374.6
Free cash flow[12]	410.9	354.9	431.6
Underlying cash operating costs[13]	327.0	351.3	331.7
Finance costs	328.7	322.3	314.3
Gearing[14]	1.9	2.0	3.0x
As adjusted total net debt[15]			2,424.6
As adjusted senior secured net debt[16]			1,624.6
As adjusted finance costs[17]			250.4
As adjusted gearing[8][18]			3.0x
As adjusted senior secured gearing[19]			2.0x

(1) The year ended December 31, 2018 has not been restated to reflect the impact of IFRS 16.

(2) Results for the year ended December 31, 2020 include the revenue contributions from our operations included in the Equatorial Guinea Disposal ($98.4 million), which completed on March 31, 2021 and the Dussafu Disposal ($20.2 million), which remains subject to completion.

(3) Loss on disposal for the year ended December 31, 2020 of $3.4 million related primarily to a purchase price adjustment with respect to the sale of our remaining Dutch assets to Hague and London Oil plc ("**HALO**") which we completed in November 2017. For the year ended December 31, 2019, our gain on disposal related primarily to deferred consideration of $9.5 million equivalent in relation to the sale of our Dutch assets to HALO. For the year ended December 31, 2018, our gain on disposal related primarily to the sale of our 9.9% ownership of Ikon Science for a net gain of $5.2 million, a gain of $11.0 million in relation to amounts refunded to us in relation to the disposal of the Orwell field in the UK during 2017 and deferred consideration of $5.1 million in relation to the sale of the Dutch assets to HALO.

(4) Exploration costs written off for the year ended December 31, 2020 included write-offs from operations in Kenya ($430.0 million), Uganda ($451.4 million), Comoros ($12.4 million), Guyana ($9.2 million), Peru ($41.2 million) Côte d'Ivoire ($14.3 million) and other exploration write offs of $28.2 million. Exploration costs written-off for the year ended December 31, 2019 included write-offs from operations in Uganda ($535.2 million), Kenya ($537.0 million), Guyana ($61.3 million), Jamaica ($35.8 million), Mauritania ($28.4 million), Namibia ($26.7 million) and other exploration costs written-off ($29.0 million). For the year ended December 31, 2018, exploration costs written-off included write-offs from operations in Ghana ($139.8 million), Uganda ($74.5 million), Namibia ($22.0 million), Uruguay ($16.3 million), Mauritania ($8.5 million), Zambia ($4.5 million), Suriname ($3.6 million), Pakistan ($1.1 million) and other exploration costs written-off ($24.9 million).

(5) Impairment of property, plant and equipment for the year ended December 31, 2020 related primarily to decreased short, medium and long term oil price assumptions and revisions to the value of assets based on revisions to reserves. Impairment of property, plant and equipment for the year ended December 31, 2019 related primarily to decreased long term oil price assumptions as well as revision of value based on revisions to reserves and future decommissioning costs. Impairment of property, plant and equipment for the year ended December 31, 2018 was in respect of lower oil and gas price forecasts and an increase in anticipated future decommissioning costs related to the United Kingdom, which was partially offset by revisions of value based on revisions to reserves.

(6) The initial sale and purchase agreement (the "**2017 Uganda SPA**") in connection with the Uganda farm-down was signed in 2017 and 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 completion of the Uganda farm-down. Following the expiration of the 2017 Uganda SPA, the Uganda assets of $840.2 million were reclassified from assets held for sale to intangible assets for the year ended December 31, 2019. During the year ended December 31, 2020, we completed the Uganda Disposal which resulted in the removal of Uganda assets of $580.4 million from the balance sheet.

(7) On February 9, 2021, we announced two separate sale and purchase agreements with subsidiaries of Panoro Energy ASA for the transfer of our entire interest in Equatorial Guinea (through the sale of the entire issued share capital of Tullow EG) and our entire interest in the Dussafu Marin Permit Exploration and Production Sharing contract in Gabon. As a result of our commitment to selling these assets in Equatorial Guinea and Gabon, as of December 31, 2020, $92.9 million of our assets in Equatorial Guinea and $62.7 million of our Dussafu assets in Gabon were classified as held for sale.

(8) We present Adjusted EBITDAX as a further supplemental measure of our performance. Adjusted EBITDAX is defined as profit/(loss) from continuing activities less income tax credit/(expense), finance costs, finance revenue, gain/(loss) on hedging instruments, depreciation, depletion, amortization, 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, net. Adjusted EBITDAX is presented because we believe it is a relevant measure for assessing performance because it is adjusted for non-cash items and thus aids in an understanding our core operations in a given period. Accordingly, this information has been disclosed in this Offering Memorandum to portray a more complete and comprehensive analysis of our underlying operating performance. Other companies may calculate Adjusted EBITDAX differently than we do. Adjusted EBITDAX is not a measurement of financial performance under IFRS and should not be considered as a measure of liquidity or an alternative to operating profit or profit for the year or any other performance measure derived in accordance with IFRS.

We believe that Adjusted EBITDAX and similar measures are useful indicators of our ability to incur and service our indebtedness and can assist securities analysts, investors and other parties to evaluate our business. We are not, however, presenting Adjusted EBITDAX as a measure of our future results of operations or liquidity. These numbers have not been, and cannot be, audited, reviewed or verified by any independent accounting firm. This information is inherently subject to risks and uncertainties. It may not give an accurate or complete picture of our financial condition or results of operations, may not be comparable to our other financial statements or the other financial information included in this offering memorandum and should not be relied upon when making an investment decision. See "*Presentation of Financial and Other Information—Adjusted financial information*."

EBITDAX based measures have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results of operations. Adjusted EBITDAX and leverage and coverage ratios are not measurements of financial performance or liquidity under IFRS and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS, such as operating results and cash flows from operating, financing and investing activities. In evaluating Adjusted EBITDAX you should be aware that we may incur costs and expenses that are the same or similar to some of the adjustments in this presentation in the future, and our presentation of Adjusted EBITDAX or should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. See "*Presentation of Financial and Other Information—Non-IFRS measures—Adjusted EBITDAX*."

The following table sets forth a reconciliation of our profit/(loss) from continuing activities to Adjusted EBITDAX:

	Year ended December 31,		
(in millions of $)	**2018**	**2019**	**2020**
Profit/(Loss) from continuing activities	85.4	(1,694.1)	(1,221.5)
Adjusted for:			
Income tax expense/(credit)	175.1	40.7	(51.9)
Finance costs	328.7	322.3	314.3
Finance revenue	(58.4)	(55.5)	(59.4)
Loss/(Gain) on hedging instruments	(2.4)	1.5	0.8
Depreciation, depletion and amortization	584.1	724.6	467.1
Share-based payment charge	24.9	25.8	20.9
Loss/(Gain) on disposal	(21.3)	(6.6)	3.4
Exploration costs written off	295.2	1,253.4	986.7
Impairment of property, plant and equipment, net	18.2	781.2	250.6
Restructuring costs and provisions for onerous contracts	170.8	4.2	92.8
Adjusted EBITDAX	**1,600.3**	**1,397.5**	**803.8**

(9) 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, capitalized share-based payment charge, capitalized finance costs, additions to administrative assets, Norwegian tax refund, Uganda capital investment adjustment and certain other adjustments. Capital investment represents our organic expenditure on exploration and appraisal assets and oil and gas assets incurred during a period because it eliminates certain accounting adjustments, such as a capitalized finance costs and decommissioning. The following table sets forth a reconciliation of our additions to property, plant and equipment to capital investment:

	Year ended December 31,		
(in millions of $)	**2018**	**2019**	**2020**
Additions to property, plant and equipment	268.1	528.4	229.7
Additions to intangible exploration and evaluation assets	230.4	279.3	170.7
Less:			
Decommissioning asset additions[(a)]	(42.7)	109.0	14.9
Right-of-use asset additions[(b)]	(3.8)	150.3	16.5
Lease payments related to capital activities[(c)]	——	(2.7)	(4.0)
Capitalized share-based payment charge[(d)]	1.3	1.9	——
Capitalized finance costs[(e)]	65.3	16.3	——
Additions to administrative assets[(f)]	6.6	21.0	9.6
Norwegian tax refund[(g)]	0.4	0.9	——
Uganda capital investment[(h)]	50.5	——	——
Other non-cash capital expenditure[(i)]	(2.3)	21.0	75.3
Capital investment	**423.2**	**490.0**	**288.1**

(a) Decommissioning assets are recorded as an equal and opposite amount to our decommissioning provisions. Decommissioning assets are depreciated over the life of the relevant asset until the point of decommissioning. Any increases in a provision due to a change in scope of the obligation results in an increase in the decommissioning asset. The asset is recorded under the property, plant and equipment line item in the consolidated balance sheet. Any new decommissioning assets, or increases in decommissioning assets, from the previous year are shown as additions to that line item.

(b) Right-of-use asset additions are not considered capital investment as they are non-cash in nature. For the year ended December 31, 2018, it represented finance lease additions.

(c) Lease payments related to capital activities are those lease payment additions that are viewed as capital in nature.

(d) Capitalized share-based payment charge relates to the portion of the non-cash share-based payment charge that relates to employees who work on capital projects.

(e) Capitalized finance costs relates to the portion of our borrowing costs that is deemed to fund development activities.

(f) Administrative assets represent fixtures, fittings and office equipment such as computers. Because they are not directly attributable to the exploration or development of oil and gas, we exclude their costs from our definition of capital investment.

(g) The Norwegian tax refund for each of the years ended December 31, 2018 and 2019, represents 78% of our qualifying exploration expenditure in Norway during each of the years ended December 31, 2018 and 2019, respectively. The refund is paid in the year following the year in which the expense is incurred.

(h) Capital investment for the year ended December 31, 2018 excludes $50.5 million of Uganda capital investment that was expected to be reimbursed as a completion adjustment on completion of the then-planned Uganda farm-down. Following the lapse of the proposed Uganda farm-down in 2019, the balance of the $50.5 million was moved to Intangible Exploration and Evaluation Assets and was further impaired in the year ended December 31, 2019.

(i) Other non-cash capital expenditure includes non-business combinations/acquisitions, cash re-imbursements for capital expenditure under sale and purchase agreements between their effective date and completion date and exclusion of other non-cash adjustments to fixed asset additions made in accordance with IFRS. These include capitalization of provisions made in respect of inventory and operational receivables and expenditure under certain subleased rig contracts.

(10) Total debt is defined as current and non-current borrowings and non-cash adjustments, consisting of accrued interest and unamortized arrangement fees and the equity component of any compound debt instrument. Our definition of total debt does not include 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 December 31, 2020 was $240.8 million current and $975.7 million non-current. See "*Presentation of financial and other information*."

(11) Total net debt is defined as total debt (as defined in (10) above), *less* cash and cash equivalents. The following table shows the reconciliation of total net debt. 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.

	As of December 31,		
(in millions of $)	**2018**	**2019**	**2020**
Carrying value of total borrowings	3,219.1	3,071.7	3,170.5
Non-cash adjustments[(a)]	20.9	22.6	10.5
Total debt	**3,240.0**	**3,094.3**	**3,180.0**
Cash and cash equivalents[(b)]	(179.8)	(288.8)	(805.4)
Total net debt	**3,060.2**	**2,805.5**	**2,374.6**
Gearing[(c)]	1.9	2.0	3.0

(a) Non-cash adjustments include unamortized arrangement fees, adjustment to convertible bonds and other adjustments.

(b) Cash and cash equivalents for the years ended December 31, 2018, 2019 and 2020 includes $78.0 million, $183.0 million and $54.0 million, respectively, which we hold as operator in joint venture bank accounts. Additionally, cash and cash equivalents includes $14.1 million and $77.1 million of cash held in restricted bank accounts for the years ended December 31, 2018 and 2020, respectively. In the year ended December 31, 2019, we did not hold any cash in restricted bank accounts.

(c) Gearing consists of total net debt divided by Adjusted EBITDAX.

(12) Free cash flow is defined as net cash from operating activities, net cash from/(used in) investing activities, debt arrangement fees, repayment of obligations under leases, finance costs paid, *less* foreign exchange gain/(loss). The following table sets forth a reconciliation of net cash from operating activities to free cash flow.

	Year ended December 31,		
(in millions of $)	**2018**	**2019**	**2020**
Net cash from operating activities	1,204.0	1,258.7	698.6
Net cash from/(used in) investing activities	(427.7)	(512.0)	84.3
Debt arrangement fees[(a)]	(15.0)	—	—
Repayment of obligations under leases	(117.4)	(172.1)	(158.2)
Finance costs paid	(234.5)	(215.4)	(198.5)
Foreign exchange gain/(loss)	1.5	(4.3)	5.4
Free cash flow	**410.9**	**354.9**	**431.6**

(a) In the years ended December 31, 2019 and 2020, we recorded $0.7 million and $0.8 million, respectively, in finance and arrangement fees, which were included in Net financing costs for each of those years.

(13) 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 depletion and amortization of oil and gas leased 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. See "*Presentation of Financial and Other Information—Presentation of certain metrics on a per-boe basis.*" The following table sets forth a reconciliation of cost of sales to underlying cash operating costs:

(in millions of $)	Year ended December 31, 2018	2019	2020
Cost of sales	966.0	966.7	993.6
Less:			
Depletion and amortization of oil and gas and leased assets[(a)]	567.7	696.1	446.4
Underlift, overlift and oil stock movements[(b)]	40.7	(137.3)	160.5
Share-based payment charge included in cost of sales[(c)]	1.0	2.6	0.9
Other cost of sales[(d)]	29.6	54.0	54.1
Underlying cash operating costs	**327.0**	**351.3**	**331.7**
Production (mmboe)	32.9	31.7	27.4
Underlying cash operating costs per boe ($/boe)[(e)]	10.0	11.1	12.1

(a) Depletion and amortization of oil and gas assets is the depreciation and amortization of our oil and gas assets over the life of an asset on a unit of production basis.

(b) Under lifting or offtake arrangements for oil and gas produced in certain operations in which we have interests with other joint venture partners, 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 constitutes "underlift" or "overlift." Underlift and overlift are valued at market value and included within other current assets and other current payables on our consolidated balance sheet, respectively. Movements during an accounting period are charged to cost of sales rather than charged through revenue, and as a result gross profit is recognized on an entitlements basis. Capitalized share-based payment charge relates to the portion of the non-cash share-based payment charge that relates to employees who work on capital projects.

(c) Share-based payment charge included in cost of sales relates to the portion of the non-cash share-based payment charge that relates to employees who work on operational projects. Capitalized finance costs relates to the portion of our borrowing costs that is deemed to fund development activities.

(d) Other cost of sales includes purchases of gas from third parties to fulfil gas sales contracts and royalties paid in cash.

(e) This figure includes 8,600 bopd and 2,000 bopd of Jubilee Field Insurance Production-Equivalent Barrels for the years ended December 31, 2018 and 2019, respectively.

(14) Gearing is a ratio that is calculated as total net debt divided by Adjusted EBITDAX. Gearing is not a measurement of financial performance under IFRS and should not be considered as a measure of liquidity or an alternative to operating profit or profit for the period or any other performance measure derived in accordance with IFRS. Adjusted EBITDAX is defined as loss from continuing activities less income tax credit, finance costs, finance revenue, gain/(loss) on hedging instruments, depreciation, depletion, amortization, share-based payment charge, restructuring costs, gain/(loss) on disposal, goodwill impairment, exploration costs written off, impairment of property, plant and equipment net, provisions for inventory and provision for onerous service contracts.

(15) As adjusted total net debt represents total net debt as adjusted for the Transactions, as if the Transactions had occurred on December 31, 2020.

(16) As adjusted senior secured net debt represents As adjusted total net debt which is secured by first-priority liens on the Collateral.

(17) As adjusted finance costs represents cash interest payments on our total debt for the year ended December 31, 2020 after adjusting for the Transactions and the use of proceeds therefrom, as if the Transactions had occurred on January 1, 2020. It includes interest on the Notes and on the 2025 Senior Notes and interest and commitment fees on the Revolving Credit Facility (assuming the Revolving Credit Facility was fully available and undrawn and LIBOR was 0% for the entire period). As adjusted finance costs has been presented for illustrative purposes only and does not purport to represent what interest expense would have actually been had the Transactions occurred on the date assumed, nor does it purport to project cash interest payments for any future period or the Company's financial condition at any future date.

(18) As adjusted gearing is a ratio that is calculated by dividing As adjusted total net debt by Adjusted EBITDAX.

(19) As adjusted senior secured gearing is a ratio that is calculated by dividing As adjusted senior secured net debt by Adjusted EBITDAX.

Summary reserves, resources, production and operating data

The following table presents a summary of our oil and gas commercial reserves and contingent resources. The commercial reserves estimates presented in the table as of December 31, 2018 are derived entirely from the ERCE Reports. The commercial reserves and contingent resources as at December 31, 2018 are derived entirely from ERCE Reports. As at December 31, 2019, 97% of commercial reserves and 98% of the contingent resources are derived from TRACS reports with the remaining 3% and 2%, respectively being derived from management estimates. As at December 31, 2020, 99.9% of commercial reserves and 97.4% of the contingent resources were derived from TRACS Reports with the remaining 0.01% and 2.6% being derived from management estimates. Reserves estimates for each field are reviewed by TRACS based on significant new data becoming available or a material change, with a full review of each field undertaken at least every two years. Exceptions are those assets which have zero book value and/or negative net asset value and assets for which commercial reserves do not exceed 5% of our total commercial reserves. Consequently, our some of our assets located in the Gabon (Ingongo, Etame and M'Oba) were not audited by TRACS in 2020.

In this Offering Memorandum, references to "commercial reserves" are to 2P reserves, which is the sum of the proved reserves plus probable reserves. Pursuant to the classifications and definitions provided by the PRMS, "proved reserves" is defined as those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations and "probable reserves" is defined as those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves. "**Possible reserves**" are those additional reserves which, after analysis of geoscience and engineering data, are less likely to be recoverable than probable reserves. In this Offering Memorandum, references to "contingent resources" are to 2C resources, unless specified otherwise. Pursuant to the classifications and definitions provided by the PRMS, 2C resources are those quantities of estimated contingent resources (being those quantities estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not then considered to be commercially recoverable due to one or more contingencies) that have at least a 50% probability that the quantities actually recovered will equal or exceed this estimate.

Potential investors should note that the TRACS and ERCE Reports have not estimated proved and probable reserves under the standards of reserves measurement applied by the SEC (the "SEC Basis") for any of the relevant periods reviewed in the Offering Memorandum, or otherwise. The SEC Basis differs from PRMS.

Reserves & Resources

	As of December 31,		
	2018	2019	2020
2P Commercial Reserves			
Oil (mmbbl)	236.3	218.7	228.5
Gas (bscf)	259.9	146.7	190.2
Total 2P Commercial Reserves (mmboe)	**279.6**	**243.1**	**260.2**
NPV-10 of Total 2P Commercial Reserves(1) (in millions of $)			3,054.7
2C Contingent Resources			
Oil (mmbbl)	793.8	963.7	501.7
Gas (bscf)	478.7	827.2	827.9
Total 2C Contingent Resources (mmboe)	**873.6**	**1,101.6**	**639.7**
Total 2P Commercial Reserves and 2C Contingent Resources (mmboe)	**1,153.2**	**1,344.7**	**899.9**

Source: ERCE Reports and TRACS Reports. Commercial reserves and contingent resource figures as of December 31, 2018 are derived entirely from ERCE Reports. As of December 31, 2019, 97% of commercial reserves and 98% of contingent resources were derived from TRACS reports, with the remaining 3% of commercial reserves and 2% of contingent resources derived from management estimates. As of December 31, 2020, 99.9% of commercial reserves and 97.4% of contingent resources were derived from TRACS reports, with the remaining 0.01% of commercial reserves and 2.6% of contingent resources derived from management estimates.

(1) NPV-10 of 2P Reserves is a non-IFRS measure, which has been calculated by using Strip Pricing, based on a determination date of April 16, 2021 using our 2P Reserves as of December 31, 2020 but excluding those reserves sold in connection with the Equatorial Guinea Disposal. Including the impact of our hedging program, the NPV-10 for our 2P Reserves is $2,978.0 when adjusted for hedging exposure. See "*Presentation of financial and other information—Non-IFRS financial measures*" and "*Risk Factors—The NPV-10 of 2P Reserves*

from our proved and probable reserves will not necessarily be the same as the current market value of our estimated oil and gas reserves."

The following table details our production, realized prices and operating cost data as of and for the years ended December 31, 2018, 2019 and 2020. For additional information on price calculations, see "*Management's discussion and analysis of financial condition and results of operations.*"

Production & Operating Data

	Year ended December 31,		
	2018	**2019**	**2020**
Total production (mmboe)(1)	32.9	31.7	27.4
Total net production (boepd)(1)	90,000	86,800	74,900
Realized oil price(2) ($/bbl)	68.5	62.4	50.9
Underlying cash operating costs(1)(3) ($/boe)	10.0	11.1	12.1
Depreciation, depletion and amortization(1) ($/boe)	17.2	22.0	16.3

(1) This figure includes amounts attributable to 8,600 bopd and 2,000 bopd of Jubilee Field Insurance Production-Equivalent Barrels for the years ended December 31, 2018 and 2019, respectively.

(2) Realized oil and gas prices are post hedging.

(3) Underlying cash operating costs per boe are costs of sales excluding depletion, depreciation and amortization and under/overlift movements.

Risk factors

In addition to the other information contained in this Offering Memorandum, you should carefully consider the following risk factors before purchasing the Notes. The risks and uncertainties we describe below are not the only ones we face. Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also adversely affect our business, prospects, financial condition and results of operations. If any of the possible events described below were to occur, our business, prospects, financial condition and results of operations could be materially and adversely affected. If that happens, we may not be able to pay interest or principal on the Notes when due and you could lose all or part of your investment.

This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Offering Memorandum.

Risks relating to the oil and gas industry and the countries in which we do business

Our business depends significantly on the level of oil and gas prices, which are volatile and have declined significantly over recent years, and in particular during the year ended December 31, 2020 due to the COVID-19 pandemic and related global macro-economic and political dynamics. If oil and gas prices remain low or decline further due to the COVID-19 pandemic or otherwise, our results of operations, cash flows, financial condition and access to capital will be materially and adversely affected.

Our business, prospects, financial condition and results of operations depend significantly upon prevailing oil and gas prices, which have been materially adversely impacted by the COVID-19 pandemic and related unfavorable global, regional and national macroeconomic conditions. As oil and gas are globally traded, we are unable to control the prices we receive for the oil and gas we produce. A significant shock to oil prices and follow on volatility was driven by the impact of COVID-19, geopolitical developments between key oil producing nations, including market competition between Saudi Arabia and Russia, and the decision taken in April 2020 by OPEC and its allies to cut oil supply. In January 2020, oil prices were supported by an optimistic outlook on oil market fundamentals, following easing trade tensions between the United States and China and continued market stabilization efforts conducted under the Declaration of Cooperation agreed in 2017 among the OPEC member countries and certain non-OPEC oil producing countries ("**DoC**"). By February 2020, concerns about the COVID-19 outbreak outside China were damaging to oil demand and prices, with the Brent spot price falling from $65/bbl to $55/bbl. On March 8, 2020, OPEC and Russia failed to reach an agreement on continuing market intervention and further supply agreement, which caused a significant decline in Brent prices. The Brent spot price hit its nadir of $19/bbl on April 21, 2020. Brent prices recovered in spring and summer supported by the stabilization of the global oil surplus and Chinese demand recovery; however, the subsequent global increase of COVID-19 cases led to a retreat of prices in September and October, which was enhanced by the return of Libyan crude production to over 1 mmb/d. At the end of 2020, OPEC+ reached a compromise agreement to add 500 kb/d of production to the market in January. Saudi Arabia took unilateral action to cut 1 mmb/d of their production to maintain the pace of rebalancing, which drove the Brent spot price to $56/bbl. These enforced production cuts led to the temporary shut-in of the Simba field in Gabon for a total of two months, having an annualized impact on our production of approximately 1,000 bopd, as well as the deferral of new drilling at this field until 2022.

Even without the uncertainty caused by the COVID-19 pandemic, it is impossible to accurately predict future oil and gas price movements. Historically, crude oil prices have been highly volatile and subject to large fluctuations in response to relatively minor changes in the demand for oil. For example, in 2016, Brent spot oil prices dipped below $30/bbl and rose to more than $86/bbl in 2018, despite relatively stable global demand. In 2019, oil prices continued to experience volatility, with Brent spot prices of a maximum of $74.94/bbl, a minimum of $53.23/bbl and an average of $64.26/bbl. In 2020, Brent oil prices traded within a wide range of $69.96/bbl and $13.24/bbl, with an average price for the year of $41.84/bbl.

Our revenues, operating results, profitability, future rate of growth, access to capital and the carrying value of our oil and gas assets depend heavily on the prices we receive for oil and gas sales. Oil and gas prices also affect our cash flows available for debt service, capital investments and other items and the amount and value of our oil and gas reserves. Following a value-in-use assessment as a result of a reduction in long-term oil price assumptions, we wrote-off $430.0 million of the value of Blocks 10BB and 13T in Kenya in the year ended

December 31, 2020, using a pre-tax discount rate of 18% and $419.0 million of the value of the same assets in the year ended December 31, 2019, using a pre-tax discount rate of 14%. We can make no assurances that we will not continue to recognize write-offs of the value of our producing and development assets as a result of further declines in short, medium and long-term oil price assumptions and this could have a material effect on our business, results of operations and financial position. During the years ended December 31, 2019 and 2020, decreases to short, medium and long-term oil price assumptions led to combined impairments of $862.0 million at the TEN fields in Ghana. We may also face further asset impairments if oil and gas prices fall significantly.

Reductions in forecasted oil prices in the short, medium and long term may change the economics of producing from some assets resulting in a reduction in the volumes of our reserves which can be produced commercially, which would result in revisions to our reported reserves. We may also elect not to produce from certain assets at lower prices, or our joint venture partners may not want to continue production regardless of our position. All of these factors could result in a material decrease in our net production revenue, causing a reduction in our oil and gas exploration and development activities and reserves. In addition, certain development projects could become unprofitable as a result of a decline in oil prices and could result in us having to postpone or cancel a planned project, or if it is not possible to cancel the project, carry out the project with a negative economic impact. Further, a reduction in oil prices may lead to our producing fields being shut down and entering the decommissioning phase earlier than expected.

In addition to the economic disruptions, volatility and material declines in the demand for oil caused by the COVID-19 pandemic, prices for oil and gas have historically fluctuated widely for many reasons, including:

- changes in global and regional supply and demand, and expectations regarding future supply and demand, for oil and gas products;
- geopolitical uncertainty;
- weather conditions and natural disasters;
- availability of and access to pipelines, storage platforms, shipping vessels and other means of transporting and storing oil;
- prices, availability and government subsidies of alternative and/or renewable energy sources;
- prices and availability of new technologies;
- increasing government regulations and actions and international treaties and agreements which aim to reduce the environmental impact of oil and gas exploration, development and production activities, including the emission of greenhouse gases and increased expenditure for producers to comply with such regulations, actions, treaties and agreements;
- changes in availability of, and access to, pipeline ullage;
- the ability and willingness of the members of OPEC, and other oil producing nations, to set and maintain specified levels of production and prices;
- political, economic and military developments in oil producing regions generally, and domestic and foreign governmental regulations and actions, including import and export restrictions, taxes, repatriations and nationalizations;
- proximity to, and the capacity and cost of, transportation;
- petroleum refining capacity;
- global and regional economic and social conditions, including disruptions to or slow-downs in the global economy as a result of natural disasters or trade-wars;
- trading and speculative activities by market participants and others either seeking to secure access to oil and gas or to hedge against commercial risks, or as part of investment portfolio activity; and

- terrorism or the threat of terrorism, war or threat of war, which may affect supply, transportation or demand for hydrocarbons and refined petroleum products.

No assurance can be given that oil and gas prices will remain at levels which enable us to do business profitably or at levels that make it economically viable to produce from certain of our assets, and any material decline in such prices through the continuation of trends seen during the COVID-19 pandemic could result in a reduction of our net production volumes and/or revenue and a decrease in the valuation of our exploration, appraisal, development and production assets. Sustained low oil prices could also impair our ability to maintain an effective hedging program and have a material impact on our cash flows and debt servicing capacity.

We may not be able to generate sufficient cash to fund our capital expenditures and sustain our operations, or to satisfactorily meet our other liquidity requirements, including payments on the Notes. In addition, the COVID-19 pandemic has had and continues to have a significant negative impact on our liquidity position.

Our liquidity requirements arise primarily from our need to fund capital expenditure for development, exploration, working capital and to service debt. A significant part of our capital expenditures are contracted or necessary in order to maintain our business. For the year ended December 31, 2019, our capital investment was $490.0 million and for the year ended December 31, 2020 our capital investment was $288.1 million. If we were unable to raise sufficient cash, or if a liquidity event were to occur that would prevent us from making such large capital expenditures, our business would be harmed likely causing us to delay or otherwise modify our strategic plans.

Volatile oil and gas prices caused by the COVID-19 pandemic, geopolitical tensions, including trade wars and tensions between oil producing nations with regard to levels of production, as well as lower than anticipated production levels at certain of our producing assets caused by unexpected downtime, production limits imposed on certain producing assets by OPEC+ and field decline and water cuts at certain of our Ghanaian assets, have had a significant impact on our liquidity position and we expect certain impacts will continue until oil prices and production levels stabilize. As a result, our directors concluded that there was a material uncertainty that may cast significant doubt that we would be able to operate as a going concern at the time we issued our 2019 annual report and our 2020 annual report, respectively, as these conditions increased the risk that we may not be able to sufficiently progress planned portfolio management activities to support liquidity.

The cash generated from our operations, cost saving measures and our existing finance facilities may not be sufficient to meet our liquidity requirements. 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 our producing assets. In assessing our going concern basis in connection with the preparation and approval of the 2020 Annual Report and Accounts, management has applied a base case and low case for oil price assumptions. In the base case, we assumed an average oil price of $50/bbl for the year ended December 31, 2021 and $55/bbl for the year ended December 31, 2022 and in the low case, we assume an average oil price of $45/bbl for the year ended December 31, 2021 and $50/bbl for the year ended December 31, 2022. The low case includes, amongst other assumptions, an 8% production decrease compared to the base case as well as deferred receipts from portfolio management and increased outflows associated with ongoing disputes, with no mitigating actions included in either case. See "*—Our business depends significantly on the level of oil and gas prices, which are volatile and have declined significantly over recent years, and in particular during the year ended December 31, 2020 due to the COVID-19 pandemic and related global macro-economic and political dynamics. If oil and gas prices remain low or decline further due to the COVID-19 pandemic or otherwise, our results of operations, cash flows, financial condition and access to capital will be materially and adversely affected.*"

Our ability to make payments on and refinance our indebtedness and to fund our capital expenditures and working capital requirements and other expenses will depend on our future operating performance and ability to generate cash from operations. Free cash flow (net cash from operating activities, net cash used in/(from) investing activities, debt arrangement fees, repayment of obligations under leases, finance costs paid, *less* foreign exchange gain/(loss)) for the year ended December 31, 2020 was $431.6 million. Excluding the proceeds of the Uganda Disposal, free cash flow in the year ended December 31, 2020 would have been negative $82.7 million and we would have generated less from operating activities than would have been required for repayment of our lease obligations and to service our existing debt. Our full year production in 2021 is expected to be lower than in the year ended December 31, 2020. As such, if oil prices remain volatile and continue to decline in 2021, we may not be able to generate sufficient cash flow from operations to service our debt, including the Notes. Assuming an average price of $40/bbl we would have a negative cash flow. Our ability to generate cash from operations is also subject, in large part, to continuing general economic, competitive, legislative, regulatory and other factors that are beyond our control. We may not be able to generate sufficient cash flow from operations or obtain enough capital to service our debt, including the Notes, or make our planned capital expenditures and meet working capital requirements and other expenses.

Additionally, as part of the Transactions we intend to add new hedges to protect approximately 41 mmbbls of our production entitlement through to the third anniversary of the Issue Date, which may require significant upfront cash investment. Our new Revolving Credit Facility requires that (i) within two weeks of the Issue Date, we have 50% of the new hedges in place, (ii) within 90 days after the Issue Date, we have a further 25% in place and (iii) by December 31, 2021, we have the final 25% in place. As of the date of this Offering Memorandum, we only have indicative commitments from lenders (all still subject to documentation) and we do not have sufficient commitments from lenders to hedge the required volumes under (ii) and (iii) of the preceding sentence. The availability and pricing of hedging is dependent on market, commodity and other conditions. While we are continuing to work with our lenders to execute these hedging trades, there can be no assurance that we will be able to do so within the required deadlines, or at all, which could lead to a default under our Revolving Credit Facility which would prevent us from drawing under our Revolving Credit Facility until such time that the hedging program can be executed as contemplated or our lenders waive the requirement and, if unwaived, could trigger an acceleration (with corresponding cross-default of the Notes). A material decrease in oil prices prior to agreeing the required trades with our hedge counterparties could also impair our ability to execute our new hedging program or make the cost prohibitive. All of which, could have a material impact on our liquidity, cash flows and debt servicing capacity.

Certain of the countries in which we do business face political, economic, legal, regulatory and social uncertainties which could materially and adversely affect our business, prospects, financial condition and results of operations. In addition, operating in certain of these countries exposes us to risks associated with bribery and corruption.

Our operations are exposed to the political, economic, legal, regulatory and social environment of the countries in which we have assets including, but not limited to, Ghana (where as of December 31, 2020 approximately 81% of our commercial reserves are located) and Kenya (where as of December 31, 2020, approximately 27% of our contingent resources are located). In the year ended December 31, 2020, 100% of our overall production was generated from our assets in West Africa including Ghana (approximately 70%), Equatorial Guinea (approximately 6%), Gabon (approximately 21%) and Côte d'Ivoire (approximately 3%).

During 2020 African countries suffered and continue to suffer due to negative macroeconomic trends caused by the COVID-19 pandemic, with the World Bank confirming in October 2020 that the continent would likely fall into recession for the first time since 1995 and that 40 million people could be driven into extreme poverty in 2020. For example, in Ghana, Real GDP growth contracted from 6.5% in the year ended December 31, 2019 to 0.9% in the year ended December 31, 2020, as a result of a global economic slowdown caused by the COVID-19 pandemic, according to the International Monetary Fund. In addition to the impact of the COVID-19 pandemic, the Kenyan economy has also been impacted by a severe locust attack, which started in early 2020 and has had a negative impact on the country's food security. Together, the COVID-19 pandemic and the impact of the locust infestation contributed to a projected deceleration of the Kenyan Real GDP growth from an annual average of 5.7% between 2015 and 2019 to a projected 1.5% in 2020.

As a result of the aforementioned impacts on our host country economies, coupled with low oil prices and the uncertain future prospects of the oil and gas industry as a whole, we have observed emerging pressure on our host governments to address their budget deficits with more aggressive and challenging tax assessments. For example, in August 2018, Tullow Ghana Limited ("**TGL**") received a preliminary assessment from the Ghana Revenue Authority ("**GRA**") for the financial years from 2014 to 2016, which has triggered ongoing discussions leading the GRA to issue a demand notice for approximately $365.0 million that has been temporarily suspended by the Ministry of Energy ("**MoE**") and continues to be under discussion up to the date of this Offering Memorandum. As part of these ongoing discussions, the GRA have raised arguments for potential additional significant disallowances which we strongly dispute. See "*—We may be adversely affected by changes to tax legislation or its interpretation or increases in effective tax rates in the jurisdictions in which we do business*" and "*Our business—Legal and arbitral proceedings—Ghana Revenue Authority Tax Assessments.*" In addition, the global energy sector's shift from fossil-based systems of energy and consumption, including oil and gas, to renewable energy resources (the "**Energy Transition**"), has driven African countries, including those where we do business, to seek to maximize and accelerate revenue from their potential resources. For example, our planned 2017 farm-down of the Lake Albert Development Project in Uganda for headline consideration of $900.0 million to Total Uganda in exchange for a 21.57% interest (out of our holding of 33.33%) failed as a result of the parties being unable to agree all aspects of the tax treatment with the Government of Uganda, which was a condition precedent to completion. See "*Presentation of financial and other information—Sale of assets*" and "*Summary—Disposals.*"

Even in those countries where we operate that have a long history of relatively stable democracy, such as Kenya and Ghana, there is a risk of political instability. In 2017, the Kenyan Supreme Court nullified the results of the presidential election in light of allegations that votes had been electronically manipulated. Prior to the 2020 presidential election in Ghana, election-related violence resulted in at least five deaths and the losing candidate announced the intention to contest the results of the election.

Further, as a UK headquartered company with securities traded on the London Stock Exchange, we are subject to the economic and political uncertainties and potential changes in trading relationships created by the UK's withdrawal from the European Union. See "*—The United Kingdom's exit from the EU may adversely impact our business, results of operations and financial conditions*."

Doing business in the countries in which we operate involves a high degree of risk which, despite a combination of experience, knowledge and careful evaluation, we may not be able to overcome. These risks include, but are not limited to, bribery and corruption, fraud, civil strife or labor unrest, outbreaks of disease, environmental incidents, armed conflict, terrorism, limitations or price controls on oil and gas production, sales or exports and limitations or the imposition of tariffs or duties on imports of certain goods.

Underdeveloped infrastructure and civil unrest or terrorism in locations where we do business could have an adverse effect on our business, prospects, financial condition and results of operations

Underdeveloped infrastructure and inadequate management of infrastructure in locations where we do business has led to regular electricity outages and water cuts. In certain locations where we do business, many businesses rely on alternative electricity and water supplies, adding to overall business costs. The unstable pricing, and possible scarcity, of fuel for power generation in certain locations where we do business also increases the operational challenges that businesses face, adding to the potential fluctuation of overhead costs. Additionally, rail and road networks and telecommunications networks (fixed line and mobile) in certain locations where we do business are often underdeveloped or must be developed by us. For example, in the fourth quarter of 2019 we had to suspend the EOPS in Kenya following adverse weather that caused severe damage to the roads used by trucks transporting crude oil. The uncertainty regarding this underdeveloped infrastructure increases the operational challenges we face and contributes to the potential fluctuation of costs and may affect our ability to explore, develop and efficiently utilize our assets and to store and transport our oil and gas production. In addition, we may be required to develop infrastructure to allow our operations to commence or continue efficiently and incur costs we would not otherwise suffer had the locations in which we operate had appropriate infrastructure. For example, in Kenya, while we budgeted for many of the costs involved to develop country operations, we have incurred unbudgeted costs associated with locating and transporting sufficient volumes of water. Drought conditions and restrictions on the availability of water in the jurisdictions where we operate could also result in increased water procurement and transportation costs. If we are required to develop further infrastructure to enable our operations to carry on, particularly if such costs are unbudgeted, there may be a material adverse effect on our business, prospects, financial condition and results of operations. In addition, there can be no assurance that future instability in one or more of the countries in which we have assets (or in neighboring countries), actions by companies carrying out business in such countries, actions by militants or terrorists, or actions taken by the international community will not worsen the quality and availability of such infrastructure, which could have a material adverse effect on our business, prospects, financial conditions and results of operations. Certain of the countries in which we do business face threats of terrorist activity, armed conflicts, social and civil unrest and political upheaval that are not as common in developed markets.

Ongoing global terrorist activity, piracy, social and civil unrest, political upheaval and armed conflicts have had a significant effect on international finance and commodity markets. Any future national or international acts of terrorist activity, piracy, social and civil unrest, political upheaval and armed conflicts could have an adverse effect on the financial and commodities markets in the countries in which we do business, those proximate to where we do business and the wider global economy. In addition, such acts may pose a threat to our activities, which could include unanticipated delays in project timetables, increased costs in protecting our assets from anticipated damage or disruption, actual damage or disruption to our assets or oil and gas assets generally and being forced to abandon a development or losing rights of future access to our assets and interests in licenses. For example, in 2018 we had to stop work at our assets in Kenya and halt trucking operations after protests by the local community disrupted our trucking scheme used to transport oil in advance of the finalization of the pipeline. While we believe these protests were to demand the deployment of additional security forces in the area to respond to prolonged banditry and cattle rustling, they nevertheless had an impact on our operations. Furthermore, the lack of security and the government's inability to provide a stable and secure atmosphere in some of the regions in which we operate could lead to increased delays, disruption of our operations and the incurrence of additional operational costs. There can be no guarantee that similar demonstrations or other threats to our activities from acts of terrorist activity, piracy, social and civil unrest, political upheaval and armed conflicts causing disruptions to oil and gas operations or assets will not materially and adversely affect our business, prospects, financial condition and results of operations.

Our operations may be affected adversely by the COVID-19 pandemic

In March 2020, the World Health Organization declared the outbreak of the novel strain of the coronavirus identified in late 2019 ("**COVID-19**") as a pandemic. The outbreak has resulted in government authorities and businesses worldwide implementing numerous measures intended to contain and limit the spread of COVID-19, including travel bans and restrictions, quarantines, shelter-in-place and lockdown orders and business restrictions, shutdowns and other limitations. A significant shock to oil prices and follow on volatility was driven by the impact of COVID-19 and geopolitical developments between key oil producing nations, all of which had a materially adverse impact on our results of operations and cash flows. For more information, see "*Our business depends significantly on the level of oil and gas prices, which are volatile and have declined significantly over recent years, and in particular during the year ended December 31, 2020 due to the COVID-19 pandemic and related global macro-economic and political dynamics. If oil and gas prices remain low or decline further due to the COVID-19 pandemic or otherwise, our results of operations, cash flows, financial condition and access to capital will be materially and adversely affected.*" As such, the COVID-19 pandemic and the response thereto has materially adversely impacted and may continue to materially adversely impact our business, as well as our employees, customers, users, suppliers, vendors, banking partners and business partners. We continue to monitor developments related to COVID-19, including updating our risk assessments and measures. In the year ended December 31, 2020, our operations continued despite the COVID-19 pandemic, but it is still too early to predict the full impact that COVID-19 will have on our business. For further information on the impact of COVID-19 on our financial performance, see "*Management's discussion and analysis of financial condition and results of operations—significant factors affecting results of operations.*"

We may face increased risk of disruptions to or failure by third-party vendors, service providers, business and field partners and financing partners to operate their business and meet the expectations of customers and users during the pandemic, all of which could be disruptive to our business, which relies on such third parties. For example, we experienced a series of delays in the completion of the final phase of the Jubilee Turret Remediation Project, as installation of the Catenary Anchor Leg Mooring ("**CALM**") buoy was impacted by the COVID-19 pandemic and some equipment issues. The buoy arrived in Ghana early in 2020 but due to these delays it was not installed until the end of 2020 and not fully commissioned until early 2021, requiring tanker support vessels to stay under contract longer than expected at material operating expense to us.

The challenges posed during the COVID-19 pandemic and the volatility in oil prices during the period under review has delayed our final investment decision in the South Lokichar Basin in Kenya, which was originally targeted for 2019, as we continue to evaluate the viability of development in light of significant write-offs to the value of this asset due to long-term oil price assumptions. The COVID-19 pandemic also caused us to delay drilling of new wells at our existing resources, primarily Jubilee, which is key to the realization of our new business plan and operating strategy, a major focus of which is extracting maximum value from our existing producing assets. In response to the impact of the COVID-19 pandemic on global oil prices, we terminated our contract with the Maersk Venturer for a well drilling program in Ghana during 2020. This drilling hiatus, along with historic underinvestment has had, and we expect will continue to have, a negative impact on our 2021 production. While we have re-engaged the Maersk Venturer on a multi-well program spanning four years in

Ghana, we can make no assurance that this program will be carried out in full or on schedule, in light of the remaining uncertainty about the spread of potential COVID-19 variants, the efficacy of vaccines against new variants and the rate of global vaccination.

The extent to which the COVID-19 pandemic will continue to impact our business, financial condition, results of operations, prospects and liquidity will depend on numerous evolving factors that are unpredictable, including the duration and scope of the pandemic; governmental, business and individuals' actions that have been and continue to be taken in response to the pandemic; and the impact of the pandemic on global economic activity, unemployment levels and financial markets, including the possibility of a global recession and volatility in the global capital markets which, among other things, may increase the cost of capital and adversely impact our access to capital.

Furthermore, the impact of the COVID-19 pandemic on global demand for oil and resulting oil prices could have a material adverse effect on our revenues and profitability. Oil prices fell sharply in the early stages of the pandemic and although they partially recovered, there can be no guarantee that any newly imposed lockdowns or other government measures in regions in which we or our partners operate may have a material adverse effect on oil prices and, in turn, on our revenues and profitability. Any of the foregoing could have a material adverse impact on our business, prospects, financial condition and results of operations. Further, the impact of the COVID-19 pandemic may heighten or exacerbate many of the other risks discussed in this "*Risk Factors*" section.

We may be adversely affected by changes to tax legislation or its interpretation or increases in effective tax rates in the jurisdictions in which we do business

We do business in multiple jurisdictions and our profits are taxed according to the tax laws of such jurisdictions. Our effective tax rate may be affected by changes in tax rates (including the corporate tax rate, value added tax ("**VAT**") and capital gains tax ("**CGT**") rate), tax laws or interpretations of tax laws in any jurisdiction and in any financial year will reflect a variety of factors that may not be present in succeeding financial years. Such changes may include measures enacted in response to the Organization for Economic Co-operation and Development's ongoing Base Erosion and Profit Shifting project. As a result, our effective tax rate may increase in future periods, which could have a material adverse effect on our financial results and, specifically, our net income, cash flow and earnings may decrease.

Tax regimes in certain jurisdictions can be subject to differing interpretations (particularly in light of the contractual provisions which we and our joint venture partners may have agreed with host governments) and tax rules in any jurisdiction are subject to legislative change and changes in administrative and regulatory interpretation. The interpretation by our relevant subsidiaries of applicable tax law as applied to their transactions and activities may not coincide with that of the relevant tax authorities. As a result, transactions may be challenged by tax authorities (whether upon disclosure of such transactions or at a later date) and any of our profits from activities in those jurisdictions may be subject to additional tax or unexpected additional transactional taxes (e.g., stamp duty, VAT, CGT or withholding tax) may arise, which, in each case, could result in significant legal proceedings and additional taxes, penalties and interest, any of which could have a material adverse impact on our business, prospects, financial condition and results of operations.

For example, in August 2018, TGL received a preliminary assessment from the GRA for the financial years from 2014 to 2016. After discussions, a final assessment was issued in December 2019 for $406.0 million requesting that $398.0 million be paid by January 13, 2020. The GRA is seeking to apply branch profits remittance tax under a law which we consider 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. TGL 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 errors in the GRA's calculations. In January 2020, TGL issued a notice of dispute with the MoE pursuant to the terms of our petroleum agreement, disputing the issues. In TGL's view, the effect of the notice of the dispute is to suspend TGL's obligation to pay any taxes until the disputed issues have been resolved. In April 2020, the GRA issued a demand notice for approximately $365.0 million. Discussions with the GRA remain ongoing. As part of these ongoing discussions, the GRA have raised arguments for potential additional significant disallowances which we strongly dispute.

In the past, we have received claims for tax payable that, following a negotiated settlement, have been reduced to a material extent. However, there can be no assurance that we will be able to negotiate an appropriate settlement in the future or that a tax authority will not enforce the original claim for tax payable, which could materially adversely affect our business, prospects, financial condition and results of operations. In addition, as a result of our longstanding presence in emerging markets, we have received in the past, and anticipate that we will continue receiving in the future, letters, claims and notifications from revenue and tax authorities of host governments which include assessments, including additional taxes to be paid, based on an interpretation of our existing contractual arrangements or tax legislation which may be contrary to our interpretation of such contractual arrangements or tax legislation. Although we are able to manage our exposure to tax in relation to particular contractual arrangements with governments by including tax stabilization provisions, there can be no guarantee that the inclusion of such provisions (assuming such provisions are agreed to be incorporated into an agreement) will protect us from fluctuations in tax rates in a particular jurisdiction which can have an impact on our projects and make certain projects less economically viable.

Our operations may be affected adversely by outbreaks of communicable diseases

In addition to the global impact of the COVID-19 pandemic, certain countries in West Africa in which we have operated in the past have previously experienced outbreaks of communicable diseases, including Ebola, which significantly affected the region from late 2013 through early 2016. In March 2021, the World Health Organization increased the risk level for Ebola to "very high" in light of a resurgence in Guinea, which has the potential to spread to other West African countries where we operate including Ghana and Côte d'Ivoire. If any of the crew members on our rigs or contracted vessels in any of our operating or other countries are suspected to have contracted communicable diseases such as COVID-19, Ebola, Zika, severe acute respiratory syndrome, Middle East respiratory syndrome, malaria (particularly in the Sub-Saharan African countries in which we operate) or avian influenza, the entire crew on a rig or vessel or a substantial proportion of them, as the case may be, may have to be quarantined under applicable public health laws or may be declared unfit for work. This would interrupt the operations of the affected rig or vessel which could have a material adverse effect on our business, prospects, financial condition and results of operations. Our onshore staff may also be affected by such communicable diseases, which may result in a disruption to our operations and could also materially adversely affect our business prospects, financial condition and result of operations. Any suspected or confirmed cases of the diseases mentioned above or other such communicable diseases (and any medical complications or deaths arising therefrom) among our onshore or offshore employees or crews on contracted vessels could lead to negative media attention and publicity, which could disrupt our operations or relationships with local partners and governments, or may make it more difficult for us to hire and retain employees and contractors in the future, any of which could adversely affect our business, prospects, financial condition and results of operations.

Similarly, a disruption or suspension in the business and operations of our customers, suppliers and partners arising from quarantines imposed on their management and employees or any negative media attention or publicity arising therefrom may have a material adverse impact on our business, prospects, financial condition and results of operations.

Certain emerging markets in which we do business may be more susceptible to capital and credit market disruptions than more developed markets

There is potential for volatility and disruption in the capital and credit markets particularly in emerging markets. From time to time in recent years, such markets have produced downward pressure on stock prices and credit capacity for certain issuers without regard to those issuers' underlying financial strength. The disruptions experienced have led to reduced liquidity and increased credit risk premiums for certain affected market participants and have resulted in a reduction of available financing. Companies which are key suppliers to us and are located in countries in emerging and developing markets such as those in which we do business may be particularly susceptible to these disruptions and reductions in the availability of credit or increases in financing costs, which could result in them experiencing financial difficulty. In addition, the availability of credit to entities operating within emerging and developing markets is influenced significantly by levels of investor confidence in such markets as a whole and, as such, any factors that impact market confidence (for example, a decrease in credit ratings, state or central bank intervention in one market or terrorist activity and conflict) could materially affect the price or availability of funding for entities within any of these markets.

Certain emerging market economies have been, and may continue to be, materially adversely affected by market downturns and economic slowdowns elsewhere in the world. According to the World Bank, due to the impacts of the COVID-19 pandemic, the African continent is expected to enter into a recession for the first time since 1995 and it approximates that more than 40 million people may be driven into extreme poverty. For example, in Ghana, Real GDP growth contracted from 6.5% in the year ended December 31, 2019 to 0.9% in the year ended December 31, 2020 as a result of a global economic slowdown caused by the COVID-19 Pandemic, according to the International Monetary Fund. In Gabon, where we have non-operated producing assets, high levels of sovereign debt continue to be a concern, as reduced oil output since 2019 due to OPEC+ production limits and lower oil prices due to the COVID-19 pandemic, have caused the country to exceed the government's 70% cap on debt-to-GDP ratio in both the years ended December 31, 2019 and 2020.

Certain countries in which we do business suffer from crime, including financial crime, and may be subject to sanctions and trade restrictions and governmental or business corruption which could have an adverse effect on our business, prospects, financial condition and results of operations

Certain of the countries in which we do business, including those in Africa and South America, have from time to time experienced high levels of criminal activity (including fraud) and governmental (public) and business (commercial) bribery and corruption. Particularly, oil and gas companies operating in locations such as Africa and South America may be targets of criminal, corruption or terrorist actions. Criminal, corruption or terrorist action against us and our assets or facilities could materially and adversely affect our business, prospects, financial condition and results of operations. In addition, the fear of criminal, corruption or terrorist actions against us could have a negative impact on our ability to adequately staff and/or manage our operations or could substantially increase the costs of doing so which could have a material adverse effect on our business, prospects, financial condition and results of operations.

As a result, we are exposed to a risk of violating anti-corruption laws and sanctions regulations applicable in those countries where we or our joint venture partners or agents do business. Violations of anti-corruption laws and sanctions regulations may be punishable by civil penalties, including fines, denial of export privileges, injunctions, asset and bank account seizures, debarment from government contracts (and termination of existing contracts) and revocations or restrictions of licenses, disgorgements of profits or other gains as well as criminal fines and imprisonment. In addition, any major violations could have a significant impact on our reputation and consequently on our ability to win future business and could also adversely affect our access to financing. In particular, our international operations may be subject to anti-corruption laws and regulations such as the US Foreign Corrupt Practices Act of 1977, the United Kingdom Bribery Act of 2010 ("**United Kingdom Bribery Act**") and the local anti-corruption laws of any jurisdiction applicable to us, including, for example, the Kenya Bribery Act of 2016, as amended from time to time. Furthermore, our international operations may be affected by sanctions and economic restrictions imposed by the United Kingdom Office of Financial Sanctions Implementation ("**OFSI**"), the United States Office of Foreign Assets Control ("**OFAC**"), the European Union, the United Nations, the World Bank, or other law enforcement agencies or sanctions authorities. Such sanctions or economic restrictions can affect our joint venture partners, host country governments or the oil sector of a host country government, suppliers and other stakeholders. While we review laws and regulations to determine if they are applicable to us, our employees, consultants, agents and third parties engaged by or performing services for us, there can be no guarantee that a court or other enforcement authority will reach the same determination as we do. If we are found to be subject to any laws or regulations which we considered were not applicable, our policies, procedures and actions may be in breach of such law or regulation and we may be subject to censure, prosecution, fine or other negative consequences. While we have what we believe to be appropriate internal policies and procedures, including a Code of Ethical Conduct, as well as contractual arrangements in place with our agents and joint venture partners which seek to prevent our agents or joint venture partners (as the case may be) from engaging in illegal or unethical activities, there can be no guarantee our agents or joint venture partners (as the case may be) adhere to such contractual arrangements or policies and procedures and, if they do not, that we will be made aware of any breaches or potential breaches timeously or at all. However, we may, nonetheless, remain liable for the unauthorized actions of our agents or joint venture partners (as the case may be).

In addition, even where we have compliant anti-corruption and other business ethics policies and procedures and we monitor compliance with such policies and procedures, there can be no assurance that such policies and procedures have been or will be followed at all times or have or will effectively detect and prevent all violations of the applicable laws and every instance of fraud, bribery and corruption in every jurisdiction in which one or more of our employees, consultants, agents, joint venture partners, contractors or sub-contractors is located. As a result, we could be subject to penalties and reputational damage and material adverse effect on our business, prospects, financial condition and results of operations if we, our employees, agents or other parties we do business with or who have performed services for us have failed or fail to prevent any such violations or are or become the subject of investigations into potential violations.

If adverse investigations or findings are made, either erroneously due to differing but legal business norms or substantiated in the future, against us, our directors, officers, employees or joint venture partners, or such persons or their respective partners are found to be involved in corruption or other illegal activity, this could result in criminal or civil penalties, including substantial monetary fines, against our directors, officers, employees or joint venture partners. Any such investigations or findings, either erroneous or substantiated in the future, could damage our reputation with our investors, potential investors, joint venture partners or potential joint venture partners and our ability to do business, including by affecting our rights under our various production sharing contracts and joint operating agreements or by the loss of key personnel, and could materially and adversely affect our business, prospects, financial condition and results of operations. We may also be subject to allegations of corrupt practices or other illegal activities, which, even if subsequently proved to be unfounded, may damage our reputation and require significant expense and management time to investigate. Furthermore, alleged or actual involvement in corrupt practices or other illegal activities by our joint venture partners, or others with whom we conduct business could also damage our reputation and business and materially and adversely affect our business, prospects, financial condition and results of operations.

Uncertainties in the interpretation and application of laws and regulations in certain of the jurisdictions in which we do business, particularly emerging markets, may affect our ability to comply with such laws and regulations and increase the risks with respect to our operations

The courts in certain of the jurisdictions in which we have assets may offer less certainty as to the judicial outcome or a more protracted judicial process than is the case in more established economies. In many of the countries in which we do business, businesses can become involved in lengthy court cases or administrative proceedings and the ambiguous drafting of laws or the absence of an oil and gas industry regulatory framework can contribute to excessive delays in the legal or administrative process for resolving issues or can complicate such disputes. Accordingly, we could face risks such as:

- effective legal redress in the courts of such jurisdictions being more difficult to obtain, whether in respect of a breach of law or regulation, or in an ownership dispute;
- a higher degree of discretion on the part of governmental authorities and therefore less certainty including with respect to our long-term planning;
- a lack of judicial or administrative guidance on interpreting applicable rules and regulations;
- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; and
- relative inexperience of the judiciary, courts and regulatory authorities with oil and gas industry matters.

Enforcement of laws in certain of the jurisdictions in which we do business may depend on and be subject to the interpretation of such laws by the relevant local authority and such authority may adopt an interpretation which differs from the advice given to us by local lawyers or even previously by the relevant local authority itself, or such bodies may exercise discretion in an inconsistent or arbitrary manner, which could result in ambiguities, inconsistencies and anomalies in enforcement of laws which could hinder our ability to make or implement long-term plans. In addition, a dispute may be subject to the exclusive jurisdiction of local courts or local arbitration tribunals or we may not be successful in subjecting foreign persons, especially foreign oil ministries and national oil companies, to the jurisdiction of courts or arbitration tribunals in New York, England and Wales or other similar jurisdictions. Even if we are successful in subjecting such persons or entities to the jurisdiction of courts or arbitration tribunals in New York, England and Wales or other similar jurisdictions, it may be difficult to enforce any judgment or order from such court or award from such tribunal against such individuals or entities. Taxes or other duties and fees which are intended to be of a minor nature may be significant when applied to the large sums of money involved in our business activities. There is limited relevant case law providing guidance on how courts or arbitration tribunals would interpret such laws and the application of such laws to our contracts, joint ventures, permits, licenses, license and permit applications or other arrangements. Further, taking action or enforcing judgments or orders against the host government or national oil company may lead to operational obstacles when seeking regulatory approvals and may adversely impact our reputation in the relevant country or region.

As a result, there can be no assurance that contracts, joint ventures, permits, licenses, license and permit applications or other legal or fiscal arrangements will not be adversely affected by the actions of government authorities and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured. In certain jurisdictions, the commitment of local businesses, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be uncertain and susceptible to revision or cancellation, and legal redress may be uncertain or delayed. There can be no assurance that the acts of present or future governments in the countries or regions where our operations are (or will be) located, or the acts of governments of other countries that are relevant for such current or future operations, will not materially adversely affect our business, prospects, financial condition and results of operations.

We have received, and anticipate that we will continue to receive from time to time, claims or notifications from host governments, regulators and revenue authorities purporting to apply legislation or regulation which is enacted subsequent to the effective date of our petroleum agreements or to otherwise amend or vary the contractual rights in our petroleum agreements or interpret such agreements differently than we do. Such actions, if applied to our petroleum agreements, could alter the fiscal regime or other rights and benefits accruing to us under our petroleum agreements and as such, we view these as contrary to the stabilization provisions found within many of our petroleum agreements. These actions can include, inter alia, the alteration of production sharing entitlements or contract terms, the variation of royalty rates or tax rates or the application of new or otherwise previously inapplicable taxes. We have received claims of this nature in a number of different jurisdictions, including those in which we hold material assets, and we have observed an increase in the frequency and size of such claims during periods of low commodity prices. In certain cases, the damages or payments sought under such claims are material. When faced with such claims, we seek to engage with host government authorities to seek an amicable solution which respects our contractual terms. In cases where such an amicable solution cannot be agreed, we have sought, and will continue to be prepared to seek, an enforceable remedy through dispute resolution mechanisms including court proceedings and arbitration. Should we be unable to amicably resolve a claim, receive an adverse ruling in dispute resolution proceedings, be unable to enforce a favorable ruling or otherwise damage our relationships with host governments, it could have a material adverse effect on us or our assets. For more information see "*Our business—Legal and arbitration proceedings*."

We cannot completely protect ourselves against the risk of disputes in the countries in which we do business relating to title or contractual exploration and production rights

Although we believe we have good title or contractual rights to our interests in our oil and gas assets and the rights to explore for and produce oil and gas from such assets, we cannot control or protect ourselves completely against the risk of disputes in relation to such title or rights. No assurance can be given that relevant governments will not revoke, or significantly alter the conditions of, the exploration, development and production authorizations, licenses, permits, approvals and consents held by us or that any of the foregoing will not be challenged or impugned by third-parties. In addition, there can be no assurance that title claims will not be asserted against us or our assets, including our more material assets. There is no certainty that existing rights or additional rights that we may apply for will be granted or renewed nor is there any certainty that any such grant or renewal will be on terms satisfactory to us, all of which could have a material adverse effect on our business, prospects, financial condition and results of operations.

In many of the countries in which we have assets, land title systems are not developed to the extent found in many industrialized countries and there may be no concept of registered title. Therefore, there can be no assurance that claims or challenges by third parties against title to our assets will not be asserted at a future date. While we use commercially reasonable efforts to ensure that we have good title to the interests and assets which we purport to own, proving so can be difficult in emerging markets and may, in certain instances, be impossible to determine in absolute terms. In certain countries in which we operate, for example, there is uncertainty over the boundaries between some upstream acreage where boundaries between awarded blocks may overlap. For example, in September 2017, ITLOS resolved a boundary dispute between Ghana and Côte d'Ivoire that had the potential to raise questions about title to the TEN fields in Ghana. Ultimately, the maritime boundary, as determined by ITLOS, did not affect the TEN fields. However, if other such circumstances challenging title arise, we could suffer unexpected losses (such as halting exploration or production, or, ultimately, the loss of interests or assets), which could have a material adverse effect on our business, prospects, financial condition and results of operations.

Our ongoing and future success depends on securing and maintaining a "social license to operate" from impacted communities and other stakeholders

The adoption of new regulations and the implementation of reforms may be subject to political and economic influences. In many African jurisdictions, promoting and/or requiring participation by locally owned businesses in oil and gas operations is a high policy priority for governments. In addition, the international human rights law concerning Free and Prior Informed Consent allows indigenous peoples to have the right to negotiate in national and local government decision-making processes over projects that concern their lives, land and resources. Failure to comply with these laws and regulations and similar laws and regulations could, among other things, lead to fines and imprisonment, jeopardize our interests in licenses and cause reputational damage and delays to operations or developments. Certain countries in which we operate have, or we expect they will, make local content requirements for extractive companies legally binding. Our business and operations may be adversely affected by such local content requirements to the extent they adversely impact our ability to engage and retain skilled personnel and partners.

We believe our operations can provide valuable benefits to surrounding communities, in terms of direct employment, training and skills development, demand for products and services and other community benefits associated with ongoing payment of taxes and contribution to community development funds. Notwithstanding the foregoing, communities may, from time to time, become dissatisfied with our activities or those of other companies in the oil and gas industry, due to, among other things, the impact on traditional livelihoods, insufficient local employment and business opportunities and land acquisition and resettlement practices. Accordingly, failure to manage our relationship with local groups and individuals may influence the execution of our strategies and may expose us to significant business risks including project delays and disruption and potentially the loss of a license to operate. While such dissatisfaction may be expressed in various ways, in some instances it may result in civil unrest, protests, direct action, threatened or actual litigation, or campaigns against us, and any such actions may impact our project costs, timing or production, or in certain cases, project viability. For example, we temporarily suspended all exploration and appraisal operations in Blocks 10BB and 13T in Kenya in October 2013 as a precautionary measure in response to demonstrations by local Kenyans regarding employment and local business opportunities. On behalf of the contractor entities under the production sharing contracts covering the relevant blocks, we signed a memorandum of understanding (the "**MOU**") with the Kenyan Minister for Energy just over one week after the temporary suspension and resumed operations shortly thereafter. Building on the principles outlined in the MOU, we have developed non-technical functions (social performance, communications, government and public affairs) and associated systems and procedures that together provide a stronger platform for effective ongoing management of the social license to operate, the principles of which we expect to apply, where relevant and with appropriate modifications, across all of our operations. Throughout the year ended December 31, 2020, we and our joint venture partners continued to work closely with the Government of Kenya to secure approval from the National Environmental Management Authority of the Environmental and Social Impact Assessments required by the Environmental Management and Coordination Act (EMCA) 1999 and the Environmental Assessment and Audit Regulations, June 2003. Nonetheless, we cannot be certain that similar demonstrations, either in Kenya or other countries in which we do business, will not occur or, if they do, will be resolved quickly or at all.

We are exposed to the risk of adverse sovereign action by governments in the countries in which we do business

The oil and gas industry is central to the economies and future prospects for development in a number of the countries in which we currently have assets and therefore the industry is likely to be the focus of continuing attention and debate.

In the majority of the countries in which we do business, whether developed or emerging economies, the state generally retains ownership of the minerals throughout the extraction process and consequently retains control of (and in many cases, participates in) the exploration and production of hydrocarbon reserves, with our interest being an economic entitlement to a proportion of production. As a result, exploration and development activities may require protracted negotiations with host governments and national oil companies. While we seek to establish and maintain strong relationships with governments, there can be no guarantee that such relationships will continue to remain strong (whether as a result of changes in government or otherwise) and the lack of such relationships with host governments and national oil companies could materially and adversely affect our business, prospects, financial condition and results of operations. In addition, major policy shifts or increased security arrangements could, to varying degrees, have an adverse effect on the value of investments we or our joint venture partners have made. These factors could materially and adversely affect our business, prospects, financial condition and results of operations.

Changes to the legislative environment, which may occur at a rapid rate owing to the developing nature of the industry in such a country, may materially adversely affect our business, prospects, financial condition and results of operations. For example, on November 19, 2013, the Ghanaian Parliament passed the Petroleum (Local Content and Local Participation) Regulations (L.I. 2204). The legislation was publicly reported in local media as being designed to create jobs, maintain a degree of control for Ghanaians and increase the use of local businesses, goods, services, and financing in the Ghanaian oil sector. In particular, L.I. 2204 requires a minimum 5% local equity ownership in Ghanaian petroleum agreements and licenses and a minimum 10% local equity ownership in any non-Ghanaian company providing goods and services to oil companies. In addition, it created a minimum quota for Ghanaian participation by specifying that a percentage of managerial and technical employees must be Ghanaian and further requires Ghanaian companies to receive first consideration and preference in supplying goods and services to operators in the Ghanaian oil sector, subject to factors such as the capacity of the Ghanaian company to supply the needed good or service.

In Kenya, the legislative environment is undergoing considerable change with several proposed new bills related to land, energy, finance and water, among others. For example, in March 2019 the Petroleum Act, 2019 came into force in Kenya, repealing the Petroleum (Exploration and Production) Act, chapter 386. The Petroleum Act, 2019 made changes to the process for ratifying petroleum agreements and future field development plans, addressed the issue of revenue sharing between the government, the county government, local communities and operators. In addition, the Petroleum Act, 2019 introduced a variety of licenses and permits for contractors, including operational permits for drilling, operating underground injection wells, building crude oil facilities and plugging or abandoning a well, among others. It further noted that operational permits would be issued in respect of each well. We are also typically protected by the changes of laws clauses in our production sharing contracts which provide that, in case of a change of law that economically affects any of the parties, the parties will discuss the appropriate course of action in good faith to achieve equilibrium. We cannot, however, guarantee the outcome of these discussions. Thus any regulatory or legislative changes enacted after entry into the relevant stabilization agreements may materially and adversely affect our business, prospects, financial condition and results of operations.

In certain developing countries, oil and gas companies have faced the risks of expropriation or re-nationalization, breach or abrogation of license and project agreements, the application to such companies of laws and regulations from which they were intended to be exempt, denials of required permits and approvals, increases in royalty rates and taxes that were expected to be stable, the application of exchange or capital controls, the setting of specific levels of production or prices and other risks. We have experienced adverse sovereign action affecting certain of our key assets. There can be no assurance that measures adopted by us to mitigate such actions and spread the risks associated with such actions will be effective and such adverse sovereign action may materially and adversely affect our business, prospects, financial condition and results of operations.

Our operations may be more likely to be materially affected by host governments' economic and other entitlements to a greater extent than would be the case if our operations were largely in countries where mineral resources are not predominantly state-owned. In addition, transfers of interests typically require government approval, which may delay or otherwise impede such transfers, and the government may impose obligations on us to, for example, agree to certain tax treatments or complete minimum work within specified timeframes either generally or as a condition to approving such transfers. See, "*Summary—Disposals*."

The United Kingdom's withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and our business which could affect the price of the Notes.

Although we are an Africa and South America focused company, we are headquartered in the United Kingdom and trade on the London Stock Exchange. Following a national referendum and enactment of legislation by the government of the United Kingdom, the United Kingdom formally withdrew from the European Union and ratified a trade and cooperation agreement governing its future relationship with the European Union. The agreement, which is being applied provisionally from January 1, 2021 until it is ratified by the European Parliament and the Council of the European Union, addresses trade, economic arrangements, law enforcement, judicial cooperation and a governance framework including procedures for dispute resolution, among other things. Because the agreement merely sets forth a framework in many respects and will require complex additional bilateral negotiations between the United Kingdom and the European Union as both parties continue to work on the rules for implementation, significant political and economic uncertainty remains about how the precise terms of the relationship between the parties will differ from the terms before withdrawal.

These developments, and the uncertainty caused thereby, have had and may continue to have a material adverse effect on global economic conditions and financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates and credit ratings have been and may continue to be subject to increased market volatility. Lack of clarity about future United Kingdom laws and regulations as the United Kingdom determines which European Union laws to replace or replicate, including financial laws and regulations, tax and free trade agreements, tax and customs laws, intellectual property rights, environmental, health and safety laws and regulations, immigration laws, employment laws and transport laws could decrease foreign direct investment in the United Kingdom, increase costs, disrupt supply chains, depress economic activity and restrict our access to capital.

Any of these factors could have a material adverse effect on our business, financial condition and results of operations and affect the price of the Notes.

We carry out business in a highly competitive industry

The oil and gas industry is highly competitive including in the regions in which we have assets. The key areas in respect of which we face competition are:

- acquisition of exploration and production licenses, or interests in such licenses, at auctions or sales run by governmental authorities;
- securing additional offtakers of production, and our dependency on and cost of securing offtake vessels;
- acquisition of other companies that may already own licenses or existing hydrocarbon producing assets;
- differentiating technologies;
- engagement of third-party service providers whose capacity to provide key services may be limited;
- purchase, leasing, hiring, chartering or other procuring of equipment that may be scarce;
- employment of qualified and experienced skilled management and oil and gas professionals;
- ability to dispose of assets at reasonable prices; and
- access to debt and equity capital.

Competition in our markets can be concentrated and its intensity depends, among other things, on the number of competitors in the market, their financial resources, their degree of geological, geophysical, engineering and management expertise, their degree of vertical integration, and pricing policies, their ability to develop assets on time and on budget, their ability to select, acquire and develop reserves and their ability to foster and maintain relationships with host governments of the countries in which they have assets. Our competitors include entities with greater technical, physical and financial resources than us. When looking at acquisition opportunities, we also compete frequently with major national and state-owned enterprises, which typically possess significant financial resources and are able to offer attractive and favorable prices to sellers.

The effects of operating in a competitive industry may include higher than anticipated prices for the acquisition of licenses or assets, licensing terms providing for increased obligations, the hiring by competitors of key management, restrictions on the availability of equipment or services, or increases in the cost thereof, as well as potentially unfair practices including pressure on us directly or indirectly or the dissemination of false or misleading information or rumors by competitors or third parties. Such unconscionable pressure can be expected to arise out of disparities in the relative bargaining power of the affected parties and includes the stronger party exploiting the weaker party's disadvantage or the stronger party relying on its rights in a harsh or oppressive manner, allowing the weaker party to make an incorrect assumption, failing to disclose a material fact, misrepresentation or otherwise unfairly benefiting from a transaction at the expense of the weaker party.

If we are unsuccessful in competing against other companies, our business, prospects, financial condition and results of operations could be materially adversely affected.

Exploration, development and production operations involve numerous operational risks and hazards which may result in material losses or additional expenditures

Developing oil and gas resources and reserves into commercial production involves a high degree of risk. Our operations are subject to all the risks common in our industry. These hazards and risks include but are not limited to encountering unusual or unexpected rock formations or geological pressures, geological uncertainties, seismic shifts, blowouts, oil spills, uncontrollable flows of oil, gas or well fluids, explosions, fires, improper installation or operation of equipment and equipment damage or failure. See "*Our business—Main producing assets-Ghana—Turret remediation project*."

Given the nature of our offshore operations, our exploration, production and drilling facilities are also subject to the hazards inherent in marine operations, such as capsizing, sinking, grounding and damage from severe storms or other severe weather conditions.

The offshore operations conducted by us involve risks including but not limited to high pressure drilling, mechanical difficulties, or equipment failure which increase the risk of delays in drilling, production and of other operational challenges, as well as material costs and liabilities occurring.

If any of these events were to occur in relation to any of our licenses, they could, among other adverse effects, result in environmental damage, injury to persons and loss of life and a failure to produce oil and/or gas in commercial quantities. They could also result in significant delays to drilling programs, a partial or total shutdown of operations, significant damage to our equipment and equipment owned by third parties and personal injury or wrongful death claims being brought against us. These events can also put at risk some or all of our licenses and could result in us incurring significant civil liability claims, significant fines or penalties as well as criminal sanctions potentially being enforced against us and/or our officers. We may also be required to curtail or cancel operations on the occurrence of such events.

Any of the above operational risks could materially and adversely affect our business, results of operations, cash flow and financial condition.

We face significant uncertainty as to the success of any exploration, appraisal and development activities

Oil and gas exploration activities are capital intensive, subject to financing limitations and their successful outcome cannot be assured. In the years ended December 31, 2018, 2019 and 2020, we had pre-tax exploration write-offs relating to revisions to reserves, reductions in the long-term oil price assumptions, country exits, license relinquishments and unsuccessful explorations, among other reasons, of $295.2 million, $1,253.4 million and $986.7 million, respectively.

We undertake exploration activities, the outcomes of which are frequently subjected to unexpected problems and delays, and these activities incur significant costs, which can differ significantly from estimates, with no guarantee that such expenditure will result in the discovery of commercially recoverable oil or gas. For example, in the year ended December 31, 2018, we wrote-off $22.0 million of exploration costs related to licenses in Namibia due to unsuccessful exploration results, in the year ended December 31, 2019, we wrote-off $61.3

million in exploration costs in Guyana due to unsuccessful exploration results at the Jethro well, the Joe well and the Carapa-1 well and in the year ended December 31, 2020, we wrote-off $41.2 million of exploration costs in relation to unsuccessful drilling in Peru.

Appraisal results for discoveries are uncertain. Appraisal and development activities involving the drilling of wells across a field may be unpredictable and may not result in the outcome planned, targeted or predicted, as only by extensive testing can the assets of an entire field be more fully understood. For example, where we are drilling wells there is no guarantee such drilling activities will be successful and the actual costs incurred in respect of drilling, operating wells and completing well workovers may exceed budget. It is difficult to estimate the costs of implementing any exploration and/or appraisal drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over-pressured zones and changes in drilling plans and locations We may be required to curtail, delay or cancel any drilling operations because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, breaches of security, title problems, severe adverse weather or tidal conditions, compliance with governmental requirements and shortages or delays in the availability of drilling rigs and the delivery of equipment, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

Even if wells are productive, they may not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs and drilling hazards and environmental damage can further increase the cost of operations to be recovered. In addition, various field operating conditions may also adversely affect production from successful wells, including delays in obtaining governmental approvals, permits, licenses, authorizations or consents, shut-ins of connected wells, insufficient storage or transportation capacity or other geological and mechanical conditions.

Under our production sharing contracts and other similar agreements, we finance our agreed proportion of exploration, development and operations and the related facilities and equipment and will only recover our costs (after deducting royalties and taxes) if there is successful production in accordance with the terms of these agreements with such cost recovery being capped at a certain proportion of production and the balance in excess of such cap then being shared with the host government or national oil company. However, there can be no assurance that we will discover commercial quantities of oil or gas in such operations. Additionally, provisions regarding the treatment of the exploration and development of oil and gas set out in our production sharing contracts and other similar agreements is, owing to the terms of such provisions, frequently ambiguous, leading to uncertain terms as to cost recovery and entitlements to oil and gas discoveries. Accordingly, there can be no assurance that we will recover our outlay of capital expenditures and operating costs and in such event our business, prospects, financial condition and results of operations could be materially adversely affected.

Climate change and climate change abatement legislation and regulatory initiatives could adversely affect our access to capital, our business and ongoing operations.

Our business and results of operations could be adversely affected by climate change and the adoption of new climate change laws, policies and regulations. Growing concerns about climate change and greenhouse gas emissions have led to the adoption of various regulations and policies, including the Paris Agreement, which requires participating nations to reduce carbon emissions every five years beginning in 2023. Although the Paris Agreement did not include proposals specifically targeting the oil and gas industry, it has had an indirect impact on the industry. As such, the emission reduction targets and other provisions of the Paris Agreement, or similar legislative or regulatory initiatives and policies enacted in the future by the countries in which we operate or by international financial institutions like the World Bank, could adversely impact our business by limiting access to capital in the industry, imposing increased costs in the form of taxes or for the purchase of emission allowances, limiting our ability to develop new oil and gas reserves, decreasing the value of our assets, or reducing the demand for hydrocarbons and refined petroleum products.

In 2020, several global powers signaled their intention for greater ambition on climate action, with China launching a new carbon emissions trading scheme in early 2021 and announcing a target to decarbonize its economy by 2060. EU leaders agreed a more ambitious climate target of cutting net emissions by at least 55% by 2030 compared to 1990 and in early 2021 the new presidential administration in the United States introduced a raft of climate-related executive actions such as re-joining the Paris Agreement, cancelling the permit for the Keystone XL oil pipeline from Canada and halting oil leases in the Arctic National Wildlife Refuge in Alaska.

Global efforts to respond to the challenges of climate change may have an impact on the value of the price of oil and gas moving forward, as countries increasingly shift toward alternative energy sources, which may in turn impact the viability of our producing, development and exploration projects, including in Ghana and Kenya. In 2019, we recognized an impairment of $712.8 million in the year ended December 31, 2017, using a pre-tax discount rate of 10% partially due to revision of value based on revisions to reserves but also due to decreased long term price assumptions. While the Kenyan government remains committed to capitalizing on its oil reserves, the decreased long term price assumptions for oil have caused delays in our final investment decision regarding Project Oil Kenya, despite significant capital investment. Following a value-in-use assessment as a result of a reduction in long-term oil price assumptions we wrote-off $430.0 million of the value of Blocks 10BB and 13T in Kenya in the year ended December 31, 2020, using a pre-tax discount rate of 18%, and $419.0 million of the value of the same assets in the year ended December 31, 2019, using a pre-tax discount rate of 14%. We can make no assurance that we will not continue to recognize write-offs of the value of our producing and development assets as a result of further declines in short, medium and long term oil price assumptions and this could have a material effect on our business, results of operations and financial position.

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 mmbbl/d, announced its target to reduce the collective carbon intensity of its upstream operations by 9% by 2025. 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% by 2030. Royal Dutch Shell followed with plans to reduce oil production by 55% by 2030.

As part of our commitment to the Paris Agreement, we aim to produce net zero carbon emissions by 2030, by offsetting our carbon emissions ("**Net Zero**"). In 2020, we formed a Net Zero Taskforce to define an energy transition strategy for us to achieve net zero emissions (Scope 1 and Scope 2), and evaluated several options to decarbonize our Ghana operations. Given our 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 our Ghana business. Key to eliminating the need for routine flaring is a firm gas supply agreement with the government. We are in the process of entering into supply and offtake agreements with the Government of Ghana for these commercial gas sales to underpin the business case for the development of future accumulations, but there is a risk these supply and offtake agreements will not be made at desired quantities or terms, thus potentially negatively impacting our strategy to achieve net zero emissions, or that the Government of Ghana could elect to enter into these agreements with a competitor, which could have a material adverse effect on our business , prospects, financial condition and results of operations. Failure to achieve our Net Zero plan could impact our reputation and in turn impact the willingness of host countries to extend or grant our production or exploration licenses which could have a material adverse effect on our business, prospects, financial condition and results of operations. In addition, failure to meet our Net Zero commitments may also impact how investors, who are increasingly focused on Environment, Social and Governance matters and many of whom now expect climate change commitments, view our business which could, in turn, have an impact on our ability to attract future investment and thus have a material adverse effect on our business, prospects, financial condition and results of operations.

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 carbon footprint of their portfolios while 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. We have begun reporting for the first time emissions from our non-operated portfolio across our assets in Gabon, Equatorial Guinea and Côte d'Ivoire.

We recognize that evolving legislation and publicity aimed at reducing greenhouse gas emission could, over time, have a material adverse impact on the demand for oil and gas and result in the market shifting to alternative resources. Further, while we are actively seeking to anticipate and respond to this change, for example, by factoring in a shadow carbon cost into our own investment decisions for major capital projects, we may be subject to activism from groups campaigning against fossil fuel extraction, which could affect our reputation, disrupt our campaigns or programs or otherwise negatively impact our business. For example, as a result of its activist investor campaign, Exxon Mobile Corp. has already advanced its climate plans, but now is under pressure to set a new goal: net-zero greenhouse gas emissions by 2050.

All the supermajors have continued their journey towards Energy Transition which will see them divest mature assets in Africa and elsewhere. African countries are fully aware of the Energy Transition and the pace of change and are seeking to maximize their resource potential now as demonstrated by recent impetus in the Lake Albert Development Project in Uganda. These changes are likely to present significant opportunities but also challenges to our business in the coming decade.

Additionally, scientists have concluded that increasing concentrations of greenhouse gases in the Earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, floods and other climatic events. Our offshore operations are particularly at risk from severe climatic events. If any such climate changes were to occur, they could have an adverse effect on our financial condition and results of operations.

Risks relating to our business and our ability to service our debt, including the Notes

A significant proportion of our production comes from West Africa and, in particular, the Jubilee and TEN fields in Ghana, making us vulnerable to risks associated with having significant production in one country and region as well as other risks specific to those fields

The Jubilee field accounted for approximately 39.4% of our average working interest oil and gas production in the year ended December 31, 2020. Our TEN fields (which produced first oil on August 17, 2016), accounted for approximately 30.7% of our production in the year ended December 31, 2020. In total, approximately 100.0% of our total oil and gas production in the year ended December 31, 2020 came from West Africa (including the Jubilee and TEN fields). Excluding the production contributions of the assets involved in the Equatorial Guinea Disposal and the Dussafu Disposal, Jubilee and TEN accounted for approximately 43% and 33%, respectively, of our production in the year ended December 31, 2020.

Following the Uganda Disposal, our primary non-producing asset in terms of 2C contingent resources was the South Lokichar Basin onshore Kenya project, and no assurance can be given that a final investment decision will be taken in the near future, if at all. Further, no assurance can be made that our future exploration and development efforts will result in the discovery and development of additional commercial accumulations of oil and gas. If we do not take a final investment decision in Kenya or our current exploration assets do not lead to commercial discoveries, we will continue to face concentration risk in our production on our Ghanaian assets.

As a result of the concentration of production in Ghana, we may be exposed disproportionately to the effects of changes in governments, regional supply and demand factors, delays or interruptions of production from wells in this area caused by delays in government approval, elections, governmental regulation, processing or transportation capacity constraints, less than expected domestic demand, availability of equipment, equipment failure (including FPSO failure), facilities, personnel or services market limitations, severe adverse weather events or tidal conditions, demands from governmental authorities and boundary disputes between governments. For example, in the year ended December 31, 2019, production performance at Jubilee and the TEN fields in Ghana was significantly below expectations. At Jubilee, this was primarily the result of significantly reduced offtake of gas by the Ghana National Gas Company, which led to gas bottlenecks that in turn slowed production, as well as increased water cut at some wells and lower facility uptime. At Enyenra, one of the TEN fields, mechanical issues on two new wells have limited the well stock available and there was also faster than anticipated decline of reserves at this field. While we have addressed the gas offtake bottleneck at Jubilee, in light of the government's approval of increased flaring and agreement to increase gas offtake and have addressed the well issues at the TEN fields, we can make no assurance that we will not experience similar unanticipated downtime in the future and this could have a material adverse effect on our business, prospects, financial condition and results of operations. In 2021, our production targets for our Ghana assets are lower than in the prior year, as a result of expected downtime due to scheduled maintenance in the second half of the year at the Jubilee FPSO.

We may also be exposed to additional risks, such as changes in field-wide rules and regulations that could cause us to permanently or temporarily shut down all or some of our wells within the Jubilee and/or TEN fields which may impact our results of operations. The Jubilee field is subject to a unitization and unit operating agreement. Pursuant to the terms of this agreement, our unit interests and those of our joint venture partners in the Jubilee field may be changed or re-determined at periodic intervals whether by mutual agreement between the parties or, where there is a dispute between the parties, by a third party arbiter. To the extent that the interests of the parties to the unit operating agreement are not aligned (for example, by having a greater interest in a field relevant for the redetermination), there is an increased potential for disputes in relation to any particular redetermination. Any redetermination or dispute in relation to such redetermination could affect negatively our production interests and may materially and adversely affect our business, prospects, financial condition and results of operations.

Our exploration and production operations are dependent on our compliance with obligations under contracts, licenses, permits, operating agreements and relevant legislation

Our current operations are, and our future operations may be, subject to, and carried out in accordance with, licenses, approvals, authorizations, consents and permits from governmental authorities and prevailing relevant local legislation relating to exploration, development, construction, operation, production, marketing, pricing, transportation, storage and disposal of oil, other hydrocarbons and by-products, taxation and environmental protection and health and safety matters.

We cannot guarantee that such licenses, approvals, authorizations, consents and permits will be granted or, if granted, will not be subject to possibly onerous conditions or require us to incur material costs in order to comply with their terms. Our ability to obtain, sustain or renew such licenses, approvals, authorizations, consents and permits on acceptable terms may be subject to changes in interpretation, regulations and policies in the jurisdictions in which we have assets. To the extent any such licenses, approvals, authorizations, consents and permits are required and not obtained, maintained or complied with, we may be curtailed or prohibited from proceeding with planned exploration, development or operation of oil and gas assets and may be subject to fines and other penalties (including criminal sanctions).

Furthermore, no assurance can be given that disagreements with government officials regarding the interpretation of applicable laws and agreements, will not result in a curtailment of production, delays in our activities or a material increase in operating costs and capital expenditure or otherwise adversely affect our financial condition, results of operations or prospects. As a significant proportion of our production is concentrated in specific regions, disagreements with host governments regarding interpretation of applicable laws and agreements could adversely affect our relationship with the government and consequently, could impact our business operations. See "*—A significant proportion of our production comes from West Africa and, in particular, the Jubilee and TEN fields in Ghana, making us vulnerable to risks associated with having significant production in one country and region as well as other risks specific to those fields*." In addition, a failure to comply with applicable license obligations may lead to fines, penalties, restrictions, withdrawal of licenses and termination of related agreements, which could materially or adversely effect on our business, results of operations, cash flow and financial condition. See "*—We are dependent on maintaining a constructive relationship with the governments in the countries in which we operate and, if our relationship with the host government in any country in which we have a material presence deteriorates, this may have an impact on our business and results of operations*."

In addition, we and our joint venture partners, have obligations to develop fields in accordance with specific requirements under certain licenses, permits and related agreements (for example, production sharing contracts), field development plans, laws and regulations. If we or our joint venture partners were to fail to satisfy such obligations with respect to a specific field, the license, permit or related agreements for that field could be suspended, revoked or terminated, which could materially and adversely affect our business, prospects, financial condition and results of operations.

For example, our licenses in the South Lokichar basin in Kenya are contingent on certain conditions. One of the conditions requires us to submit a technically and commercially compliant Field Development Plan ("**FDP**") with the Government of Kenya by December 31, 2021. If the FDP is not submitted by December 31, 2021, our license extensions will expire. We along with our joint venture partners are working toward the preparation of a technically and commercially compliant FDP and we expect to be able to submit it by December 31, 2021 to receive a further extension of the licenses. However, we can make no assurance that we will be able to satisfy this license contingency. If we are unable submit a technically and commercially compliant FDP or if the Kenyan Government disagrees this condition has been met, we may lose our licenses in Kenya which could have a material adverse effect on our business, prospects, financial condition and results of operations.

A portion of the licenses pursuant to which we and our joint venture partners conduct operations are solely exploration licenses, and as such the assets which are the subject of those licenses are not currently producing, and may never produce commercial quantities of, oil or gas. Typically, these licenses have a limited life before we or our joint venture partners are obliged to seek to convert the license to a production license, extend the license or relinquish the license area. We have had write offs due to license relinquishments, expiry, planned exits or reduced activity in each of 2018, 2019 and 2020 across Mauritania, Suriname, Uruguay, Zambia, Jamaica, Namibia, Kenya, Comoros and Côte d'Ivoire. If hydrocarbons are discovered during the exploration license term, we or our joint venture partners may be required to apply for a production license before commencing production. If we or our joint venture partners comply with the terms of the relevant exploration license, we would normally expect that a production license would be issued. No assurance can be given that any necessary production licenses will be granted by the relevant authorities on terms acceptable to us and/or our joint venture partners, or at all, and the failure to obtain such a license on acceptable terms may materially and adversely affect our business, prospects, financial condition and results of operations.

Each of the exploration and production licenses, approvals, authorizations, consents, permits and/or related agreements pursuant to which we conduct operations have incorporated detailed work programs which are required to be fulfilled, normally within a specified timeframe. These may include seismic surveys to be performed, wells to be drilled, production to be attained, limits to production levels and specific construction matters. Some jurisdictions also impose a minimum financial spend during the exploration period, which can be called for payment if the minimum work obligations are not completed, and such a call could adversely affect our business, prospects, financial condition and results of operations.

In addition, we, our joint venture partners or other third parties may require licenses, approvals or consents to construct pipelines or other infrastructure that crosses borders (as is the case in Kenya and Tanzania) which would require negotiating access and construction permissions with governments in multiple jurisdictions. Negotiating license requirements and land access rights can cause delays in our production, development and exploration activities, as was the case in Kenya where delays in land acquisition work, especially with regard to land and water access rights, has delayed a final investment decision, which in turn necessitated an extension of our license by the Kenyan Government to December 31, 2021; however, we can make no assurance that a final investment decision will be made prior to the expiration of this license or that the Kenya government will grant a further extension. If such access and permissions are not achieved or are significantly delayed by protracted negotiations, it could limit the marketability and value of our production and adversely affect our business, prospects, financial condition and results of operation.

The suspension, refusal, revocation, withdrawal or termination of any of the licenses, permits or related agreements pursuant to which we conduct business, as well as any delays in the continuous development of or production at our fields caused by the issues detailed above, could materially and adversely affect our business, prospects, financial condition and results of operations. In addition, failure to comply with the obligations under the licenses, permits or agreements pursuant to which we conduct business, whether inadvertent or otherwise, may lead to fines, penalties, restrictions, withdrawal of licenses and termination of related agreements, which could materially and adversely affect our business, prospects, financial condition and results of operations.

Relevant legislation in the jurisdictions in which we do business provides that fines may be imposed and a license may be suspended or terminated if a license holder, or party to a related agreement, fails to comply with its obligations under such license or agreement, causes or contributes to damage to the environment or natural resources, or fails to make timely payments of levies and taxes for the licensed activity, or fails to provide the required geological information or meet other reporting requirements.

The authorities in the jurisdictions in which we do business are typically authorized to, and do from time to time, inspect our assets to verify compliance by us or our joint venture partners (as the case may be) with the licenses, permits, agreements and the relevant legislation pursuant to which we conduct our business.

We are subject to different regulatory regimes in each of the countries in which we operate. In Ghana, the Ghanaian Ministry of Petroleum has the overall responsibility for providing policy direction for the energy sector, with the Petroleum Commission being the regulatory body for the upstream petroleum sector. The Petroleum (Exploration and Production) Act, 2016 (Act 919) ("**Act 919**") provides for the safe, secure, sustainable and efficient conduct of petroleum activities and places the overall authority of the hydrocarbons sector with the Ministry of Petroleum. Act 919 further provides the Minister of Petroleum with the power to grant and revoke licenses and approve operators before the execution of petroleum agreement, among other powers. In Kenya, the state is required under its constitution to ensure that there is sustainable exploitation, utilization and management of the environment and natural resources and ensure equitable sharing of accruing benefits. The grant of a right or concession by or on behalf of any person, including the national government, to another person for the exploitation of any natural resource of Kenya is subject to ratification by parliament, which can result in substantial delays in obtaining such rights and concessions. The views of each of the parties involved in the regimes to which we are subject differ and may result in a higher administrative burden on us, which could impact our ability to comply with our obligations under our licenses or relevant legislation efficiently and on time. See "*Certain regulatory regimes*."

The legal and regulatory requirements in many of the jurisdictions in which we operate are not as well developed as the requirements of countries with more developed economies and often lack clarity. Additionally, some of these requirements are currently under review and may be subject to change. For example, in December 2017, the French Government passed a law banning the production of oil and natural gas by 2040 that extended to its overseas territories, including Guyana, where we have significant exploration license interests. As such, even if our exploration activities in Guyana are fruitful, we can make no assurance that the development of these assets will happen in sufficient time to allow us and our joint venture partners to recoup the value of our capital investments. It may from time to time be difficult to ascertain whether we have complied with obligations under production sharing contracts and licenses as the extent of such obligations may be unclear or ambiguous, and regulatory authorities in jurisdictions in which we do business may not be forthcoming with confirmatory statements that work obligations have been fulfilled, which can lead to further operational uncertainty.

There can be no assurance that the views of the relevant government agencies regarding the development of the fields that we or our joint venture partners operate, or the compliance with the terms of the licenses, permits, agreements or relevant legislation pursuant to which we conduct our operations, will coincide with our views, which might lead to disagreements that may not be resolved and any such disagreement, if not resolved in a commercially acceptable way or at all, may have a material adverse effect on our business, prospects, financial condition and results of operations.

We are dependent on maintaining a constructive relationship with the governments in the countries in which we operate and, if our relationship with the host government in any country in which we have a material presence deteriorates, this may have an impact on our business and results of operations

Given our longstanding presence in many of the markets in which we operate, we have extensive experience in dealing with host governments. We aim to maintain a stable, solid and constructive relationship with such governments and the existing regulatory and tax authorities. We have frequent communications, through formal and informal channels and at multiple levels, with our host governments which can include, *inter alia*, standing or ad hoc committees and working groups which include regulatory or quasi-regulatory bodies. These communications aim to ensure (i) that we are aligned with host governments on key operational, financial and regulatory matters including the interpretation and application of our existing arrangements and legislative and regulatory instruments and (ii) that we are able to have an open and constructive dialogue in the event of any disagreements. To the extent disagreements with our host governments do arise and cannot be resolved amicably, it could have a material adverse effect on our business, prospects, financial condition and results of operations.

We have received, and continue to receive, claims, assessments or notifications from host governments including revenue and tax authorities and other regulatory bodies purporting to apply legislation or regulations which is/are enacted subsequent to the effective date of our petroleum agreements or to amend or vary the contractual rights in, or assert non-compliance with, our petroleum agreements or otherwise interpret such agreements differently than we do. Such actions may seek to alter the fiscal regime (including our right to cost recovery) or other rights and benefits accruing to us under our petroleum agreements contrary to the protections we believe we have under the terms of our petroleum agreements, including by virtue of stabilization provisions found in many of the agreements. These actions may include, *inter alia*, the alteration of production sharing entitlements or contract terms, the variation of royalty rates or tax rates, challenges to our right to cost recovery or the application of new or otherwise previously inapplicable taxes, and in some cases have sought to apply penalties that may be disproportionate to the amount of the claim or assessment. In some cases, such claims allege non-compliance with law or our petroleum agreements or production sharing contracts with the host government, and if upheld could result in the host government attempting to terminate such agreements or contracts and our rights with respect to the underlying assets or in the imposition of material penalties or other sums. We have received, and continue to receive, and interact with host governments with respect to, claims and assessments of this nature in a number of different jurisdictions, including those in which we hold material assets, and we have observed an increase in the frequency and size of such claims during periods of low commodity prices, during election periods or when a new government takes office. In certain cases, the damages, penalties or payments sought under such claims have been material. When faced with such claims, we engage with host government authorities to seek an amicable solution which respects our contractual terms. In Ghana, we are currently engaged in discussions with the GRA with regard to a demand notice issued in April 2020 for payment of approximately $365.0 million based on application of branch profits remittance tax in relation to the financial years from 2014 to 2016, which was assessed in December 2019. In January 2020, TGL issued a Notice of Dispute with the MoE pursuant to the terms of our petroleum agreement, as it considers branch remittance tax not applicable to TGL in light of double tax treaties and TGL's petroleum agreement. As part of these ongoing discussions, the GRA have raised arguments for potential additional significant disallowances which we strongly dispute. See "*—We may be adversely affected by changes to tax legislation or its interpretation or increases in effective tax rates in the jurisdictions in which we do business*" and "*—Certain of the countries in which we do business face political, economic, legal, regulatory and social uncertainties which could materially and adversely affect our business, prospects, financial condition and results of operations. In addition, operating in certain of these countries exposes us to risks associated with bribery and corruption*."

However, we may not be able to agree to an amicable solution and, in such cases, we have sought, and will continue to be prepared to seek, an enforceable remedy through dispute resolution mechanisms including court proceedings and arbitration. Host governments may also seek to initiate dispute resolution proceedings against us in the event amicable solutions cannot be agreed. Should we be unable to amicably resolve a claim, receive an adverse ruling in a dispute resolution proceeding, be unable to enforce a favorable ruling or otherwise damage our relationships with host governments, or if a government seeks to terminate our petroleum agreements or production sharing contracts as a result of such claim or dispute, there could be a material adverse effect on us or our business, prospects, financial condition and results of operations.

We face drilling, exploration, production and environmental risks and hazards that may affect our ability to produce oil and gas at expected levels, quality and costs

Oil and gas exploration and production operations are subject to certain risks including premature decline of reservoirs, invasion of water into producing formations, encountering unexpected formations or pressures, low permeability of reservoirs, blowouts, oil spills, explosions, fires, equipment damage or failure, natural disasters, geological uncertainties, unusual or unexpected rock formations and abnormal geological pressures, uncontrollable flows of oil, gas or well fluids, severe adverse weather or tidal conditions, shortages of skilled labor or suppliers, access to utilities such as water, sabotage of oil and gas pipelines, pollution and other environmental risks, any of which could materially adversely affect our business, prospects, financial condition and results of operations. For example, in the year ended December 31, 2019, production performance at the Jubilee and TEN fields in Ghana was significantly below expectations. At Jubilee, this was primarily the result of significantly reduced offtake of gas by the Ghana National Gas Company, which led to gas bottlenecks that in turn slowed production, as well as increased water cut at some wells and lower facility uptime. At Enyenra, one of the TEN fields, mechanical issues on two new wells in 2019 limited the well stock available and there was also faster than anticipated decline of reserves at this field. While we have addressed the gas offtake bottleneck at Jubilee, in light of the government's approval of increased flaring and agreement to increase gas offtake, and have addressed the well issues at the TEN fields, we can make no assurance that we will not experience similar unanticipated downtime in the future and this could have a material adverse effect on our business, prospects, financial condition and results of operations. In 2021, our production targets for our Ghana assets are lower than in the prior year, as a result of expected downtime due to scheduled maintenance in the second half of the year at the Jubilee FPSO.

Certain of our facilities are also subject to hazards inherent in marine operations, such as piracy, capsizing, sinking, grounding, vessel collision and damage from natural catastrophes, severe storms or other severe adverse weather or tidal conditions. The offshore operations that we conduct involve risks inherent in the nature of operating in complicated environments and complex geological formations including blowouts, encountering unused or unexpected rock formations with abnormal geographical pressures, oil spills and equipment failure. Each of the Jubilee and TEN fields production is produced through single FPSOs which are supported by a number of smaller vessels, so any technical failure or accident involving these FPSOs or the supporting vessels could have a material negative impact on our production and the resulting cash flow therefrom.

The occurrence of the above described events could result in environmental damage, including biodiversity loss or habitat destruction, injury to persons and loss of life, failure to produce oil in commercial quantities, additional capital expenditure costs or an inability to fully produce discovered reserves. Moreover, spills of oil or other pollutants to the marine environment can require substantial expenditures to contain and remediate such spills. The risks mentioned above could also cause substantial damage to our property and our reputation and put at risk some or all of our interests in licenses, which enable us to explore and/or produce, and could result in us incurring fines or penalties as well as criminal sanctions potentially being enforced against us and/or our officers with such fines, penalties or criminal sanctions potentially having a negative impact on the likelihood of our being awarded licenses in the future.

Certain of our material licenses are in various phases of development without current production. The early stages, being the exploration or development period of a license, are commonly associated with higher risk, requiring high levels of capital expenditure without a commensurate degree of certainty of a return on that investment. Our capital expenditures may not guarantee the successful production of oil and gas in line with our projections. For example, in the promising Guyana-Suriname basin, we have had significant exploration write-offs at the Joe, Jethro and Carapa-1 wells drilled in the year ended December 31, 2020, as these wells either failed to produce oil or produced oil of quality that was lower than anticipated. Other events, such as unexpected drilling conditions, equipment failures or accidents (such as the turret issues at the Jubilee FPSO), breaches of security, adverse weather (as exemplified by the adverse weather conditions in Kenya that lead to the suspension of our trucking operations in 2019) and the unavailability of drilling rigs, among others, in the fields in which we have an interest could adversely affect our results of operations and financial condition.

Our future success depends on our ability to find and develop or acquire additional commercial reserves that are economically recoverable. Certain of our interests are in mature fields with declining production, such as the Enyenra development at TEN and the Etame and Echira fields in Gabon. While well supervision and effective maintenance operations can contribute to sustaining production rates over time, we are required to undertake exploration, appraisal and development activities in order to replace reserves which are depleted by production. While we may seek to develop or acquire additional assets containing commercial reserves, we may not be able to find, develop or acquire suitable additional reserves on commercially acceptable terms or at all, which could result in depletion of our reserves or contingent resources, which could materially and adversely affect our business, prospects, financial condition and results of operations. Moreover, if we are unable to replace the commercial reserves that we produce, our reserves and revenues will decline. See "*—If we fail to identify appropriate acquisition targets, carry out appropriate diligence on them and complete and integrate acquisitions successfully, our financial condition and future performance could be adversely affected*" and "*Risks relating to the oil and gas industry—We face significant uncertainty as to the success of any exploration, appraisal and development activities*."

The level of our oil and gas commercial reserves and contingent resources, their quality and production volumes may be lower than estimated or expected.

The information about our commercial reserves and contingent resources set forth in this Offering Memorandum and in the reports referred to herein, which have been prepared on an SPE basis, represent estimates only and such estimates are forward looking statements which are based on judgments regarding future events that may be inaccurate.

In general, estimates of economically recoverable oil reserves are based on a number of factors and assumptions made as at the date on which the reserves estimates were determined, such as geological and engineering estimates (which have inherent uncertainties), historical production from the assets, the assumed effects of regulation by governmental agencies and estimates of future commodity prices and operating costs, all of which may vary considerably from actual results. For example, during the years ended December 31, 2018, 2019 and 2020, we have written down the value of assets in Gabon, Kenya and the TEN fields in Ghana, among others, as the result of decreased assumptions in the near, medium and long term price of oil. As the Energy Transition intensifies, we may be forced to incur further write-offs on the value of our assets as long term price assumptions for the price of oil may continue to decline.

Underground accumulations of hydrocarbons cannot be measured in an exact manner and estimates thereof are a subjective process aimed at understanding the statistical probabilities of recovery. Estimates of the quantity of economically recoverable oil and gas reserves, rates of production, net present value of future cash flows (NPV-10 of 2P Reserves) and the timing of development expenditures depend upon several variables and assumptions, including the following:

- production history compared with production from other comparable producing areas;
- quality and quantity of available data;
- interpretation of the available geological and geophysical data;
- effects of regulations adopted by governmental agencies;
- future percentages of international sales;
- future oil and gas prices;
- capital investments;
- effectiveness of the applied technologies and equipment;
- future operating costs, tax on the extraction of oil and gas reserves, development costs and workover and remedial costs; and
- the judgment of the persons preparing the estimate.

As all reserve estimates are subjective, each of the following items may differ materially from those assumed in estimating reserves:

- the qualities and quantities that are ultimately recovered;
- the timing of the recovery of oil and gas reserves;
- the production and operating costs incurred;
- the amount and timing of additional exploration and future development expenditures; and
- future hydrocarbon sales prices.

We utilize a range of techniques to estimate the quantity of economically recoverable oil and gas reserves. One of these techniques is multi-dimensional seismic data which, even when properly used and interpreted, may not identify accurately the presence of oil and gas. Multi-dimensional seismic data and visualization techniques are tools that assist geoscientists in identifying subsurface structures and hydrocarbon indicators, but do not enable the interpreter to know whether hydrocarbons are, in fact, present in those structures. In addition, the use of multi-dimensional seismic and other advanced technologies requires greater pre-drilling expenditure than traditional drilling strategies, and we could incur losses as a result of such expenditure.

Many of the factors in respect of which assumptions are made when estimating reserves are beyond our control and therefore these estimates may prove to be incorrect over time. Evaluations of reserves necessarily involve multiple uncertainties. The accuracy of any reserves or contingent resources evaluation depends on the quality of available information and oil and gas engineering and geological interpretation. Exploration drilling, interpretation, testing and production after the date of the estimates may require substantial upward or downward revisions in our reserves or contingent resources data. Moreover, different reserves engineers may make different estimates of reserves based on the same available data. Actual production, revenues and expenditures with respect to reserves and contingent resources will vary from estimates and the variances may be material. For example, at the TEN fields in the year ended December 31, 2019, we recognized impairments of $712.8 million, using a 10% pre-tax discount rate assumption, and in the year ended December 31, 2020, we recognized a $149.2 million, using a 10% pre-tax discount rate, in part due to a revision of the value of the asset as a result of a revision to commercial reserves, as well as a reduction in the long term price assumptions of oil.

The uncertainties in relation to the estimation of reserves set out above also exist with respect to the estimation of contingent resources. The probability that contingent resources will be discovered, or be economically recoverable, is considerably lower than for commercial reserves. Volumes and values associated with contingent resources should be considered highly speculative. See "*Presentation of financial and other information*."

If the assumptions upon which the estimates of our oil and gas reserves and contingent resources have been based prove to be incorrect or if the actual reserves or contingent resources available are otherwise less than the current estimates or of lesser quality than expected, we may be unable to recover and produce our estimated levels or quality of oil and gas and this may materially and adversely affect our business, prospects, financial condition and results of operations.

Accordingly, the commercial reserves and contingent resources information set out and referred to in this Offering Memorandum may not reflect actual commercial reserves and contingent resources or be comparable to similar information reported by other companies.

We are not the operator of all of the licenses to which we are a party and, as a result, are not able to exercise full control over the operations and decisions taken with respect to such licenses. Further, where we are the operator of our licenses, we conduct certain of such operations with joint venture partners which may increase the risk of disputes, delays, additional costs or the suspension and termination of the licenses or the agreements which govern our assets.

We have entered into business ventures with joint venture partners in respect of a number of our exploration, production and development assets. As of December 31, 2020, we had interests in 53 licenses, 22 of which we are the operator, and following the completion of the Equatorial Guinea Disposal on March 31, 2021, and upon completion of Dussafu Disposal, we will have 50 licenses, 22 of which we are the operator.

During the year ended December 31, 2020, approximately 30% of our production was from non-operated fields. Where we are not the operator of our producing assets, we do not have control over the maintenance and operations at the asset and this can result in lost production through no fault of our team. For example, in mid-January 2021, following a major incident aboard the CNR operated Espoir field FPSO in Côte d'Ivoire, which contributed 2.8% of our 2020 net production and was estimated to produce 3.7% of our estimated 2021 production (including the producing assets involved in the Equatorial Guinea Disposal and the Dussafu Disposal), production was shut down for approximately four weeks. While production is now returning to full capacity, we can make no assurance that this or our other non-operated producing assets will not experience similar downtime. Any reduction in the uptime of our producing assets could have a material adverse effect on our production volumes and in turn could impact our business, prospects, financial condition and results of operations. We estimate our oil production for 2021 will be lower than 2020 full year production, primarily due to planned maintenance at our operated assets in Ghana, but also due to the deferral of development drilling on the Simba field in Gabon and the Espoir field in Côte d'Ivoire to 2022. This risk is heightened by the potential further concentration of our producing assets following the completion of the Equatorial Guinea Disposal in the first quarter of 2021 and upon completion of the Dussafu Disposal.

To the extent we are not the operator of our oil and gas assets or do not have sufficient voting rights to direct or exert influence over operations, the timing, costs and performance of such operations will be dependent on our joint venture partners acting as operators. For example, we may believe a particular drilling campaign or location of a particular well would be beneficial for our own reserve position or that a particular asset is commercially viable. Without the agreement of our joint venture partners, however, we would be unable to undertake the appropriate exploration or development activities to advance or protect our own commercial position, which may materially adversely affect our business, prospects, financial condition and results of operations. In addition, the terms of any relevant operating agreement will generally impose standards and requirements in relation to an operator's activities. While we have acquired interests in oil and gas assets that are operated by, what we believe to be, reputable operators, there can be no assurance that any such operator will observe such standards or requirements. Failure by an operator to comply with its obligations under relevant licenses including, for example, health and safety and environmental requirements, or the relevant operating agreement may result in delays or increased costs, lead to fines, penalties and restrictions and/or the withdrawal of licenses or termination of the agreements to which we are a party. We may also be subject to claims by an operator regarding potential non-compliance with our obligations under the relevant licenses or operating agreement.

Where we are an operator of a particular asset, we are dependent on our joint venture partners complying with their obligations under relevant licenses or the agreements pursuant to which we operate an asset. Failure by us (acting with our joint venture partners) to comply with our obligations may lead to fines, penalties, restrictions and withdrawal of licenses or termination of the agreements under which we operate. Typically, as operator, we are able to direct or control certain of the activities or operations relating to a particular asset. There is a risk that a joint venture partner with license interests in an asset may elect not to participate in certain activities which we believe are required. In addition, in certain cases the consent of a joint venture partner is required to undertake a particular course of action. Where consent is not forthcoming or the joint venture partner refuses to follow our proposed course of action, it may not be possible for such activities to be undertaken by us alone or in conjunction with other joint venture partners at the desired time or at all or otherwise, to the extent permitted, such activities may then need to be undertaken with us bearing a greater proportion of the risks and costs involved in the project. In addition, we may suffer unexpected costs or losses if a joint venture partner does not meet obligations under agreements governing the relationship. For example, a joint venture partner may default on its obligations to fund capital or other funding obligations in relation to assets whether as a result of such joint venture partner's insolvency or otherwise. In such circumstances, we may be required under the terms of the relevant operating agreement to contribute all or part of any such funding shortfall, regardless of the percentage interests we agreed with such joint venture partner under such arrangements. Typically, the defaulting joint venture partner will be required to cure its default in a period of time set out under the relevant agreement. Where the defaulting party refuses, or is unable, to cure its default, we and the other joint venture partners may acquire the defaulting partner's interest in the license. As a result and despite our original intentions, our exposure to a particular license may increase such that we bear a greater proportion of the risks and costs involved, which may have a material adverse effect on our business, prospects, financial condition and results of operations. In addition, we may also be subject to claims by our joint venture partners regarding potential non-compliance with our obligations. It is also possible that our interests, on the one hand, and those of our joint venture partners, on the other will not always be aligned and could result in possible project delays, disagreements or additional costs.

In situations in which joint venture partners include host governments, national oil companies or designated local partners, such partners are often supported by the other joint venture partners during the exploration and development phases until production commences. Indigenous participants have historically had a higher likelihood of defaulting on their development funding obligations, leaving the other joint venture partners (including ourselves) either to pay on their behalf and remedy their default to advance development or continue production or otherwise seek recourse in the local courts by taking action against the host government, the national oil company or the designated local partner, which can lead to ongoing operational obstacles when seeking regulatory approval for future operations and reputational difficulties in the relevant country.

Our role in control of the operation of the license could therefore impact factors including timeline and cost of operations as well as our exit from the operating agreement, which may be subject to prior approval by our joint venture partners. The occurrence of any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

We may be unable to sell assets on commercially acceptable terms or in a timely manner and may be required to retain liabilities for certain matters

We regularly review our asset base to assess the market value versus holding value of existing assets and our future funding requirements in relation to such assets, with a view to optimizing deployed capital, maintaining an appropriate level of exposure in each of our assets, ensuring a continued focus on our core activities and diversifying our assets to reduce risk. Our ability to monetize such assets (whether in full or in part) on commercially acceptable terms or at all at the point in time we wish to do so could be affected by various factors, including, among others, the availability of purchasers willing to acquire such assets at prices acceptable to us, the ability of those purchasers to secure the necessary funding to proceed with the purchase, consents required from joint venture partners in such assets and consents required from government partners and regulators. To the extent that we are not able to monetize such assets (whether in full or in part) on commercially acceptable terms or at all at the points in time we wish to do so, we would be required to meet our funding requirements in relation to such assets when we would not otherwise be expected to make them had we monetized the asset. There can be no guarantee that the value we receive on disposal of an asset will equal or exceed the amount we acquired the asset for or represent a positive return on all amounts invested in, or spent on or in connection with, such asset for the period of time it has been held. Over the past few years, we identified certain non-core assets and took steps to dispose of them. For example, in 2019 we completed the process of divesting our assets in Pakistan and in the second half of 2020 we completed the Uganda Disposal. In the first quarter of 2021, we completed the Equatorial Guinea Disposal and entered into binding sale and purchase agreements for the Dussafu Disposal.

Even where we are able to agree to the sale of an asset, the disposal may be subject to the satisfaction of certain conditions and the failure to meet these conditions may result in the lapse of the executed sale and purchase agreement. For example, prior to the Uganda Disposal we had agreed a partial farm-down of our interests in the Lake Albert Development Project for headline consideration of $900.0 million. However, the parties failed to reach an agreement with the Government of Uganda, a condition precedent to completion, and the sale and purchase agreement lapsed in 2019. The Dussafu Disposal still requires satisfaction of several conditions precedent to closing including approval of the sale from the Government of Gabon and release from and termination of the BW Energy pledge in respect of certain of the assets to be sold. We cannot assure you that these conditions, or any conditions imposed on future asset sales, will be satisfied and failure to satisfy these conditions could impact our ability to dispose of assets and have a material adverse effect on our business, prospects, financial condition and results of operations.

Additionally, a disposing party typically retains certain liabilities or agrees to indemnify buyers for certain matters and in order to divest certain assets we may be required to provide an indemnity to a buyer particularly in relation to decommissioning, environmental and taxation liabilities. For example, in connection with the Dussafu Disposal, we agreed to retain $5.0 million of the liability in relation to a conditional settlement reached with BW Energy and our joint venture partners concerning a dispute with BW Energy and other joint venture partners. The magnitude of any such retained liability or indemnification obligation may be difficult to quantify at the time of the transaction and ultimately may be material. Also, as is typical in divestiture transactions, third parties may be unwilling to release us from guarantees or other credit support provided prior to the sale of the divested assets. As a result, after a sale, we may remain secondarily liable for the obligations guaranteed or supported to the extent that the buyer of the assets fails to perform these obligations and this could have a material adverse effect on our business, prospects, financial condition and results of operations.

Pursuant to the sale and purchase agreements for the Uganda Disposal, the Equatorial Guinea Disposal and the Dussafu Disposal, the respective counterparties have provided us with customary warranties and indemnities. We have undertaken due diligence to minimize the risk that we may be unable to enforce these protections. However, our ability to recover in respect of a claim in respect of those warranties and indemnities will depend on the counterparties' credit risk at the time of the claim and an inability to successfully recover in respect of these warranties or indemnities may adversely affect our business, prospects, financial condition or results of operations.

The conditions required for receipt of contingent consideration may not be met.

The conditions required for payment of contingent consideration are outside our control and we may be unable to realize these potential revenues. The consideration payable pursuant to the Equatorial Guinea Disposal contains the following elements of deferred and contingent consideration: (i) deferred contingent consideration of $5.0 million payable on the later of (a) the completion of the Equatorial Guinea Disposal and (b) within two business days of completion of the Dussafu Disposal and (ii) potential additional contingent consideration of up to $16.0 million in aggregate payable only in a five year period where the average net production of Tullow EG from the interests involved in the Equatorial Guinea Disposal for each year in such period is equal to or in excess of 5,500 bopd and the average daily Brent oil prices in respect of each year in the same period exceeds $60/bbl. There is a risk that we will not receive the contingent consideration described in (i) as there can be no assurance that the conditions to the Dussafu Disposal can be met. Similarly, there is a risk that we will not receive some or all of the contingent consideration described in (ii) if oil prices remain at or below the thresholds for contingent consideration to be paid or if production is below the required threshold. Thus there can be no assurance that either contingent consideration will become payable. If the contingent consideration for the Equatorial Guinea Disposal, the Dussafu Disposal or any future asset sale is not received, this could have a material adverse effect on our business, prospects, financial condition and results of operations.

Our insurance coverage may not be adequate for covering all losses arising from potential operational hazards and unforeseen interruptions

We believe that the extent of our insurance cover is appropriate based on the risks and exposures associated with our business, availability of insurance, the cost of cover and oil and gas industry practice. Although insurance coverage is in place for a number of identified risks, including cover for physical damage to assets, operator's extra expense (well control, seepage and pollution cleanup and re-drill costs), third-party liabilities for our global exploration and production activities, construction all risks cover for development projects, hull and machinery insurance for the FPSOs and business interruption insurance for each of our material assets, in each case such cover is subject to excesses, exclusions and policy limitations and there can be no assurance that such insurance will be adequate to cover any losses or exposure for liability, or that we will continue to be able to obtain insurance to cover such risks. For example, we identified an issue with the turret bearing of the Kwame Nkrumah MV21 FPSO at the Jubilee field, which resulted initially in a production shut down and then operation at a reduced pace following resumption of drilling activities. In the years ended December 31, 2018, 2019 and 2020, we continued to issue insurance claims in respect of the Jubilee Turret Remediation Project and recorded insurance proceeds of $310.8 million, $123.8 million and $24.8 million in each of those years, respectively under our Business Interruption and Hull and Machinery policies. See "*Management's discussion and analysis—Significant factors affecting results of operations—Insurance*" and "*Our business—Operated Portfolio—Jubilee field—Turret remediation project.*" If the insurance we maintain is not adequate and a loss or liability is suffered that is not covered by the insurances, our business, prospects, financial condition and results of operations could be materially and adversely affected.

We are unable to give any guarantee that expenses or lost revenue relating to losses or liabilities will be fully covered by the proceeds of applicable insurance. Consequently, we may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage. We are also subject to the future risk of unavailability of insurance, increased premiums or excesses, and expanded exclusions. While we procure insurance from institutions which receive at least an "**A–**" rating from international credit rating agencies, including members of the Lloyds insurance market in London and international and local insurance companies, there can be no guarantee that payments to which we may be entitled under these policies of insurance will be made. In line with local legislation in certain jurisdictions, we are required to purchase insurance locally. Where this is required, we place insurance policies with resident insurance companies and reinsure into international markets with lead reinsurers that have a minimum A− or equivalent S&P rating.

When a loss occurs, we will seek indemnification from our insurers. The insurance claims process can be protracted and may include an initial period for which insurance is not recoverable depending on, for example, the nature of the loss, the terms of the policy and the insurers involved. There can be no guarantee that the terms and conditions of the policy will apply to all losses sustained or that the limits in the policy will be sufficient for the financial loss sustained. Further, any such claims could influence our insurance premiums. See "*Our business—Insurance*."

Our operations may be subject to the risk of litigation

From time to time, we may be subject to or otherwise impacted by litigation or arbitration arising out of our activities or operations, whether or not a direct party to those matters. For example, in 2018 the English Commercial Court ruled that we were not entitled to terminate our West Leo contract with Seadrill by invoking the contract's force majeure provision and we (and our joint venture partners) were required to pay Seadrill a total of $248.0 million. To date following this decision, one of our joint venture partners, Kosmos Energy Ghana HC, has claimed against us and it won an arbitration confirming that it was not liable for its proportionate share of the Seadrill judgment. Damages claimed, or the potential impact of the result under any such proceedings may be material or may be indeterminate, and the outcome of such litigation or arbitration could materially and adversely affect our business, prospects, financial condition and results of operations.

Currently, there are a number of disputes which could have a significant effect on our financial position or profitability including:

- *Potential High Court dispute and ICC arbitration with Vallourec*. On behalf of ourselves and our Jubilee field joint venture partners, TGL is claiming from Vallourec Oil and Gas France ("**Vallourec**") losses of approximately $299.0 million, arising from the supply by Vallourec of damaged tubular goods in 2009, together with an indemnity in relation to future remedial costs. The contracts under which the tubular goods were supplied were governed by English and French law. TGL issued a pre-action protocol letter in respect of each contract. In October 2015, Tullow Ghana and Vallourec entered into standstill agreements which provide that neither party will proceed with a claim unless a party gives the other 28 days' notice to terminate the applicable standstill agreement. As of the date of this Offering Memorandum, the standstill agreements remain in place.

- *Arbitral proceedings in relation to the Wisting license*. In January 2013, Tullow Overseas Holdings B.V. ("**TOH**") 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 "**Spring SPA**"), TOH undertook to make contingent bonus payments to Hitec and the Spring employee minority shareholders in the event of the discovery on or before December 31, 2016 of commercially viable reserves from four identified drilling prospects (including the Wisting prospect in license PL537 ("**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 December 31, 2016. Tullow disputes this position. An arbitration was commenced in Norway to determine if a bonus payment is payable in respect of the Wisting discovery. Given COVID-19 travel restrictions, the arbitration hearing, originally set for November 2020 has been deferred to later in 2021 and a decision is expected in early 2022. Hitec has claimed $95.0 million, which includes interest that is estimated to accrue until the end of the 2020 financial year (which TOH has disputed). This claim amount is based on a preliminary calculation that is subject to update.

- In 2016, TOH sold its interest in PL537 to Equinor but TOH remains responsible for this dispute.

While we assess the merits of each action and will consider defending it accordingly, we may be required to incur significant expenses in defending against litigation or arbitration and there can be no guarantee that a court or tribunal will find in our favor. A decision adverse to us in connection with Vallourec, the Wisting license, or other material claims to which we may be or become subject, could have a material adverse effect on our business, prospects, financial condition and results of operations. Further, the adverse publicity surrounding such claims could materially and adversely affect our business and prospects. See "*Our business—Legal and arbitration proceedings*."

We operate with a significant level of total net debt which may materially and adversely affect our business, liquidity, financial condition and prospects

The oil and gas industry is capital intensive and we expect to fund ongoing capital and operational expenditure from a combination of cash from operations, monetization of assets, debt facilities and debt and equity capital market transactions. However, we currently operate with a significant level of total net debt which may constrain the scale of our future investments on exploration and appraisal activities which would therefore limit our longer term growth prospects. Although we aim for a gearing policy of less than 2.0x, the volatile and lower oil prices due to the impact of COVID-19 and geopolitical developments between oil producing nations, such as Saudi Arabia and Russia, along with production cuts imposed by OPEC+, has resulted in us exceeding this policy in recent years. As of December 31, 2020, our total net debt was $2,375.6 million (compared to $2,805.5 million as of December 31, 2019) and our gearing was 3.0x (as compared to 2.0x as of December 31, 2019).

The level of our total net debt could have important consequences for our business. For example, it may impede our ability to undertake certain operations which we would consider beneficial if such operations required increased or unbudgeted capital or operational expenditure. We carefully evaluate our ability to comply with the financial covenants set by our lenders in managing our total net debt and financial resources and when planning for, or reacting to, changes in capital or operational expenditure in our business and the competitive environment in the oil and gas industry. If, following an evaluation of our financial position against such covenants, we determine we are unable to undertake certain operations which we consider would be beneficial to us without breaching such covenants, our business, longer-term liquidity, financial condition and prospects may be materially and adversely affected. While we and other members of the oil and gas industry have been able to negotiate amendments to the terms of such financial covenants in the past, there can be no assurance that we will be able to do so in the future on commercially acceptable terms, or at all. In addition, any failure to comply with any covenant may materially and adversely affect our business, longer-term liquidity, financial condition and prospects.

In light of the increased regulatory environment in which banks operate and the volatility of oil prices, there has been a reduction in certain banks' willingness or ability to lend to entities in the oil and gas industry. Accordingly, there is a risk that we may not be able to refinance our existing or future financial indebtedness or obtain additional debt finance on commercially acceptable terms, or at all. If refinancing is not available on commercially acceptable terms, or at all, this may materially and adversely affect our business, longer-term liquidity, financial condition and prospects.

We may be required to dedicate a significant portion of our cash flow to servicing our debt obligations, thereby reducing the funds available for operations and future business opportunities. Such levels of indebtedness may increase our vulnerability to general adverse economic conditions and so place us at a commercial disadvantage to competitors who have less debt.

Our reduction in size may make it more difficult or more expensive to secure funding

The reduction in size and diversification of the Group following the Uganda Disposal and the Equatorial Guinea Disposal and upon completion of the Dussafu Disposal, may make raising funding more difficult or more expensive as we will no longer be able to use the commercial reserves or contingent resources as collateral for future financing initiatives. This may in turn result in our liquidity becoming insufficient and lead the Board to decide to seek additional sources of the liquidity which may result in a significant increase in our financing costs.

Failure by us, our suppliers or our contractors to obtain access to necessary equipment, facilities and transportation systems could materially and adversely affect our business, prospects, financial condition and results of operations

We rely on oil field suppliers and contractors to provide materials and services in conducting our exploration and production activities. Any pressures on the oil field suppliers and contractors, such as substantial increases in the worldwide prices of commodities, including, for example, steel, could result in a material increase in costs for the materials and services required to conduct our business. Such equipment, personnel and services can be scarce and may not be readily available at the times and places required by us to conduct our planned operations, especially in remote locations where we operate our assets, for example in Kenya. Future changes to the supply of these services could have a material adverse effect on our operating income, cash flows and borrowing capacity and may require a reduction in the carrying value of our assets, our planned level of spending for exploration and development and the level of our reserves. Prices for the materials and services we depend on to conduct our business may not be sustained at levels that enable it to operate profitably.

Oil and gas exploration, development and production activities are dependent upon the availability and cost of drilling rigs and related third-party equipment. High demand for equipment such as drilling rigs or access restrictions may affect the availability and cost of, and our access to, such equipment on commercially acceptable terms or at all and may delay or increase the cost of our exploration, development or production activities. Additionally, the wage rates of qualified drilling rig crews generally rise in response to the increased number of active rigs in service and could increase sharply in the event of a shortage. As a result of current conditions in the oil and gas industry, costs of such equipment and wages have declined from higher levels several years ago. Any increase in industry demand could result in significant increased costs. Failure by us or our contractors to secure necessary equipment on commercially reasonable terms or at all could materially and adversely affect our business, prospects, financial condition and results of operations.

The oil and gas industry is characterized by rapid and significant technological advancements and introductions of new products and services using new technologies which can dramatically improve efficiency and decrease the cost of production. New technology, when first developed, may be scarce and competition to acquire or use it may be high. Other oil and gas companies may have greater financial or other resources that allow them to access such advancements ahead of us. We may not be able to respond to these competitive pressures or acquire or access new technologies on a timely basis or at an acceptable cost. If one or more of the technologies we use now or in the future were to become obsolete and we are unable to access more advanced technologies on commercially acceptable terms or at all, our business, prospects, financial condition and results of operations could be materially adversely affected.

We and our offtakers rely, and any future offtakers will rely, upon the availability of storage tanks and transportation systems, such as pipelines and oil tankers, including infrastructure owned and operated by third parties, including governments. We may be unable to access such infrastructure or alternative infrastructure or otherwise be subject to interruptions or delays in the availability of infrastructure, which could result in disruptions to our projects thereby impacting our ability to deliver oil and gas to commercial markets. For example, there were delays in the startup of the Government of Ghana's gas processing plant, which we did not construct and over which we have little control, and such delays affected our ability to pipe gas from the Jubilee field onshore. Further, our offtakers could become subject to increased tariffs imposed by government regulators or the third-party operators or owners of the transportation systems available for the transport of our oil and gas, which could result in decreased offtaker demand and downward pricing pressure. If we are unable to access the requisite pipeline and other infrastructure, our operations will be materially and adversely affected.

The NPV-10 of 2P Reserves from our proved and probable reserves will not necessarily be the same as the current market value of our estimated oil and gas reserves

You should not assume that the NPV-10 of 2P Reserves is the current market value of our estimated oil and gas reserves. For the purposes of this Offering Memorandum, we based the estimated discounted future net revenues from our proved and probable reserves on the present value of estimated future post-tax net cash flows from our proved and probable (2P) oil and natural gas reserves, derived from total project oil and/or gas revenues associated with the 2P reserves production forecast using Strip Pricing, based on the average ICE Brent Futures Strip Price for the ten trading days before April 9, 2021 where for each of those trading days the average pricing for generic Brent crude contracts on ICE Futures Europe was as quoted in Bloomberg, *less* estimated future cash operating expenses, investment capital expenditure, decommissioning costs and contractual tax and fiscal deductions, in each case only in respect of 2P oil and natural gas reserves (and excluding (i) any such projected future revenues and costs in respect of non-producing assets and/or 2C oil and natural gas reserves and (ii) all corporate costs that are not allocated to the assets). These estimated unlevered future net cash flows are discounted at 10% per annum.

Actual future net revenues from our oil and gas properties will be affected by factors such as:

- actual prices we receive for oil and gas;
- actual cost of development and production expenditures;
- the amount and timing of actual production; and
- changes in governmental regulations or taxation.

The timing of both our production and our incurrence of expenses in connection with the development and production of oil and gas properties will affect the timing and amount of actual future net revenues from proved and probable reserves, and thus their actual present value. In addition, the 10% discount factor we use when calculating discounted future net revenues may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with us or the oil and gas industry in general. Actual future prices and costs may differ materially from those used in the NPV-10 of 2P Reserves included in this Offering Memorandum.

We may not be able to meet the targets that we have formulated as part of our 2030 vision.

We may not be able to meet either the interim targets set for the year ended December 31, 2021 and the targets that we have formulated in the course of the strategic reset of our new business plan and operating strategy as part of our long term vision (see "*Our business-2030 vision*"). These long term targets, which include interim targets including for the year ended December 31, 2021, are "forward-looking" statements that involve various risks and uncertainties. See "*Forward-looking statements*." Any of these 2021 interim and long term targets are subject to change and, in particular, we may determine that it is appropriate to adapt our strategy and business plan in the future. These "forward-looking" statements, are not intended to be a forecast of our future business performance and are not guarantees of future financial results, and our actual results could differ significantly from those described in this "*Risk Factors*" section and, specifically, any impacts of the COVID-19 pandemic. In particular, these 2021 interim and long term targets assume the successful completion of the Transactions and all of the other assumptions mentioned in the section "*Our business—2030 vision*." Our actual operations and results between now and December 31, 2021 or December 31, 2030, as applicable, may differ significantly from these forward-looking statements. Factors that might cause such difference include those discussed in this "*Risk factors*" section and elsewhere in this Offering Memorandum.

We may face unanticipated increased or incremental costs in connection with decommissioning obligations

Licensees are typically obliged under the terms of relevant production sharing contracts or production agreements, licenses or local law to dismantle and remove equipment, to cap or seal wells and generally to remediate production sites at the end of the productive life of the asset. In connection with the sale or transfer of our assets, we may retain or be liable for decommissioning liabilities, even if we have not contractually agreed to accept these liabilities. In certain cases, a licensee could be required, under the relevant production sharing contracts, production agreements, licenses or under applicable law to bear 100% of the decommissioning liabilities attributable to a contract area, notwithstanding that the licensee held less than 100% of the participating interest in the contract area. In certain jurisdictions, a former licensee may remain liable for decommissioning costs following the disposal of such licenses. However, it is typical for purchasers to assume responsibility for the liabilities attached to the purchased licenses (e.g. through indemnification), the former licensee would be exposed to the credit risk of the purchaser. We have disposed of all of our Ugandan assets and the purchasers have assumed responsibility for the decommissioning obligation associated with blocks 1 and 1A in the purchase agreements; however we retain the responsibility for the decommissioning obligation associated with blocks a and 3A.

Our accounting policies require a provision to be made for the entire anticipated decommissioning costs of an asset when the related facilities are installed with the provision being subject to annual assessment and adjustment if required. We decreased our decommissioning cost provision in our financial statements for the year ended December 31, 2020 to $696.1 million from $850.1 million for the year ended December 31, 2019, based on our estimate of the aggregate decommissioning costs to be incurred following cessation of production by each of our producing assets. Although we believe we have historically made adequate provision in respect of our anticipated decommissioning costs in the near to medium term, circumstances outside of our control can result in increased costs above the provisions. For example, the decommissioning of the Chinguetti field wells in Mauritania, which was suspended following the decision to close the country's borders in March 2020 due to the COVID-19 pandemic, is anticipated to increase by approximately $30.0 million over 2021 and 2022 due to COVID-19 related costs and the new requirement for increased levels of seabed clearance. Our estimates are based on facts and circumstances known as of the date of such financial statements including the extent of our operations. An increase in decommissioning costs could materially and adversely affect our business, prospects, financial condition and results of operations. Additionally, these future decommissioning costs may involve the posting of financial security, such as surety bonds or letters of credit or paying monies into a decommissioning fund required by the relevant licenses to perform exploration or production activities. If we are unable to procure or renew such letters of credit on commercially acceptable terms or at all or to meet the decommissioning fund requirements, we risk being in default of our license obligations.

It is possible that we may incur decommissioning liabilities sooner than budgeted for, particularly if further declines in oil prices resulted in production from certain oil fields no longer being commercially viable or as a result of changes in regulation that impose accelerated timeframes or increased costs for decommissioning activities. To the extent that our costs in connection with decommissioning are higher than anticipated or are incurred earlier than anticipated, there could be a material adverse effect on our business, prospects, financial condition and results of operations.

The oil and gas industry in certain of the countries in which we operate currently has limited experience in decommissioning petroleum infrastructure which may give rise to greater uncertainty as to our obligations in such countries. The costs of decommissioning may exceed the value of the long-term provision set aside to cover such decommissioning costs. These costs may rise further as decommissioning activity in the oil and gas industry accelerates and competition for decommissioning equipment and services increases. We may have to draw on funds from other sources to fund such decommissioning costs.

We may engage in hedging activities from time to time that would expose us to losses should markets move against our hedged position, and further we may be unable to procure hedging on acceptable terms or at all, which could limit our ability to protect ourselves against downside price exposure

The nature of our operations results in exposure to fluctuations in commodity prices. Our policy is to hedge on a portfolio basis rather than on a single asset basis. We use financial instruments such as a combination of bought put options, collars and three ways (put plus call spread trades) normally conducted ratably over time and occasionally physical delivery contracts to hedge our exposure to these risks and may continue to do so in the future. As of the Issue Date, we will have hedged approximately 75% of our production entitlement for the remainder of 2021 with an average price floor of $46/bbl and approximately 18% of our production entitlement of 2022 with an average price floor of $41/bbl. We intend to add new hedges across 2022 to mid-year 2024 for approximately 75% of our production entitlement through to the second anniversary of the Issue Date and approximately 50% of our production entitlement from the second to the third anniversary of the Issue Date, targeting a price floor of $55/bbl for our new hedges while continuing to allow upside participation to oil prices.

However, hedging could fail to protect us or could adversely affect us due to, among other reasons:

- our hedging policy not achieving the expected results and not being appropriate for us;
- loss of price upside through collars in the event of upward movement in oil prices;
- absence of offsetting revenues from oil sales for payments under collar hedges in the event of upward movement in oil prices combined with shortfall in oil production;
- the available hedging instruments failing to correspond directly with the risk for which protection is sought;
- our hedge counterparty defaulting on its obligation to pay us;
- the credit quality of our hedge counterparty being downgraded to such an extent that it impairs the ability of the relevant member of our group to sell or assign its side of the hedging transaction; and
- the value of the derivatives used for hedging being adjusted from time to time in accordance with applicable accounting rules to reflect changes in fair value, and any downward adjustments reducing our net assets and profits.

In addition, hedging involves transaction costs, typically option premiums. These costs may increase as the period covered by the hedging increases and during periods of increased expected price volatility. In periods of extreme price volatility or at low price levels, it may not be commercially viable to enter into hedging transactions due to the high costs involved, which may in turn increase our exposure to financial risks. Some relationship banks have reduced or ceased their commodity hedging businesses over the past several years due to poor returns and increased regulation. There can be no guarantees that we will be able to procure future hedging on acceptable terms or at all.

If we experience losses as a result of our hedging activities, or if we are unable to hedge our commodity price effectively in the future, this could have a material adverse effect on our business, prospects, financial condition and results of operations.

We may be subject to work stoppages or other labor disturbances, and our employees may become unionized

We employ local workers in many of the countries in which we do business. Additionally, we hire contractors who, in turn, have their own employees from the regions in which we do business. Although we believe we have good relations with our employees and our contractors' employees, work stoppages or other labor disturbances may occur in the future. In addition, our employees, and those employed by our contractors, may become members of or represented by labor unions. If this occurs, our contractors may not be able to negotiate acceptable collective bargaining agreements or future restructuring agreements or may become subject to material cost increases or additional work rules imposed by such agreements. The occurrence of any of the foregoing could materially and adversely affect our business, prospects, financial condition and results of operations.

If we fail to identify appropriate acquisition targets, carry out appropriate diligence on them and complete and integrate acquisitions successfully, our financial condition and future performance could be adversely affected

We have undertaken a number of acquisitions of oil and gas assets (or in some cases, the acquisition of companies holding such assets) and/or seismic data, including, but not limited to, a 2D seismic program Côte d'Ivoire which commenced in 2019, certain Namibian assets from Calima Energy in 2019 and successful bids for offshore blocks in Argentina and Côte d'Ivoire in 2020.

We will continue to consider acquisition opportunities that fit within our overall strategy, including seeking to maintain or increase our commercial reserves and contingent resources through acquisitions. However, competition for the acquisition of any assets that we have identified as being appropriate in light of our overall strategy may be intense and, as a result, we may be unable to acquire such assets on commercially acceptable terms, or at all. In addition, there can be no assurance that any potential acquisition will be successful and any unsuccessful acquisition could materially and adversely affect our business, prospects, financial condition and results of operations.

We believe that we perform reviews of assets that are consistent with industry practice prior to any acquisitions. Such reviews are, however, inherently incomplete. Ordinarily, we focus our due diligence efforts on higher valued and material assets. However, even an in depth review of all assets and records may not reveal existing or potential problems, nor will it always permit a buyer to become sufficiently familiar with the assets to assess fully their deficiencies and capabilities. Physical inspections may not be performed on every well, and structural or environmental problems, such as ground water contamination, are not necessarily observable even when an inspection is undertaken. Any failure to identify and/or deal appropriately in any relevant acquisition documentation with such material matters may render any acquisition uneconomical or may expose us to unforeseen circumstances and may impact our business, prospects, financial condition and results of operations.

Following any acquisition, while we believe that we utilize appropriate procedures, systems and controls, integrating operations, technology, systems, management and personnel, and pre- or post-completion costs of any future acquisitions may prove more difficult and/or expensive than anticipated, thereby rendering the value of any assets acquired less than the amount paid and could also materially and adversely affect our business, prospects, financial condition and results of operations.

We depend on our board of directors, key members of management, technical, exploration, financial or operational service providers and on our ability to retain and hire such persons to manage effectively our growing business

Our future operating results depend in significant part upon the continued contribution of our board of directors, key senior management and technical, exploration, financial and operations personnel. Management of our strategy and growth will require, among other things, stringent control of financial systems and operations, the continued development of our management control, the ability to attract and retain sufficient numbers of qualified management and other personnel, the continued training of such personnel and the presence of adequate supervision.

Attracting and retaining additional skilled personnel is fundamental to the successful growth of our business. We require skilled personnel in areas including exploration and development, operations, engineering, business development, oil and gas marketing, finance, legal and accounting. Given the competitive market in which we operate, there can be no assurance that we will successfully attract new personnel or retain existing personnel required to continue to operate our business and to successfully execute and implement our business strategy. In particular, we may consider it appropriate to recruit local individuals or be required to do so in terms of our "social license to operate." Given the relatively limited pool of individuals with the appropriate skills in certain countries in which we operate, there can be no guarantee that we can meet such aspirations or obligations and we may be required to recruit ex-patriate staff to fulfil such vacancies. See "*—Our ongoing and future success depends on securing and maintaining a* "*social license to operate*" *from impacted communities and other stakeholders*." The continued highly competitive market and the continued use of expatriate staff may materially and adversely affect our business, prospects, financial condition and results of operations.

The reduction in our size, geographical footprint and diversification following the Uganda Disposal and the Equatorial Guinea Disposal and upon completion of the Dussafu Disposal, may make it more difficult to attract and retain talented employees, which may have a material adverse effect on our business, prospects, financial condition and results of operations.

We use independent contractors to provide us with certain technical assistance and services. We rely upon the owners and operators of rigs and drilling equipment, and upon providers of field services, to drill and develop our prospects to production. We also rely upon the services of other third parties to explore or analyze our prospects to determine a method in which the prospects may be developed in a cost-effective manner. In certain cases, we may exercise limited control over the activities and business practices of these providers and any inability on our part to maintain satisfactory commercial relationships with them or their failure to provide quality services could materially adversely affect our business, prospects, financial condition and results of operations.

Our business reputation is important to our continued viability and any damage to such reputation could materially and adversely affect our business

Our reputation is important to our business for reasons including, but not limited to, finding joint venture partners for business ventures, securing licenses or permits with governments, procuring offtake contracts, attracting contractors and employees and negotiating favorable terms with suppliers. In addition, as a publicly listed company, we may be subject to shareholder activism, which may have adverse consequences for our reputation and business.

Following the Uganda Disposal and the Equatorial Guinea Disposal and upon the completion of the Dussafu Disposal, our business reputation and brand may be adversely affected as a result of our operations being less diversified. Our reputation has been crucial to our past success and will continue to be important to our future success for reasons including, but not limited to, our ability to find joint venture partners for business ventures, to secure licenses and permits from governments, to procure offtake contracts, to attract contractors and employees and to negotiate favorable terms with suppliers. As a less diversified business, governments and business partners, particularly in Africa, may consider that we have a reduced network and fewer commercial connections and as such are less attractive as an investor and partner. A negative impact on our reputation due to concentration risk could have an unfavorable effect on our production interests and may materially and adversely affect our business, prospects, financial condition and results of operations.

Any damage to our reputation, whether arising from litigation, regulatory, supervisory or enforcement actions, environmental incidents, injury and loss of life, matters affecting our financial reporting or compliance with corporate governance best practice, administrative agencies or investor protection bodies in the jurisdictions in which we do business, negative publicity, including from environmental activists, or the conduct of our business or otherwise, could materially and adversely affect our business, prospects, financial condition and results of operations and reputation. We believe that we maintain appropriate levels of engagement with, and standards pertaining to, corporate governance, administrative agencies and investor protection bodies, however no assurance can be given that we will continue to meet such standards.

We are subject to currency exchange and inflation risks, which might adversely affect our financial condition and results of operations

Substantially all of our revenues, capital expenditure and the majority of our working capital requirements are denominated in US dollars. We convert funds to other currencies as required to meet our payment obligations in jurisdictions where the US dollar is not an accepted currency. Certain of our costs, including certain labor and employee costs, are typically incurred in currencies other than US dollars, including pounds sterling, euro, Ghanaian cedi, Ugandan shilling, Kenyan shilling and South African rand. Accordingly, we are subject to inflation in the countries in which we do business and fluctuations in the rates of currency exchange between the US dollar and these currencies, which may adversely affect our business, prospects, financial condition and results of operations. Consequently, construction, exploration, development, administration and other costs may be higher than we anticipate. In addition, in early 2014, the Ghanaian central bank imposed, certain exchange and currency restrictions, which effectively prohibited the use of US dollars for domestic transactions and reinforced the Ghanaian cedi as the sole legal tender. Although the Ghanaian central bank eased these measures in 2014 following the stabilization of external imbalances, such restrictive actions are beyond our control. In 2019, the Ghanaian Cedi depreciated by 16.6%, as the Bank of Ghana discontinued its market interventions to halt the depletion of international reserves. The depreciation path was reversed initially in early 2020 with an appreciation of 5.3% against the USD by February; however, these gains were nullified by year end, as the COVID-19 pandemic both reduced external demand for, as well as the price of, oil and social distancing measures led to a rapid decline in domestic economic activity. If the Ghanaian central bank decides to take similar actions again in the future, such actions, depending on the length of time these controls remain in place, may result in the Ghanaian cedi ceasing to be freely convertible or transferable abroad or it could result in the Ghanaian cedi being significantly depreciated relative to other currencies, including the US dollar. Central banks in other jurisdictions in which we operate could impose similar regimes leading to us being subject to similar risks which may adversely affect our financial condition and results of operations.

We may be adversely affected by the CEMAC Regulation

We may be affected by the new Currency Exchange Regulation nº02/18/CEMAC/UMAC/CM of the Central African Economic and Monetary Community ("**CEMAC Regulation**"), which regulates exchange control in the CEMAC region, which includes Cameroon, Chad, Equatorial Guinea, Gabon, Central African Republic and the Republic of Congo. Certain of the jurisdictions in which we operate are member states under the CEMAC Regulation. The time period for full compliance by oil and gas companies with the CEMAC Regulation has been extended from December 31, 2020 to December 31, 2021, subject to the oil and gas companies providing certain information requested by the Governor of the Bank of Central African States ("**BEAC**") by April 30, 2021. If the requested information is not provided by this date, BEAC (which has direct sanction powers under the CEMAC Regulation) may choose to enforce the CEMAC Regulation against those oil and gas companies not in full compliance. We are preparing the necessary documentation for sharing with BEAC by this deadline.

There is uncertainty with regard to how the CEMAC Regulation will be applied to the oil and gas industry following December 31, 2021 and discussions are ongoing between the Governor of BEAC and companies operating in member states. As a member of the Joint Working Group of Oil & Gas and Mining companies engaging with the Central African Economic Monetary Committee ("**CEMAC**") on the CEMAC Regulation, we anticipate that a mutually agreed set of regulations will be agreed between the industry and CEMAC toward the end of 2021. The outcome of these discussions and future enforcement of the CEMAC Regulation may affect the payment of the contingent consideration due under certain of our disposals, for example the Equatorial Guinea Disposal, where such payment is made after December 31, 2021.

We are obliged to comply with health and safety and environmental regulations and cannot guarantee that we will be able to comply with these regulations

We operate in an industry that is inherently hazardous and consequently subject to comprehensive regulation. Although we believe that we have adequate procedures in place to mitigate operational risks and keep these under review, there can be no assurances that these procedures will be adequate to address every potential environmental hazard and a failure to adequately mitigate risks may result in loss of life, injury, or adverse impacts on the health of employees, contractors or third parties or the environment. Any failure by us or one of our sub-contractors to comply with applicable legal or regulatory requirements may give rise to civil and/or criminal liabilities and/or delays in securing or maintaining the required permits. Our health, safety and environmental policy is to observe local and national, legal and regulatory requirements and generally to apply best practices where local legislation does not exist or where environmental regulation is not as stringent.

We incur, and expect to continue to incur, capital and operating costs in an effort to comply with health and safety and environmental laws and regulations. New laws and regulations, the imposition of tougher requirements in licenses or permits, increasingly strict enforcement of, or new interpretations of, existing laws, regulations, licenses and permits, or the discovery of previously unknown contamination may require further expenditures to, for example:

- modify operations;
- install pollution control equipment;
- perform site clean ups;
- curtail or cease certain operations; or
- pay fees or fines or make other payments for pollution, discharges to the environment or other breaches of environmental requirements.

Although the costs of the measures taken to comply with environmental regulations have not had a material adverse effect on our business, prospects, financial condition and results of operations to date, in the future, the costs of such measures and liabilities related to potential environmental damage caused by us may increase, which could materially and adversely affect our business, prospects, financial condition and results of operations. In addition, it is not possible to predict what future environmental regulations will be enacted or how current or future environmental regulations will be applied or enforced in the future. We may have to incur significant expenditure for the installation and operation of systems and equipment for remedial measures in the event that environmental regulations become more stringent or governmental authorities elect to enforce them more vigorously, or costly environmental reform is implemented by environmental regulators. Any such expenditure may have a material adverse effect on our business, prospects, financial condition and results of operations. No assurance can be given that compliance with environmental laws will not result in a curtailment of production or a material increase in the cost of production, development or exploration activities.

Our offshore operations may become subject to increased regulation and liability should a spill of oil or other pollutants to the marine environment occur. The costs to respond to such spill could exceed initial estimates or the limits of our insurance coverage. Also, if material spill events occur in the future, it may lead to cessation of drilling or production activities in the country where the spill occurred. The countries where we operate may also impose stricter environmental and safety requirements regarding oil and gas operations. We cannot predict with any certainty the impact of new laws, regulations, or other legal requirements on our operations or on the cost or availability of insurance to cover the risks associated with such operations.

While we have contractual arrangements in place with our agents which seek to ensure our agents comply with all appropriate health and safety and environmental requirements, there can be no guarantee that our agents adhere to such contractual arrangements or, if they do not adhere, that we will be made aware of any such breaches on a timely basis or at all. Furthermore, notwithstanding any contractual provisions stating otherwise, we may remain liable for the actions of our agents. In addition, there can be no guarantee that the steps being taken by any of our agents will be appropriate and meet the relevant requirements. Accordingly, a failure by one of our agents may have a material adverse effect on our business, prospects, financial condition and results of operations.

Our website and internal and external systems may be subject to intentional and unintentional disruption, and our confidential information may be misappropriated, stolen or misused, which could adversely impact our reputation and future sales

We could be a target of cyber-attacks designed to penetrate our network security or the security of our internal and external systems, misappropriate proprietary information, commit financial fraud and/or cause interruptions to our activities, including a reduction or halt in our production. Such attacks could include hackers obtaining access to, or control of, our operating or production systems, the introduction of malicious computer code or denial of service attacks. If an actual or perceived breach of our network security occurs, it could adversely affect our business or reputation, and may expose us to the loss of information, litigation, possible liability and expose our employees, contractors or agents to the risk of death or personal injury. Such a security breach could also divert the efforts of our technical and management personnel. In addition, such a security breach could impair our ability to operate our business and provide products and services to our customers. If this happens, our reputation could be harmed, our revenues could decline and our business could suffer.

In addition, confidential information that we maintain may be subject to misappropriation, theft and deliberate or unintentional misuse by current or former employees, third-party contractors or other parties who have had access to such information. Any such misappropriation and/or misuse of our information could result in us, among other things, being in breach of certain data protection and related legislation and being subject to significant fines, including, for example under the EU General Data Protection Regulation. We expect that we will need to continue closely monitoring the accessibility and use of confidential information in our business, educate our employees and third-party contractors about the risks and consequences of any misuse of confidential information and, to the extent necessary, pursue legal or other remedies to enforce our policies and deter future misuse.

Risks relating to the Notes

Our leverage, negative equity position and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations under our debt, including the Notes and the Note Guarantees

As of December 31, 2020, on a pro forma basis after giving effect to the Transactions, we would have had an aggregate principal amount of $2,600.0 million of debt outstanding, of which $1,800.0 million would have been secured indebtedness represented by the Notes and of which $800.0 million would have been unsecured indebtedness represented by the 2025 Senior Notes. On the Issue Date, we expect to have access to a $600.0 million Revolving Credit Facility, which will be undrawn. The Revolving Credit Facility will be comprised of (i) a $500.0 million revolving credit facility and (ii) a $100.0 million letter of credit facility. We will be permitted to borrow substantial additional indebtedness in the future under the terms of the Indenture, the 2025 Senior Notes Indenture and the Revolving Credit Facility.

The degree to which we are leveraged could have important consequences to our business and holders of the Notes offered hereby, including, but not limited to:

- making it difficult for us to satisfy our obligations with respect to the Notes or other indebtedness;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of our cash flow from operations to make interest and principal payments on our debt, thereby reducing the availability of such cash flow to fund our operations or for other corporate purposes;
- limiting our ability to obtain additional financing to fund working capital, capital investments, acquisitions, debt service requirements, business ventures or other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and the industry in which we do business; and
- placing us at a competitive disadvantage as compared to our competitors, to the extent that they are not as highly leveraged.

These consequences could have a material adverse effect on our business, prospects, financial condition and results of operations and our ability to satisfy our obligations under the Notes.

Despite our current level of debt, we may still be able to incur substantially more debt in the future, including at the level of our subsidiaries, which may make it difficult for us to service our debt, including the Notes

We and our subsidiaries may be able to incur substantial additional indebtedness in the future, including secured indebtedness. Although the Indenture and the Revolving Credit Facility will contain, and the 2025 Senior Notes Indenture does contain, restrictions governing the incurrence of additional indebtedness, those restrictions are subject to a number of significant qualifications and exceptions and the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If we or our subsidiaries incur new debt or other obligations, the related risks that we face, as described in "*—Our leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations under our debt, including the Notes and the Note Guarantees*" and elsewhere in these "*Risk factors,*" could increase. In addition, the Indenture and the Revolving Credit Facility will not, and the 2025 Senior Notes Indenture does not, prevent us from incurring obligations that do not constitute indebtedness as defined under those agreements.

Our non-Guarantor subsidiaries may also be able to incur substantial additional indebtedness in the future, further increasing the risks associated with leverage. If any of our non-Guarantor subsidiaries incur additional indebtedness, the holders of that debt will be entitled to share ahead of you in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of such subsidiaries. See "*—The Notes and the Note Guarantees will be structurally subordinated to the liabilities and preference shares (if any) of our non-Guarantor subsidiaries*."

For further information regarding our leverage and for more information about our outstanding indebtedness, see "*Management's discussion and analysis of financial condition and results of operations*" and "*Description of certain financing arrangements*."

We require a significant amount of cash to service our debt and sustain our operations, and our ability to generate sufficient cash depends on many factors beyond our control

Our ability to make payments on, or repay or refinance, our debt, and to fund working capital and capital investments, will depend on our future operating performance and ability to generate sufficient cash. This depends on the success of our business and financial strategies and on general economic, financial competitive, market, legislative, regulatory, technical and other factors, including those discussed in these "*Risk factors,*" many of which are beyond our control. In addition, our ability to borrow funds in the future to make payments on our debt will depend on the satisfaction of the covenants in the Indenture, the 2025 Senior Notes Indenture and the Revolving Credit Facility, and other agreements we may enter into in the future. We cannot assure you that our financial strategy will be adhered to or that our business strategy will result in sufficient cash flow from operations or that future debt and equity financings will be available to us in an amount sufficient to enable us to pay our debt, including the Notes, or to fund our other liquidity needs.

Prior to repayment of the Notes, we will be required to refinance or repay certain other debt, including debt under the 2025 Senior Notes Indenture and the Revolving Credit Facility. See "*Management's discussion and analysis of financial condition and results of operations.*" We cannot assure you that we will be able to refinance or repay any of our debt, including the Notes, on commercially reasonable terms or at all. Any refinancing of our debt could be at higher interest rates than our current debt and may require us to comply with more onerous covenants, which could further restrict our business operations. If we are unable to make payments or refinance our debt or obtain new financing, we would have to consider other options, such as:

- selling assets;
- obtaining additional debt or equity capital;
- restructuring or refinancing all or a portion of our debt on or before maturity;
- foregoing opportunities such as acquisitions of other businesses; or
- reducing or delaying our business activities and capital investments.

We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on commercially reasonable terms, if at all. Any failure to make payments on our debt, including the Notes, on a timely basis would likely result in a reduction of our credit rating, which could also harm our ability to incur additional indebtedness. In addition, the terms of the agreements governing our debt, including the Indenture and the 2025 Senior Notes Indenture and the Revolving Credit Facility, limit, and any future debt may limit, our ability to pursue any of these alternatives. There can be no assurance that any assets that we may elect to sell can be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale will be acceptable. If we are unsuccessful in any of these efforts, we may not have sufficient cash to meet our obligations which could cause an event of default under our debt and result in:

- our debt holders declaring all outstanding principal and interest to be due and payable;
- the lenders under our Revolving Credit Facility being able to terminate their commitments to lend us money and foreclose against the assets securing certain of our borrowings; and
- our being forced into bankruptcy or liquidation, which could result in you losing your investment in the Notes.

We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities

The Indenture and the Revolving Credit Facility will, and our 2025 Senior Notes Indenture does, restrict, among other things, our ability to:

- incur additional debt and issue guarantees and preferred stock;
- make certain payments, including dividends and other distributions, with respect to outstanding share capital;
- repay or redeem subordinated debt or share capital;
- create and incur certain liens;
- impose restrictions on the ability of subsidiaries to pay dividends or make other payments to the Company;
- make certain investments or loans;
- sell, lease or transfer certain assets, including shares of any of our restricted subsidiaries;
- in the case of the Indenture, and the 2025 Senior Notes Indenture, guarantee certain types of our other indebtedness without also guaranteeing the Notes and the 2025 Senior Notes;
- expand into unrelated businesses;
- merge or consolidate with other entities, or make certain asset sales; and
- enter into certain transactions with affiliates.

All of these limitations are subject to significant exceptions and qualifications. See "*Description of certain financing arrangements*" and "*Description of notes.*" The covenants to which we are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest.

In addition, we are subject to affirmative and negative covenants in the Revolving Credit Facility. See "*Description of certain financing arrangements*." Our ability to satisfy such covenants and to meet financial ratios and tests can be affected by events beyond our control or as a consequence of complex transactions that we do not foresee, and we cannot assure you that we will meet them. If an unexpected change to accounting standards occurs or we fail to correctly interpret an accounting standard, we may be unable to comply with our maintenance covenants. A breach of any of those covenants, ratios, tests or restrictions could result in an event of default under the Revolving Credit Facility. Upon the occurrence of any event of default under the Revolving Credit Facility, subject to applicable cure periods and other limitations on acceleration or enforcement, the relevant creditors could cancel the availability of the facility and elect to declare all amounts outstanding, together with accrued interest, immediately due and payable. Furthermore, we may be limited or prohibited from withdrawing funds from bank accounts that consist of amounts that we have received in connection with certain assets or any disposal of such assets or of any subsidiary that holds, whether directly or indirectly, any such asset. In addition, any default under the Revolving Credit Facility could lead to an event of default and acceleration under other debt instruments that contain cross-default or cross-acceleration provisions, including the Indenture. If our creditors, including the creditors under the Revolving Credit Facility, accelerate the payment of those amounts, we cannot assure you the our cash flow or our assets and the assets of our existing subsidiaries or any future subsidiaries would be sufficient to repay in full such amounts, to satisfy all other liabilities of our existing subsidiaries or any future subsidiaries which would be due and payable and to repay amounts outstanding under the Notes. If we are unable to repay such amounts, our creditors could proceed against the collateral that secured the Notes and the debt under the Revolving Credit Facility.

Creditors under the Revolving Credit Facility, any credit facility that refinances or replaces the Revolving Credit Facility and certain hedging obligations are entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes. Holders of the Notes will not control decisions regarding the Collateral in certain circumstances.

The Notes and the Note Guarantees will be secured initially on a first-priority basis by the same Collateral securing the obligations under the Revolving Credit Facility and certain hedging obligations. In addition, under the terms of the Indenture, we will be permitted to incur significant additional indebtedness and other obligations that may be secured by the same Collateral on a *pari passu* basis with the Notes and, in certain circumstances receive proceeds from enforcement of Collateral prior to the Notes. The Indenture and the Intercreditor Agreement will not limit the amount of hedging that can receive proceeds from the enforcement of Collateral in priority to the Notes.

In the event of enforcement of the Collateral securing the Notes, pursuant to the Intercreditor Agreement, creditors under the Revolving Credit Facility, any credit facility that refinances or replaces the Revolving Credit Facility and certain hedging liabilities will be entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes. As such, in the event of a foreclosure of the Collateral, holders of the Notes may not be able to recover on the Collateral if the then outstanding claims under the Revolving Credit Facility, any credit facility that refinances or replaces the Revolving Credit Facility and such hedging obligations are greater than the proceeds realized. Any proceeds from an enforcement sale of the Collateral will, after all obligations under the Revolving Credit Facility, any credit facility that refinances or replaces the Revolving Credit Facility and such hedging obligations have been discharged from such recoveries, be applied *pro rata* in repayment of the Notes and any other obligations secured by the Collateral that are permitted to rank *pari passu* and are secured on a *pari passu* basis with the Notes. As a result, proceeds from the sale of Collateral in connection with any enforcement action may be insufficient to pay claims under the Notes.

The Intercreditor Agreement will provide that a common Security Agent, who will serve as the security agent for the lenders under the Revolving Credit Facility, our hedging obligations, the Notes and any additional debt secured by the Collateral permitted to be incurred by the Indenture, will act only as provided for in the Intercreditor Agreement. The Intercreditor Agreement will regulate the ability of the Trustees or the holders of the relevant series of Notes to instruct the Security Agent to take enforcement action. The Security Agent will not be required to take enforcement action unless instructed to do so by an Instructing Group (as define in "*Description of other indebtedness—Intercreditor Agreement*") that comprises (i) creditors holding more than 66⅔% of the Indebtedness and commitments under the Revolving Credit Facility and the super senior priority hedging obligations (the "**Majority Super Senior Creditors**") or (ii) the holders of the required principal amount of the then outstanding Notes as set out in the Indenture and non-super senior priority hedging obligations (the "**Senior Secured Credit Participations**") at that time aggregate more than 50% of the total Senior Secured Credit Participations at that time (the "**Notes/Non-Super Senior Hedging Required Holders**") (in each case acting through their respective creditor representative). If, before the super senior discharge date, the Security Agent has received conflicting enforcement instructions from the relevant creditor representatives then, to the extent the instructions from the Notes/Non-Super Senior Hedging Required Holders (to the extent given) comply with the initial consultation requirements and the security enforcement principles, one of which states that the primary objective of the enforcement of the Collateral is the maximization, so far as is consistent with prompt and expeditious realization, of the value of recoveries (each as set forth in the Intercreditor Agreement), the

Security Agent will comply with the instructions from the Notes/Non-Super Senior Hedging Required Holders, provided that if the super senior liabilities have not been fully discharged within six months of the date on which the first such enforcement instructions were first issued, or no steps have been taken in relation to the commencement of enforcement action within three months of the date on which the first such enforcement instructions were first issued, then the instructions of the Majority Super Senior Creditors will prevail.

In addition, if the Security Agent sells the Collateral as a result of an enforcement action in accordance with the Intercreditor Agreement, claims under the Notes and the Note Guarantees and the liens over any other assets of such entities securing such Notes and Note Guarantees may be released. See "*Description of other indebtedness—Intercreditor Agreement*" and "*Description of notes—Security—Release*."

Enforcement of the Note Guarantees across multiple jurisdictions may be difficult.

We are incorporated under the laws of England and Wales. The Notes will be issued by us and guaranteed by the Guarantors and any additional guarantors, which are organized or incorporated under the laws of England and Wales, Gabon, Jersey, the Netherlands and Isle of Man. In the event of bankruptcy, insolvency or a similar event, proceedings could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future guarantor. The rights under the Note Guarantees will thus be subject to the laws of a number of jurisdictions, and it may be difficult to effectively enforce such rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights. In addition, the bankruptcy, insolvency, administration and other laws of our jurisdiction of organization and the jurisdiction of organization of the Guarantors may be materially different from, or in conflict with, one another, including creditors' rights, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceeding. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdictions' law should apply and could adversely affect the ability to realize any recover under the Notes and the Note Guarantees. See "*Limitations on validity and enforceability of the Security and the Guarantees and certain insolvency law considerations.*"

Certain of our borrowings bear interest at floating rates that could rise significantly, increasing our interest cost and reducing cash flow.

A portion of our indebtedness, including borrowings under the Revolving Credit Facility, bears interest at per annum rates equal to SONIA, adjusted periodically, plus a margin. Interest rates could rise significantly in the future, thereby increasing our interest expenses associated with these obligations, reducing cash flow available for capital investments and limiting our ability to make payments on the Notes. Although we have entered into certain hedging arrangements designed to fix a portion of these rates and may continue to do so, there can be no assurance that hedging will be available or continue to be available on commercially reasonable terms. In addition, hedging itself carries certain risks, including that we may need to pay a significant amount (including costs) to terminate any hedging arrangements.

The Company is a holding company that has no revenue generating operations of its own and will depend on cash from its operating subsidiaries to be able to make payments on the Notes.

The Company is a holding company with no business operations or significant assets other than the equity interests it holds in its subsidiaries and certain intercompany loans. Following the Transactions, the Company's material liabilities will be the Notes, amounts due to subsidiaries under intercompany loans, the 2025 Senior Notes and its drawings (if any) under the Revolving Credit Facility. The Company will be dependent upon cash flows from its operating subsidiaries in the form of dividends or other distributions or payments to meet its obligations, including under the Notes. If our subsidiaries do not distribute cash to the Company to make scheduled payments on the Notes, the Company may not have any other source of funds that would allow it to make payments to holders of the Notes.

The amounts of dividends and distributions available to the Company will depend on the profitability and cash flow of its subsidiaries, which, in turn, will be affected by all of the factors discussed in these "*Risk Factors*" and elsewhere in this Offering Memorandum. Even if the subsidiaries of the Company have sufficient cash available, they may be restricted or prevented from distributing or advancing upstream loans to the Company to make payments in respect of the indebtedness, including the Notes. Various agreements governing our debt may restrict, and in some cases, may prevent the ability of the subsidiaries to move cash within their restricted group. Such restrictions include those created by our intercompany subordination agreement, which upon certain events of default, prohibits payments being made on certain intercompany loans. Applicable laws may also limit the amounts that our subsidiaries will be permitted to pay as dividends or distributions on their equity interests, or even prevent such payments. Such laws include financial assistance rules, corporate benefit laws, requirements that dividends must be paid out of reserves available for distribution and other legal restrictions which, if violated, might require the recipient to refund unlawful payments. Applicable tax laws may also subject such payments to further taxation.

Although the Indenture will limit the ability of our restricted subsidiaries to enter into future consensual restrictions on their ability to pay dividends and make other payments to the Company, there are significant qualifications and exceptions to these limitations. We cannot assure you that arrangements with the Company's subsidiaries and the funding permitted by the agreements governing existing and future indebtedness of the Company's subsidiaries and the funding permitted by the agreements governing existing and future indebtedness of the Company's subsidiaries will provide the Company with sufficient dividends, distributions or loans to fund payments on the Notes when due. See "*Description of certain financing arrangements*" and "*Description of notes.*"

The inability to transfer cash among entities within the consolidated group would mean that even if the entities, in aggregate, have sufficient resources to meet their obligations, they may not be permitted to make the necessary transfers from the entity or entities within funds to the entity owing the obligations. In addition, the subsidiaries of the Company that do not guarantee the Notes have no obligation to pay amounts due under the Notes or to make funds available for that purpose.

The Collateral does not consist of all of the assets of the Company and its subsidiaries and the Collateral may not be sufficient to secure the obligations under the Notes.

The Notes and the Note Guarantees will be secured by first-priority security interests in the Collateral described in this Offering Memorandum, which Collateral also secures the obligations under the Revolving Credit Facility and certain hedging obligations. The Revolving Credit Facility contains a mechanism under which commitments under the Revolving Credit Facility may be increased and any such increase will also benefit from first-priority security interests in the Collateral. Upon a refinancing of the Revolving Credit Facility, or if the lenders under the Revolving Credit Facility consent to an increase under the Revolving Credit Facility, the amount that will benefit from "super-priority" first-priority security interests in the Collateral may be increased up to the amount permitted under the Indenture. The Collateral may secure additional debt ranking pari passu with the Notes and the Revolving Credit Facility, to the extent permitted by the terms of the Indenture, the Revolving Credit Facility and the Intercreditor Agreement. The rights of the holders of the Notes to the Collateral may therefore be diluted by any increase in the debt secured by first-priority liens on the Collateral.

If there is an event of default on the Notes, the holders of the Notes will be secured only by the Collateral, which will, subject to certain exceptions, consist of (i) the capital stock of the Guarantors, ii) certain material intercompany subordinated debt owing by certain Guarantors and members; (iii) fixed charges and bank account pledge agreements over certain accounts, assignments of certain hedging agreements and insurances and floating charges over all other assets of certain Guarantors; and (iv) charges over accounts of certain Guarantors. For more information see "*Summary—The offering—Security*" and "*Description of notes—Security.*" Not all accounts and receivables are Collateral and a substantial amount of assets will not be Collateral to secure the Notes. There is no guarantee that the value of the collateral will be sufficient to enable the Company to satisfy its obligations under each series of the Notes. The proceeds of any sale of the Collateral following an event of default with respect to the Notes may not be sufficient to satisfy, and may be substantially less than, amounts due on the Notes.

The value of the Collateral is based on certain assumptions, which may be prone to valuation gaps and uncertainties. The fair market value of the Collateral may be subject to fluctuations based on factors that include, among others, the ability to sell the Collateral in an orderly sale, the condition of the economies in which operations are located and the availability of buyers, whether or not our business is sold as a going concern, the ability to readily liquidate the Collateral and the fair market value and condition of the Collateral. Further, there may not be any buyer willing and able to purchase our business as a going concern, or willing to buy a significant portion of our assets in the event of an enforcement action. The book value of the Collateral should not be relied on as a measure of the realizable value for such assets. All or a portion of the Collateral may be illiquid and may have no readily ascertainable market value. Likewise, we cannot assure you that there will be a market for the sale of the Collateral, or, if such a market exists, that there will not be a substantial delay in our liquidation. In addition, the share charges of an entity may be of no value if that entity is subject to an insolvency or bankruptcy proceeding.

To the extent that liens, security interests and other rights granted to other parties encumber assets owned by the Company or the Guarantors, those parties have or may exercise rights and remedies with respect to the property subject to their liens, security interests or other rights that could adversely affect the value of that Collateral and the ability of the Security Agent, Trustee or investors as holders of the Notes to realize or enforce that Collateral. If the proceeds of any sale of Collateral are not sufficient to repay all amounts due on the Notes and the Note Guarantees, investors (to the extent not repaid from the proceeds of the sale of the Collateral) would have only an unsecured claim (if the relevant guarantee has not been released) against the Company's and the Guarantors' remaining assets. Each of these factors or any challenge to the validity of the collateral or the Intercreditor Agreement governing our creditors' rights could reduce the proceeds realized upon enforcement of the Collateral.

In addition, the Collateral may not be liquid, and its value to other parties may be less than its value to us. Likewise, we cannot assure you that there will be a market for the pledged shares or other Collateral or that, if such a market does exist, there will not be substantial delays in their liquidation. In addition, the value of this Collateral may fluctuate over time.

The granting of the security interests in connection with the issuance of the Notes, or the incurrence of permitted debt in the future, may create or restart hardening periods or cause adverse consequences.

The granting of security interests to secure the Notes and the Note Guarantees may create hardening periods for such security interests in certain jurisdictions. The granting of shared security interests to secure future indebtedness permitted to be secured on the Collateral may restart or reopen such hardening periods in particular, as the Indenture will permit the release and retaking of security granted in favor of the relevant Notes in certain circumstances including in connection with the incurrence of future indebtedness. The applicable hardening period for these new security interests can run from the moment each new security interest has been granted, perfected or recreated. If the security interest granted, perfected or re-created were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void or ineffective and/or it may not be possible to enforce it. If the grantor of such security interest were to become subject to a bankruptcy or winding up proceeding after the Issue Date, any security interest in Collateral delivered after the Issue Date would face a greater risk than security interests in place on the Issue Date of being avoided by the grantor or by its trustee, receiver, liquidator, administrator or similar authority, or otherwise set aside by a court, as a preference under insolvency law. To the extent that the grant of any security interest is voided, holders of the Notes will lose the benefit of the security interest.

The same rights and risks also will apply with respect to future security interests granted in connection with the accession of further subsidiaries as additional Guarantors and the granting of security interests over their relevant assets and equity interests for the benefit of holders of the Notes. See "*Description of notes—Security*" and "*Limitations on validity and enforceability of the Security and the Guarantees and certain insolvency law considerations.*"

Also the granting of security interests in the Initial Collateral securing the Notes and the Revolving Credit Facility following the Issue Date may be deemed to result in triggering the negative pledge provisions under the 2021 Convertible Bonds Trust Deed due to the failure of the issuer of the 2021 Convertible Bonds promptly to designate our 2025 Senior Notes as "Other Senior Notes" under the 2021 Convertible Bonds Trust Deed. We have now provided this notice and so believe the risk of any adverse consequences arising as a result are low. We also intend to deposit on the Issue Date with (or to the order of) the Trustee under the 2021 Convertible Bonds Trust Deed sufficient proceeds from the Transactions to pay principal and all accrued and unpaid interest due at maturity on the 2021 Convertible Bonds.

Your rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.

Under applicable law, a security interest in certain assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor, as applicable, of the security. The liens on the Collateral securing each series of the Notes may not be perfected with respect to the claims of such Notes if we fail or are unable to take the actions required to perfect any of these liens.

Absent perfection, the holder of the security interest may have difficulty enforcing such holder's rights in the Collateral with regard to third parties, including a trustee in bankruptcy and any other creditors who claim a security interest in the same Collateral. In addition, a debtor may discharge its obligation to the security provider until, but not after, the debtor receives a notification of the existence of the security interest granted by the security provider in favor of the security taker (as creditor). Finally, since the ranking of pledges is determined by the date on which they became enforceable against third parties, a security interest created on a later date over the same Collateral, but which came into force for third parties earlier (by way of registration in the appropriate register or by notification) has priority. None of the Trustee or the Security Agent have any obligation to monitor the acquisition of additional property or rights that constitute collateral or the perfection of, or to take steps to perfect, any security interest in favor of the Notes against third parties.

The security interests in the Collateral will be granted to the Security Agent rather than directly to holders of the Notes. The ability of the Security Agent to enforce certain of the Collateral may be restricted by local law.

The security interests in the Collateral that will secure the obligations of the Company under the Notes and the obligations of the Guarantors under the Note Guarantees will not be granted directly to the holders of the relevant Notes but will be granted only in favor of the Security Agent or any Additional Security Agent (which the Security Agent deems necessary for the purposes of conforming to any legal requirements in certain jurisdictions in accordance with the Intercreditor Agreement), which will hold the Collateral for the lenders under the Revolving Credit Facility and our hedging obligations, holders of the Notes and holders of any additional debt secured by Collateral permitted to be incurred under the Indenture. The Indenture will provide (along with the Intercreditor Agreement) that only the Security Agent or the Additional Security Agent has the right to enforce the security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent or the Additional Security Agent in respect of the Collateral. For further information, see "*Limitations on validity and enforceability of the Security and the Guarantees and certain insolvency law considerations*."

Security over certain Collateral will not be perfected on the date on which the Notes are issued.

Security over certain Collateral will not be perfected on the date on which the notes are issued. If we or any Guarantor were to become subject to a bankruptcy proceeding after the date on which the Notes are issued but before all the relevant steps to create or perfect such security were taken, such security would face a greater risk of being invalidated than if we had taken such steps on the date on which the Notes were issued. Any such security interest created or perfected after the date on which the Notes were issued will be treated under bankruptcy law as if it were delivered to secure previously existing debt, which is materially more likely to be avoided as a preference by the bankruptcy court than if the steps were taken at the time at which the Notes are issued. To the extent that the grant or perfection of such security interest is avoided as a preference, you would lose the benefit of such security interest.

The Company and the Guarantors will have control over the Collateral securing the Notes, and the sale of particular assets could reduce the pool of assets securing the Notes.

The Security Documents will allow the Company and the Guarantors to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from the Collateral securing the Notes. So long as no default or event of default under the Indenture would result therefrom, the Company and the Guarantors may, among other things, without any release or consent by the Security Agent, conduct ordinary course activities with respect to the Collateral, such as selling, factoring, abandoning or otherwise disposing of Collateral and making ordinary course cash payments, including repayments of indebtedness.

It may be difficult to realize the value of the Collateral securing the Notes. The consent of third-parties, including regulatory authorities in certain jurisdictions in which we operate may be required prior to foreclosure of the Collateral.

The Collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and the Intercreditor Agreement. The existence of any such exceptions, defects, encumbrances, liens, restrictions, covenants, outgoings, third party rights and other imperfections could adversely affect the value of the Collateral securing the Notes, as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the first-priority ranking of security interests with respect to the Notes can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or characterization under the laws of certain jurisdictions.

The security interests of the Security Agent will be subject to practical problems generally associated with the realization of security interests in the Collateral. For example, the enforcement of share pledges, whether by means of a sale or an appropriation, may be subject to certain specific requirements and the Security Agent may need to obtain the consent of a third-party to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease. A sale of properties on an individual basis, rather than as part of a going concern, would likely realize much lower proceeds of enforcement.

In addition, we are subject to a number of transfer and change of control restrictions, including some contained in our petroleum agreements and material legislation in the jurisdictions in which we operate. See "*Our business—Material agreements relating to our assets*." Such restrictions may, depending on the circumstances, limit foreclosure on the Collateral or may require us to incur significant cost and expense as a result of or to overcome such requirements, for example, by obtaining government consents. See "*Limitation on validity and enforceability of the Security and the Guarantees and certain insolvency law considerations*" and "*—We are exposed to the risk of adverse sovereign action by governments in the countries in which we do business*." Further, there can be no assurance that any applicable governmental authorities will facilitate enforcement or foreclosure action. If any regulatory re-registrations, notifications or consents that are required are not made or given or are delayed, the foreclosure may be delayed, a shutdown of operations or a loss of license may result and the value of the Collateral may be significantly decreased.

There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and the Note Guarantees will be released automatically and under which the Note Guarantees will be released automatically, without your consent or the consent of the Trustee.

Under various circumstances, the Collateral securing the Notes and the Note Guarantees will be released automatically, including:

- in connection with any sale, assignment, transfer, conveyance or other disposition of such property or assets (i) to a person that is not (either before or after giving effect to such transaction) the Company or any of its Restricted Subsidiaries, if the sale or other disposition does not violate the "Asset sale" provisions of the Indenture or (ii) if such assets become subject to an equivalent Lien in favor of the Security Agent for the benefit of the holders of the Notes concurrently with such sale, assignment, transfer conveyance or other disposition; provided that such sale, assignment, transfer, conveyance or other disposition of such property or assets is permitted by the Indenture;

- in the case of a Guarantor that is released from its guarantee pursuant to the terms of the Indenture, the property and assets, and capital stock, of such Guarantor;

- if the Company designates a Guarantor (or any parent entity thereof) as an unrestricted subsidiary in accordance with the applicable provisions of the Indenture;

- upon repayment in full of the Notes or upon legal defeasance or covenant defeasance as described under the "Legal defeasance and covenant defeasance" provisions of the Indenture or upon satisfaction and discharge of the Indenture as described under the "Satisfaction and discharge" provisions of the Indenture;
- upon the liquidation or dissolution of a Guarantor; provided that no default or event of default has occurred or is continuing;
- as described under the "Amendment, supplement, and waiver" provisions of the Indenture;
- upon a Guarantor consolidating or amalgamating with, merging into or transferring all of its properties or assets to the Company or another Guarantor, and as a result of, or in connection with, such transaction such Guarantor dissolving or otherwise ceasing to exist; or
- in connection with certain enforcement actions taken by the creditors under certain of our secured indebtedness in accordance with the Intercreditor Agreement as described under "*Description of other indebtedness—Intercreditor Agreement.*"

Even though the holders of the Notes share in the Collateral securing the Notes ratably with the lenders under the Revolving Credit Facility, under certain circumstances, the creditors under the Revolving Credit Facility and certain of our hedging arrangements will control enforcement actions with respect to the Collateral through the Security Agent, whether or not the holders of the Notes agree or disagree with those actions.

Under various circumstances, the Note Guarantees of a Guarantor will be released automatically, including:

- in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger, consolidation, amalgamation or combination) to a person that is not (either before or after giving effect to such transaction) the Company or a Guarantor, if the sale or other disposition does not violate the "Asset sale" provisions of the Indenture;
- in connection with any sale or other disposition of Capital Stock of that Guarantor to a person that is not (either before or after giving effect to such transaction) the Company or a Guarantor, if the sale or other disposition does not violate the "Asset sale" provisions of the Indenture and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;
- after the designation by the Company of any Restricted Subsidiary that is a Guarantor to be an unrestricted subsidiary in accordance with the applicable provisions or the Indenture;
- in connection with certain enforcement actions taken by the creditors of certain of our secured indebtedness, such as the Revolving Credit Facility, in accordance with the Intercreditor Agreement and the Guarantee Subordination Agreement as described under "*Description of other indebtedness—Intercreditor Agreement*;"
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under the captions "*Description of notes—Legal defeasance and covenant defeasance*" and "*Description of notes—Satisfaction and discharge*";
- upon the full and final payment of the Notes and performance of all obligations of the Company and the Guarantors under the Indenture and Notes;
- so long as no Event of Default (as defined under "*Description of notes—Certain definitions*") has occurred and is continuing, in connection with the solvent winding up, liquidation or reorganization of any Guarantor, provided that substantially all of the assets of such Guarantor that are distributed pursuant to such solvent winding up, liquidation or reorganization are distributed to other Guarantors; and
- in accordance with the "Amendment, supplement and waiver" provisions of the Indenture.

In addition, the Note Guarantees and the security interests will be subject to release upon a distressed disposal as contemplated under the Intercreditor Agreement. However, unless consented to, the Intercreditor Agreement and the Guarantee Subordination Agreement will provide that the Security Agent shall not, in an enforcement scenario, exercise its rights to release the guarantees under the 2025 Senior Notes Indenture unless the relevant sale or disposal is made:

- for consideration all or substantially all of which is in the form of cash;
- concurrently with the unconditional discharge and release or sale or disposal of the indebtedness of the disposed entities to certain other creditors, including the creditors under the Revolving Credit Facility and holders of the Notes (provided that in the case of a sale, the representatives of the super senior and senior secured creditors determine that such creditors will recover more than if the claim was discharged or released); and
- pursuant to a public auction, or (if not by way of public auction) following the issue of a fairness opinion with respect to the amount received in connection with such sale from an independent investment bank or internationally recognized accounting firm selected by the Security Agent.

See "*Description of other indebtedness—Intercreditor Agreement*" and "*Description of the Senior Secured Notes.*"

The Notes and Note Guarantees will be structurally subordinated to the liabilities and preference shares (if any) of our non-Guarantor subsidiaries.

Some, but not all, of our subsidiaries will guarantee the Notes. Generally, claims of creditors of a non-Guarantor subsidiary, including trade creditors, and claims of preference shareholders (if any) of the subsidiary, will have priority with respect to the assets and earnings of the subsidiary over the claims of creditors of its parent entity, including claims by holders of the Notes under the Note Guarantees. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of any of our non-Guarantor subsidiaries, holders of such subsidiary's indebtedness and its trade creditors will generally be entitled to payment of their claims from the assets of such subsidiary before any assets are made available for distribution to its parent entity and the creditors of the Company and the Guarantors (including holders of the Notes) will have no right to proceed against such subsidiary's assets. As such, the Notes and Note Guarantees will be structurally subordinated to the creditors (including trade creditors) and preference shareholders (if any) of our non-Guarantor subsidiaries. Although our non-Guarantor subsidiaries currently represent only a small portion of our consolidated sales revenue and consolidated Adjusted EBITDAX, the covenants in the Notes will permit these non-Guarantors to incur additional indebtedness, which may also be secured, and will not contain any limitation on the amount of other liabilities, such as trade payables, that may be incurred by these subsidiaries, and in the future the revenues and Adjusted EBITDAX of such entities could increase, possibly substantially.

The insolvency laws of England and Wales, Gabon, Isle of Man, Jersey and the Netherlands may not be as favorable to you as insolvency laws of jurisdictions with which you may be familiar and may preclude noteholders from recovering payments due on the Notes

The Company is organized under the laws of England and Wales and the Guarantors are organized under the laws of England and Wales, Gabon, Isle of Man, Jersey and the Netherlands. Future subsidiaries of the Company may be incorporated in other jurisdictions and are or may be subject to the insolvency laws of such jurisdictions. Moreover, pursuant to Council Regulation (EC) no. 2015/848 on insolvency proceedings (the "**EU Insolvency Regulation**"), if a company conducts business in more than one Member State of the European Union, the insolvency laws of the Member State (other than Denmark) in which such company's center of main interests is found may apply, which could be the laws of a Member State different from the jurisdiction of incorporation.

There are a number of factors that are taken into account to ascertain the center of main interests, which should correspond to the place where the company conducts the administration of its interests on a regular basis and is therefore ascertainable by third-parties. The point at which this issue will be determined is at the time when the relevant insolvency proceedings are opened. The determination of where we or our subsidiaries have our or their center of main interests would be a question of fact on which the courts of the different EU Member States may have differing and even conflicting views. It should also be noted that no final decisions have been taken in cases that have been brought before the European Court of Justice in relation to questions of interpretation or the effects of the EU Insolvency Regulation throughout the European Union. Furthermore, the center of main interests is not a static concept and may change from time to time.

In the event of a bankruptcy, insolvency or similar event involving the Company or one or more of the Guarantors, proceedings could be initiated in any, all or any combination of the above jurisdictions or other jurisdictions where the respective company's assets are located. Such jurisdictions may not be as favorable to investors as the laws of the United States or other jurisdictions with which investors are familiar, and may be materially different from, or in conflict with, each other and those of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceedings. Proceedings in these jurisdictions are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. In addition, any conflict between them could call into question whether, and to what extent, the laws of any particular jurisdiction should apply and there can be no assurance as to how the insolvency laws of these jurisdictions will be applied in relation to one another, which may adversely affect your ability to enforce your rights under the Notes and the Note Guarantees in those jurisdictions or limit any amounts that you may receive. Further, the grant of the Note Guarantees by the respective Guarantors may be subject to challenge in the relevant local insolvency proceedings. See "*—Each Note Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability*" and "*Service of process and enforceability of civil liabilities*" with respect to certain of the jurisdictions mentioned above. For a more detailed description of the insolvency laws of England and Wales, Gabon, Isle of Man, Jersey and the Netherlands, see "*Limitations on the validity and enforceability of the Security and the Guarantees and certain insolvency law considerations.*"

Each Note Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability

As of the Issue Date, the Guarantors will guarantee the payment of the Notes on a senior basis. Each Note Guarantee will provide holders of the Notes with a direct claim against the relevant Guarantor. However, the Indenture will provide that each Note Guarantee will be limited to the maximum amount that can be guaranteed by the relevant Guarantor without rendering the relevant Note Guarantee voidable or otherwise limited or ineffective under applicable law or causing the officers of the Guarantor to incur personal civil or criminal liability, and enforcement of each Note Guarantee will be subject to certain generally available defenses. These laws and defenses include those that relate to corporate purpose or benefit, fraudulent conveyance or transfer, voidable preference, insolvency or bankruptcy challenges, financial assistance, preservation of share capital, thin capitalization, related third-party transactions, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally. If one or more of these laws and defenses are applicable, a Guarantor may have no liability or decreased liability under its Note Guarantee depending on the amounts of its other obligations and applicable law. Limitations on the enforceability of judgments obtained in New York courts in certain jurisdictions could limit the enforceability of any Note Guarantee against any Guarantor.

Although laws differ among jurisdictions, in general, under bankruptcy or insolvency law and other laws, a court could: (i) avoid or invalidate all or a portion of a Guarantor's obligations under its Note Guarantee; (ii) direct that the holders of the Notes return any amounts paid under a Note Guarantee to the relevant Guarantor or to a fund for the benefit of the Guarantor's creditors; or (iii) take other action that is detrimental to you, typically if the court found that:

- the relevant Note Guarantee was incurred with actual intent to give a preference to one creditor over another, hinder, delay or defraud creditors or shareholders of the Guarantor or, in certain jurisdictions, when the granting of the Note Guarantee has the effect of giving a creditor a preference or when the recipient was aware that the Guarantor was insolvent when it granted the relevant Note Guarantee or became so as a result of it;

- the Guarantor did not receive fair consideration or reasonably equivalent value or corporate benefit for the relevant Note Guarantee and the Guarantor: (i) was insolvent or rendered insolvent because of the relevant Note Guarantee; (ii) was undercapitalized or became undercapitalized because of the relevant Note Guarantee; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;

- the relevant Note Guarantee was not validly established or authorized or otherwise contravenes the relevant Guarantor's articles of association;

- the relevant Note Guarantee was held to exceed the corporate objects of the Guarantor or not to be in the best interests or for the corporate benefit of the Guarantor; or

- the amount paid or payable under the relevant Note Guarantee was in excess of the maximum amount permitted under applicable law.

These or similar laws may also apply to any future guarantee granted by any of our subsidiaries pursuant to the Indenture.

We cannot assure you which standard a court would apply in determining whether a Guarantor was "insolvent" at the relevant time or that, regardless of the method of valuation, a court would not determine that a Guarantor was insolvent on that date, or that a court would not determine, regardless of whether or not a Guarantor was insolvent on the date its Note Guarantee was issued, that payments to holders of the Notes constituted preferences, transactions at an undervalue, fraudulent transfers or conveyances on other grounds.

The measures of insolvency for purposes of fraudulent transfer laws vary depending upon applicable law. Generally, an entity would be considered insolvent if, at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, is greater than the fair value of all its assets;

- the present fair saleable value of its assets is less than the amount required to pay the probable liability on its existing debts and liabilities, including contingent liabilities, as they become due; or

- it cannot pay its debts as they become due.

The liability of each Guarantor under its Note Guarantee will be limited to the amount that will result in such Note Guarantee not constituting a preference, transaction at an undervalue, fraudulent conveyance or improper corporate distribution or otherwise being set aside. There can be no assurance, however, as to what standard a court will apply in making a determination of the maximum liability of each Guarantor. There is a possibility that the entire Note Guarantee may be set aside, in which case the entire liability may be extinguished.

If a court decided that a Note Guarantee was a preference, transaction at an undervalue, fraudulent transfer or conveyance and voided such Note Guarantee, or held it unenforceable for any other reason, you may cease to have any claim in respect of a relevant Guarantor and would be a creditor solely of the Company and, if applicable, of any other Guarantor under the relevant Note Guarantee which has not been declared void. If any Note Guarantee is invalid or unenforceable, in whole or in part, or to the extent the agreed limitation of the Note Guarantee obligations apply, the Notes would be effectively subordinated to all liabilities of the applicable Guarantor. See "*Limitations on validity and enforceability of the Security and the Guarantees and certain insolvency law considerations*."

We may not be able to obtain the funds required to repurchase the Notes upon a change of control

The Indenture will contain and the 2025 Senior Notes Indenture contains provisions relating to certain events constituting a "change of control" of the Company. Upon the occurrence of certain events constituting a change of control, we will be required to offer to repurchase all outstanding Notes and 2025 Senior Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase.

If a change of control were to occur, we cannot assure you that we would have sufficient funds available at such time to pay the purchase price of the outstanding Notes, as well as the 2025 Senior Notes, or that the restrictions in the Revolving Credit Facility, the Guarantee Subordination Agreement or our existing contractual obligations would allow us to make such required repurchases. A change of control may result in an event of default, or acceleration of the debt, under the Revolving Credit Facility and other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not. The source of funds for any repurchase required will be available cash or cash generated from operating activities or other sources, including borrowings, sales of assets or sales of equity or funds provided by subsidiaries. The ability of the Company to receive cash from its subsidiaries to allow it to pay cash to the holders of the Notes following the occurrence of a change of control may be limited by our then existing debt instruments. If we would require third-party financing to make an offer to repurchase the Notes upon a change of control, we cannot assure you that we will be able to obtain such financing. Any failure by the Company to offer to purchase the Notes upon a change of control would constitute a default under the Indenture, which would, in turn, constitute a default under the 2025 Senior Notes Indenture and the Revolving Credit Facility. See "*Description of notes—Repurchase at the option of holders—Change of control.*"

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger, recapitalization or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "change of control" as defined in the Indenture. Except as described under "*Description of notes—Repurchase at the option of holders—Change of control,*" the Indenture will not contain provisions that would require the Company to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The definition of "Change of Control" in the Indenture will include (with certain exceptions) a disposition of all or substantially all of the assets of the Company and its restricted subsidiaries, taken as a whole, to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the Company's assets and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Company is required to make an offer to repurchase the Notes.

You may face currency exchange risks or adverse tax consequences by investing in the Notes denominated in currencies other than your reference currency

There may be tax consequences for you as a result of any foreign currency exchange gains or losses resulting from your investment in the Notes. You should consult your tax advisor concerning the tax consequences to you of acquiring holding and disposing of the Notes.

The Notes will be denominated and payable in U.S. dollars. If you are a pounds sterling, euro or other non-U.S. dollar investor, an investment in the Notes will entail currency exchange-related risks due to, among other factors, possible significant changes in the value of the U.S. dollar to pounds sterling, euro or other relevant currencies because of economic, political or other factors over which we have no control. Depreciation of the U.S. dollar against pounds sterling, euro or other currencies relevant to you could cause a decrease in the effective yield of the Notes below their stated coupon rates when the return on the Notes is translated into the currency by reference to which you measure the return on your investments.

The transferability of the Notes may be limited under applicable securities laws, which may adversely affect their liquidity and value.

The Notes and Note Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or any other jurisdiction. Therefore, you may not transfer or sell the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws or laws of any other jurisdiction, or pursuant to an effective registration statement, and you may be required to bear the risk of your investment in the Notes for an indefinite period of time. The Notes are not being offered for sale in the United States except to "qualified institutional buyers" in accordance with Rule 144A, and we have not agreed to or otherwise undertaken to register the Notes with the U.S. Securities and Exchange Commission (including by way of an exchange offer). In addition, by acceptance of delivery of any Notes, the holder thereof agrees on its own behalf and on behalf of any investor accounts for which it has purchased the Notes that it shall not transfer the Notes in an aggregate principal amount of less than $200,000. It is the obligation of holders of the Notes to ensure that their offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "*Notice to investors.*"

You may be unable to enforce judgments obtained in U.S. courts against the Company or the Guarantors

The Company, the Guarantors and their respective subsidiaries are organized outside of the United States. Most of our directors and executive officers and the directors and executive officers of the Guarantors are non-residents of the United States and most of their respective assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Company, the Guarantors or their respective directors and executive officers, or to enforce any judgments obtained in U.S. courts predicated upon civil liability provisions of the U.S. securities laws. Additionally, there is doubt as to the enforceability in many jurisdictions of civil liabilities based on the civil liability provisions of the federal or state securities laws of the United States against entities and persons who are not residents of the United States. See "*Service of process and enforceability of civil liabilities.*"

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies

The Notes will initially only be issued in global form and held through DTC. We refer to beneficial interests in such global notes as "*Book-Entry Interests.*"

Interests in the global notes will trade in book-entry form only, and the Notes in definitive registered form, or Definitive Registered Notes, will be issued in exchange for Book-Entry Interests only in very limited circumstances. Owners of Book-Entry Interests will not be considered owners of the Notes. The nominee for DTC will be the sole registered holder of the global notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to Deutsche Bank Trust Company Americas as principal paying agent, which will make payments to DTC. Thereafter, such payments will be credited to participants' accounts that hold Book-Entry Interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the order of the nominee for DTC, none of the Company, the Guarantors, the Trustee, the Transfer Agent, the Registrar or any paying agent will have any responsibility or liability for any aspect of the records relating to or payments of interest, principal or other amounts by DTC or to owners of Book-Entry Interests. Accordingly, if you own a Book-Entry Interest, you must rely on the procedures of DTC, and if you are not a participant in DTC, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Unlike holders of the Notes themselves, owners of Book-Entry Interests will not have the direct right to act upon our solicitations for consents or requests for waivers, as well as other actions from holders of the Notes. Instead, if you own a Book-Entry Interest, you will be reliant on the custodian (as registered holder of the Notes) to act on your instructions and/or will be permitted to act directly only to the extent you have received appropriate proxies to do so from DTC or, if applicable, from a participant. We cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions or to take any other action on a timely basis. See "*Book-entry, delivery and form.*"

There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited

The Notes are new securities for which there is currently no market. We cannot assure you as to:

- the number of holders of the Notes;
- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you may be able to sell your Notes.

Future trading prices for the Notes will depend on many factors, including the liquidity of the market for the Notes, prevailing interest rates, the market for similar securities (including the 2025 Senior Notes) and other factors, including general economic conditions and our own financial condition, performance and prospects, as well as third-party recommendations. Historically, the market for non-investment grade securities has from time to time been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes will depend on the number of holders of the Notes and may be adversely affected by a general decline in the market for similar securities. In addition, the trading market for the Notes may attract different investors and this may affect the extent to which the Notes may trade. The Initial Purchasers have informed us that they intend to make a market in the Notes. However, they are not obligated to do so and may discontinue such market-making at any time without notice. As a result, we cannot assure you that an active trading market for the Notes will develop or, if one does develop, that it will be maintained, and any disruption in the trading market for the Notes may have a negative effect on your investment regardless of our prospects and financial performance. If no active trading market develops, you may not be able to resell your Notes at fair value, if at all.

Although an application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF, we cannot assure you that the Notes will be or remain listed. Although no assurance is made as to the liquidity of the Notes as a result of the admission to trading on the Euro MTF, failure to be approved for listing or the delisting of the Notes (whether or not for an alternative admission to listing on another stock exchange), as applicable, from the Official List of the Luxembourg Stock Exchange may have a material effect on a holder's ability to resell the Notes in the secondary market.

Certain covenants may be suspended upon the occurrence of a change in our ratings

The Indenture will provide that, if at any time following the date of the Indenture, the Notes receive a rating of Baa3 or better by Moody's or a rating of BBB- or better from Standard & Poor's or Fitch and no default or event of default has occurred and is continuing, then beginning that day the provisions of the Indenture as described in the following subsection of the "*Description of notes*" section of this Offering Memorandum will not apply to the Notes:

- "*—Repurchase at the option of holders—Asset sales*";
- "*—Certain covenants—Restricted payments*";
- "*—Certain covenants—Incurrence of indebtedness and issuance of preferred stock*";
- "*—Certain covenants—Dividend and other payment restrictions affecting subsidiaries*";
- "*—Certain covenants—Designation of restricted and unrestricted subsidiaries*."
- "*—Certain covenants—Transactions with affiliates*";
- "*—Certain covenants—Limitation on guarantees of indebtedness by restricted subsidiaries*";
- clause (4) of the first paragraph of the covenant described under "*—Certain covenants—Merger, consolidation or sale of assets*"; and
- "*—Certain covenants—Limitation on lines of business*."

Notwithstanding the foregoing, if the rating assigned by any such rating agency to such Notes should subsequently decline to below Baa3 or BBB-, as applicable, the foregoing covenants will be reinstituted as of and from the date of such rating decline. If these covenants were to be suspended, we would be able to incur additional debt or make payments, including dividends or investments, which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained.

The Notes may not become, or remain, listed on the Official List of the Luxembourg Stock Exchange

Although an application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF of the Luxembourg Stock Exchange within a reasonable period after the Issue Date, the Company cannot assure you that the Notes will become or remain listed. If the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF of the Luxembourg Stock Exchange and the Company determines that it cannot maintain such listing, the Company may cease to maintain such listing on the Official List of the Luxembourg Stock Exchange; *provided,* *however*, that it will use its commercially reasonable efforts to obtain and maintain the listing of the Notes on another recognized exchange, although there can be no assurance that the Company will be able to do so.

The Luxembourg financial sector supervisory commission (*Commission de Surveillance du Secteur Financier*) has not reviewed or approved this Offering Memorandum or any other document related to the offering of the Notes and has not recommended or endorsed the purchase of the Notes. Neither this Offering Memorandum nor any other document related to the offering of the Notes may be distributed to the public in Luxembourg. The Notes may not be publicly offered for sale in Luxembourg and no steps may be taken which would constitute or result in a public offering in Luxembourg as defined in the Prospectus Law, unless:

(a) a prospectus has been duly approved by the Commission de Surveillance du Secteur Financier in accordance with the Prospectus Law and implementing Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the "**Prospectus Directive**"), as amended by the Law of July 3, 2012 which has implemented in Luxembourg law the 2010 PD Amending Directive; or

(b) if Luxembourg is not the home member State, the Commission de Surveillance du Secteur Financier has been notified by the competent authority in the home member state that the prospectus has been duly approved in accordance with the Prospectus Directive and the 2010 PD Amending Directive; or

(c) the offer is made to "qualified investors" as described in points (1) to (4) of Section I of Annex II to Directive 2004/39/EC of the European Parliament and of the Council of April 21, 2004 on markets in financial instruments, and persons or entities who are, on request, treated as professional clients in accordance with Annex II to Directive 2004/39/EC, or recognized as eligible counterparties in accordance with Article 24 of Directive 2004/39/EC unless they have requested that they be treated as non-professional clients; or

(d) the offer benefits from any other exemption to, or constitutes a transaction otherwise not subject to, the requirement to publish a prospectus.

This document is intended for the confidential use of the offeree(s) and it is intended for, and may not be reproduced or used for any other purpose. Listing of any of the Notes on the Luxembourg Stock Exchange does not imply that a public offering of any of the Notes in Luxembourg has been authorized.

Investors in the Notes may have limited recourse against the independent auditors

The audit reports of Deloitte LLP and Ernst & Young LLP relating to the consolidated financial statements reproduced herein, in accordance with guidance issued by the Institute of Chartered Accountants in England and Wales, state: "*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.*"

The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the U.S. Securities Act or in a report filed under the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"). If a U.S. court (or any other court) were to give effect to the language above, the recourse that holders of the Notes may have against the independent auditors based on their reports or the consolidated financial statements to which they relate could be limited.

The Notes may be issued with original issue discount for U.S. federal income tax purposes

The Notes may be issued with OID for U.S. federal income tax purposes. In such event, a holder subject to U.S. federal income tax will generally be required to include such OID in gross income (as ordinary income) as it accrues (on a constant yield to maturity basis) for U.S. federal income tax purposes in advance of the receipt of cash payments to which such OID is attributable and regardless of the holder's regular method of accounting for U.S. federal income tax purposes. See "*Taxation—Certain U.S. federal income tax considerations—Original issue discount.*"

Use of proceeds

We estimate that our gross proceeds from the sale of the Notes in this Offering will be $1,800.0 million. The proceeds from the Offering of the Notes, together with cash on balance sheet, will be used to (i) repay all amounts outstanding under, and cancel all commitments made available pursuant to, the RBL Facility, (ii) at maturity, to repay in full and cancel the 2021 Convertible Bonds, (iii) to redeem in full the 2022 Senior Notes and (iv) to pay fees and expenses incurred in connection with the Transactions. For descriptions of our current and anticipated indebtedness following the Transactions, see "*Capitalization*" and "*Description of certain financing arrangements.*"

The following table illustrates the estimated sources and uses of the proceeds with respect to the Transactions. Actual amounts will vary from estimated amounts depending on several factors, including changes in our actual amount of expenses related to the Transactions.

Sources	**$ in millions**	**Uses**	**$ in millions**
Proceeds from the Notes offered hereby(1)	$1,800.0	Repayment in full of borrowings under the RBL Facility(2)	$1,430.0
		Redemption in full of 2021 Convertible Bonds(3)	$300.0
		Redemption in full of 2022 Senior Notes(4)	$650.0
Cash on balance sheet	$630.0	Transaction fees, costs and expenses(5)	$50.0
Total	**$2,430.0**	**Total**	**$2,430.0**

(1) Represents the $1,800.0 million aggregate principal amount of the Notes offered hereby.

(2) Represents the repayment of the total outstanding indebtedness under the RBL Facility, excluding an estimated $9.7 million of accrued and unpaid interest, as of an assumed Issue Date of May 17, 2021.

(3) Represents the amount required to redeem the total principal outstanding under the 2021 Convertible Bonds, excluding an estimated $9.9 million of accrued and unpaid interest to but excluding the maturity date of July 12, 2021, which will be paid along with the principal amount due on July 12, 2021 when the 2021 Convertible Bonds will be repaid and cancelled. On the Issue Date, the Company will deposit the full amount to be paid on July 12, 2021 with Deustche Bank AG, London Branch, the principal paying and conversion agent under the trust deed for the 2021 Convertible Bonds, to hold for the benefit of the holders under the 2021 Convertible Bonds until applying the funds in repayment at maturity.

(4) Represents the redemption of the total principal amount of the 2022 Senior Notes, excluding an estimated $3.6 million of accrued and unpaid interest to but excluding the redemption date of May 17, 2021.

(5) This amount reflects our estimate of fees and expenses we will pay in connection with the Transactions, including breakage fees, original issue discount, underwriting fees and commissions, other transaction costs and professional fees.

Capitalization

The following table sets forth our cash and cash equivalents and capitalization as of December 31, 2020: (i) on a historical basis and (ii) on an adjusted basis to give effect to the Transactions as described under "*Use of proceeds*," as if they had occurred on December 31, 2020.

The historical consolidated financial information has been derived from our audited consolidated financial statements as of and for the year ended December 31, 2020 prepared in accordance with IFRS, which are included elsewhere in this Offering Memorandum.

This table should be read in conjunction with "*Use of proceeds,*" "*Management's discussion and analysis of financial condition and results of operations,*" "*Description of certain financing arrangements*" and the consolidated financial statements and the accompanying notes appearing elsewhere in this Exchange Offering Memorandum. Except as set forth below, there have been no other material changes to our capitalization since December 31, 2020.

	As of December 31, 2020	
(in millions of $)	**Historical**	**As adjusted for the Transactions**
Cash and cash equivalents(1)	805.4	175.4
Debt		
RBL Facilities(2)	1,430.0	—
Revolving Credit Facility(3)	—	—
2022 Senior Notes(4)	650.0	—
2025 Senior Notes(5)	800.0	800.0
Convertible Bonds(6)	300.0	—
Notes offered hereby(7)	—	1,800.0
Total debt(8)	**3,180.0**	**2,600.0**
Equity		
Equity attributable to equity holders of the Company	(210.0)	(210.0)
Total equity	**(210.0)**	**(210.0)**
Less		
Equity component of Convertible Bonds	(48.4)	—
Total capitalization(9)	**2,921.6**	**2,390.0**

(1) As of December 31, 2020, cash and cash equivalents includes $131.1 million of cash held in bank accounts related to business ventures with our joint venture partners and restricted bank accounts. Although these balances are highly liquid, they are restricted for use within the bank accounts or business ventures to which they relate and cannot be used for our general funding requirements. The adjustments to cash and cash equivalents give effect to the Transactions set forth under "*Use of Proceeds*" and do not include any adjustments to cash since December 31, 2020. On March 31, 2021, we completed the Equatorial Guinea Disposal and received upfront cash consideration of $88.8 million. As of April 15, 2021, we had cash and cash equivalents of approximately $831.0 million.

(2) The RBL Facility consists of a senior secured revolving credit facility dated as of August 22, 2005, as most recently amended and restated November 21, 2017, which will be repaid and cancelled in full as part of the Transactions. The amount in this table reflects the total outstanding indebtedness, excluding accrued and unpaid interest, under the RBL Facility at December 31, 2020. As of an assumed Issue Date of May 17, 2021, the estimated total outstanding indebtedness under the RBL Facility will be $1,430.0 million, excluding $9.7 million of accrued and unpaid interest.

(3) In connection with the Transactions, we will enter into a Revolving Credit Facility, which will provide for aggregate borrowings of up to $600.0 million, comprised of (i) a $500.0 million revolving credit facility and (ii) a $100.0 million letter of credit facility. We expect the Revolving Credit Facility will be undrawn on the Issue Date. For a description of the Revolving Credit Facility, see "*Description of certain financing arrangements—Revolving Credit Facility.*"

(4) Reflects the outstanding principal amount of our 2022 Senior Notes at December 31, 2020. The redemption of the 2022 Senior Notes will include payment of an estimated $3.6 million in accrued and unpaid interest to but excluding the assumed redemption date of May 17, 2021. See "*Use of proceeds.*"

(5) Reflects the outstanding principal amount of our 2025 Senior Notes at December 31, 2020. The 2025 Senior Notes are guaranteed by the Guarantors and will mature on March 1, 2025. See "*Description of certain financing arrangements—2025 Senior Notes.*"

(6) Reflects the outstanding principal amount of our 2021 Convertible Bonds at December 31, 2020 (including $48.4 million of convertible equity). The repayment of the 2021 Convertible Bonds will include payment of an estimated $9.9 million of accrued and unpaid interest to but excluding the maturity date of July 12, 2021, which will be paid along with the principal amount due on July 12, 2021 when the 2021 Convertible Bonds will be repaid and cancelled. On the Issue Date, the Company will deposit the full amount to be paid on July 12, 2021 with Deustche Bank AG, London Branch, the principal paying and conversion agent under the trust deed for the 2021 Convertible Bonds, to hold for the benefit of the holders under the 2021 Convertible Bonds until applying the funds in repayment at maturity. See "*Use of Proceeds.*"

(7) Reflects the aggregate principal amount of Notes offered hereby, which will be comprised of $1,800.0 million aggregate principal amount of Senior Secured Notes due 2026.

(8) Total debt excludes accrued interest and unamortized fees and the equity component of our 2021 Convertible Bonds. The carrying amounts, excluding accrued interest and unamortized fees as well as the equity component of our 2021 Convertible Bonds, of the RBL Facility ($1,441.7 million), 2022 Senior Notes ($646.7 million), 2025 Senior Notes ($791.2 million) and 2021 Convertible Bonds ($290.9 million) sum to the total amount presented in the balance sheet as of December 31, 2020 of $3,170.5 million. We exclude leases from our definition of debt as our focus is the management of cash borrowings and a lease is viewed as deferred capital investment. As of December 31, 2020, we had total outstanding leases of $1,216.5 million. See "*Presentation of financial and other information.*"

(9) Capitalization is calculated as the sum of total debt and total equity, *less* the equity component of the Convertible Bonds.

Selected financial data

The following tables present our selected consolidated financial data. The financial statement data presented as of and for the years ended December 31, 2018, 2019 and 2020 has been derived from our audited consolidated financial statements included elsewhere in this Offering Memorandum. Adjustments made to fair values previously reported have been retrospectively restated.

The financial statement data set forth in the following tables should be read in conjunction with "*Presentation of financial and other information—Non-IFRS financial measures,*" "*Capitalization,*" "*Use of proceeds,*" "*Management's discussion and analysis of financial condition and results of operations*" and our audited consolidated financial statements and related notes. Historical results may not necessarily be indicative of results that may be expected for any future period.

Consolidated Income Statement Data

	Year ended December 31,		
(in millions of $)	**2018**[(1)]	**2019**	**2020**
Sales revenue[(2)]	1,859.2	1,682.6	1,396.1
Other operating income – lost production insurance proceeds	188.4	42.7	——
Cost of sales	(966.0)	(966.7)	(993.6)
Gross profit	1,081.6	758.6	402.5
Administrative expenses	(90.3)	(111.5)	(86.7)
Gain/(Loss) on disposal[(3)]	21.3	6.6	(3.4)
Exploration costs written off[(4)]	(295.2)	(1,253.4)	(986.7)
Restructuring costs and provisions for onerous contracts	(170.8)	(4.2)	(92.8)
Impairment of property, plant and equipment, net[(5)]	(18.2)	(781.2)	(250.6)
Operating profit/(loss)	528.4	(1,385.1)	(1,017.7)
Profit/(Loss) from continuing activities before tax	260.5	(1,653.4)	(1,273.4)
Profit/(Loss) for the year from continuing activities	85.4	(1,694.1)	(1,221.5)

(1) The year ended December 31, 2018 has not been restated to reflect the impact of IFRS 16.

(2) Results for the year ended December 31, 2020 include the revenue contributions from our operations included in the Equatorial Guinea Disposal ($116.8 million), which completed on March 31, 2021 and the Dussafu Disposal ($20.2 million), which remains subject to completion.

(3) Loss on disposal for the year ended December 31, 2020 of $3.4 million primarily related to a purchase price adjustment with respect to the sale of our remaining Dutch assets to Hague and London Oil plc ("**HALO**") which we completed in November 2017. For the year ended December 31, 2019, our gain on disposal primarily related to deferred consideration of $9.5 million equivalent in relation to the sale of our Dutch assets to HALO. For the year ended December 31, 2018, our gain on disposal related primarily to the sale of our 9.9% ownership of Ikon Science for a net gain of $5.2 million, a gain of $11.0 million in relation to amounts refunded to us in relation to the disposal of the Orwell field in the UK during 2017 and deferred consideration of $5.1 million in relation to the sale of the Dutch assets to HALO.

(4) Exploration costs written off for the year ended December 31, 2020 included write-offs from operations in Kenya ($430.0 million), Uganda ($451.4 million), Comoros ($12.4 million), Guyana ($9.2 million), Peru ($41.2 million) Côte d'Ivoire ($14.3 million) and other exploration write offs of $28.2 million. Exploration costs written-off for the year ended December 31, 2019 included write-offs from operations in Uganda ($535.2 million), Kenya ($537.0 million), Guyana ($61.3 million), Jamaica ($35.8 million), Mauritania ($28.4 million), Namibia ($26.7 million) and other exploration costs written-off ($29.0 million). For the year ended December 31, 2018, exploration costs written-off included write-offs from operations in Ghana ($139.8 million), Uganda ($74.5 million), Namibia ($22.0 million), Uruguay ($16.3 million), Mauritania ($8.5 million), Zambia ($4.5 million), Suriname ($3.6 million), Pakistan ($1.1 million) and other exploration costs written-off ($24.9 million).

(5) Impairment of property, plant and equipment for the year ended December 31, 2020 primarily related to decreased short, medium and long term oil price assumptions and revisions to the value of assets based on revisions to reserves. Impairment of property, plant and equipment for the year ended December 31, 2019 primarily related to decreased long term oil price assumptions as well as revision of value based on revisions to reserves and future decommissioning costs. Impairment of property, plant and equipment for the year ended December 31, 2018 was in respect of lower oil and gas price forecasts and an increase in anticipated future decommissioning costs related to the United Kingdom, which was partially offset by revisions of value based on revisions to reserves.

Consolidated Balance Sheet Data

(in millions of $)	As of December 31, 2018	2019	2020
Intangible exploration and evaluation assets[1]	1,898.6	1,764.4	368.2
Property, plant and equipment	4,916.4	3,891.7	3,237.9
Non-current assets	**8,212.0**	**6,799.9**	**4,650.4**
Current assets	2,423.4	1,491.3	1,906.8
Total assets	**10,635.4**	**8,291.2**	**6,557.2**[2]
Current liabilities	(1,488.5)	(1,474.8)	(4,408.3)
Non-current liabilities	(6,253.7)	(5,832.8)	(2,358.9)
Total liabilities	**(7,742.2)**	**(7,307.6)**	**(6,767.2)**
Net assets/(liabilities)	**2,893.2**	**983.6**	**(210.0)**

Consolidated Cash Flow Statement Data

(in millions of $)	Year ended December 31, 2018	2019	2020
Net cash from operating activities	1,204.0	1,258.7	698.6
Net cash from/(used in) investing activities	(427.7)	(512.0)	84.3
Net cash used in financing activities	(882.0)	(633.4)	(271.7)

(1) The initial sale and purchase agreement (the "**2017 Uganda SPA**") in connection with the Uganda Disposal was signed in 2017 and 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 completion of the 2017 Uganda SPA. Following the expiration of that sale and purchase agreement, the Uganda assets of $840.2 million were reclassified from assets held for sale to intangible assets for the year ended December 31, 2019. During the year ended December 31, 2020, we completed the Uganda Disposal which resulted in the removal of Uganda assets of $580.4 million from the balance sheet.

(2) On February 9, 2021, we announced two separate sale and purchase agreements with Panoro Energy ASA for the transfer of our entire interest in Equatorial Guinea and our entire interest in the Dussafu Marin Permit Exploration and Production Sharing contract in Gabon. As a result, as of December 31, 2020, $92.9 million of our assets in Equatorial Guinea and $62.7 million of our Dussafu assets in Gabon were classified as held for sale.

Management's discussion and analysis of financial condition and results of operations

We encourage you to read the following discussion in conjunction with the section entitled "Selected financial data" as well as with our consolidated financial statements and the related notes thereto included elsewhere in this Offering Memorandum. The following discussion includes forward-looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. For a discussion of some of those risks and uncertainties refer to the sections entitled "Presentation of financial and other information," "Forward-looking statements" and "Risk factors."

Unless otherwise indicated, all references to our interests in licenses, our acreage under license, commercial reserves, contingent resources, production and sales revenue include assets disposed in the Equatorial Guinea Disposal and held for sale in connection with the Dussafu Disposal. For more information regarding the characteristics of and results attributable to these assets, see "Presentation of financial and other information—Sale of assets."

Overview

We are a well-established, recognized oil and gas company with a portfolio of assets primarily in sub-Saharan Africa and South America. Our producing assets are concentrated in West Africa, where our near-term investment projects except Kenya are also located. Our exploration licenses span West Africa and South America. Our new business plan and operating strategy focuses on delivering material value from our significant resource base associated with our producing assets. We believe this has the potential to deliver sustainable operating margins and strong cash flow to support deleveraging. While our near-term focus and expenditures will be on our producing assets, we believe our development assets in Kenya and the wider assets across our exploration portfolio have the potential to deliver significant value in the long-term.

Following the successful completion of the Uganda Disposal in November 2020 and the Equatorial Guinea Disposal on March 31, 2021 and upon the anticipated completion of the Dussafu Disposal, we will have interests in 50 licenses in 10 countries and will be operator of: (i) two producing fields, the Jubilee and TEN fields in Ghana; (ii) four development blocks in Kenya; and (iii) 16 exploration licenses spread across Africa and South America. We also have diversified non-operated interests in 25 producing fields in Côte d'Ivoire and Gabon. For more information on the Uganda Disposal, the Equatorial Guinea Disposal and the Dussafu Disposal, see "*Presentation of financial and other information—Sale of assets*."

As of and for the year ended December 31, 2020, we had commercial reserves of 260.2 mmboe (of which approximately 87.8% were oil), aggregate commercial reserves and contingent resources of 899.9 mmboe (of which approximately 81.1% were oil) and reserves replacement of over 160%. During the year ended December 31, 2020, our average daily production (oil and gas) on a net working interest basis was 74,900 boepd, our revenue was $1,396.1 million, our Adjusted EBITDAX was $803.9 million, our loss after tax was $1,221.5 million and our free cash flow was $431.6 million. As at December 31, 2020, *pro forma* for the Equatorial Guinea Disposal, our NPV-10 of 2P Reserves was approximately $3,054.7 million (excluding the impact of hedging).

Our West African light oil production portfolio across Ghana, Gabon and Côte d'Ivoire generates almost all of our cash flow and, in 2020, represented all of our oil production. Our largest producing asset is the Jubilee Field in Ghana, in which we have a 35.48% working interest and which we operate on behalf of our partners Kosmos Energy, Anadarko Petroleum, Ghana National Petroleum Corporation and PetroSA. We are also the operator and hold a 47.18% working interest in the TEN fields in Ghana, working with the same joint venture partners as in the Jubilee field.

Going forward, we aim to achieve a more reliable and consistent operating performance and maintain improvement in operating margins. We have approached 2021 as a year of transition as we start to grow production back to sustainable levels and look to generate improved free cash flow. Through the combination of better operating performance, safe and reliable operations, active reservoir management and a rigorous focus on cost discipline, we believe we can improve our resilience to lower oil prices and drive higher margins and cash flows to fund our investments, navigate our debt maturities and reduce debt levels.

We have systematically screened opportunities across our entire producing asset base in West Africa and prioritized high-return, short-cycle and quick payback investments. As of December 31, 2020, the Jubilee and TEN fields accounted for total 2P Reserves and 2C Resources of 210.0 mmboe and 341.8 mmboe, respectively, and our non-operated producing assets in Côte d'Ivoire and Gabon, excluding the contributions of the asset held for sale in the Dussafu Disposal, accounted for total 2P reserves and 2C resources of 34.7 mmboe and 27.5 mmboe, respectively. Rigorous and disciplined capital allocation will be our fundamental guiding principle to consistently invest in these high-return opportunities, with a near-term target of investing at least 90% of our capital expenditure on our producing assets. In line with this primary, in April 2021 we commenced a multi-year, multi-well drilling campaign at the Jubilee and TEN fields.

In addition, our positions in emerging basins in South America and Kenya (with net contingent resources of 170.8 mmbbl as of December 31, 2020) present further opportunities to realize value. In Guyana and elsewhere in our emerging basins portfolio, we are working to better define the prospect inventory with our partners. Following the Government of Kenya's extension of our Block 10BB and 13T licenses to the end of 2021, we are reassessing the development with the aim of making it viable at low oil prices. Pursuant to the terms of our license extension, we and our joint venture partners are required to submit a technically and commercially compliant Field Development Plan ("**FDP**") with the Government of Kenya by December 31, 2021. For more information, see "*Our business—Main development assets—Kenya*." Our approach to realizing value in these assets requires an innovative approach that leverages our deep geoscience and engineering expertise.

Our headquarters are in London, and we have regional offices in Ghana and Kenya. As of December 31, 2020, following our reorganization, we had 410 employees, of whom approximately 52% were African nationals, and 63 contractors. For more information on our employees, see "*Our business—Employees*." Our ordinary shares are admitted to trading on the main markets of the London Stock Exchange, the Irish Stock Exchange and the Ghana Stock Exchange and we are a constituent of the FTSE 250 index.

Recent developments

Recent trading

Based on preliminary management estimates, our performance through to March 31, 2021 is in line with our expectations.

The preliminary information is based on internal management estimates and has been prepared under the responsibility of our management, and has not been prepared in accordance with IFRS. This preliminary information has not been audited, reviewed or verified, and no procedures have been completed by our external auditors with respect thereto. It is not intended to be a comprehensive statement of our financial or operational results for the three months ended March 31, 2021, and you should not place undue reliance thereon.

Ghana operations

On February 16, 2021, we executed a four-year drilling contract with Maersk Drilling for the deep-water drillship Maersk Venturer. Work relating to the contract commenced on April 6, 2021 and will cover development drilling on the Jubilee and TEN fields offshore Ghana. In 2021, the rig is expected to drill and complete four wells in total, consisting of two Jubilee production wells, one Jubilee water injection well and one TEN gas injection well to provide pressure support to two Ntomme oil production wells.

The final phase of the Jubilee Turret Remediation Project was completed in March 2021 with the installation of a Catenary Anchor Leg Mooring ("**CALM**") buoy to assist with offloading. The CALM buoy and one of two offloading lines were installed at the end of 2020 and were fully commissioned in early 2021. Finally, we have a planned shutdown for maintenance on the Jubilee FPSO in the second half of 2021, which we expect to have a negative impact on production.

Disposals

On March 31, 2021, we completed the Equatorial Guinea Disposal, which was the sale of the entire issued share capital of Tullow EG to a subsidiary of Panoro Energy ASA in exchange for upfront cash consideration at completion of $88.8 million, as well as contingent payments determined by future oil production and price parameters. Tullow EG held an undivided 14.25% participating interest in and relating to the development and production interests in two offshore licenses, encompassing the Ceiba field and the Okume Complex in Equatorial Guinea. Upon completion of the Dussafu Disposal, an additional $5.0 million of contingent consideration is payable on the basis that both the Equatorial Guinea Disposal and the Dussafu Disposal complete. For more information on the commercial reserves, contingent resources and recent production associated with these assets, see "*Presentation of financial and other information—Sale of assets*."

On February 9, 2021, we announced a sale and purchase agreement pursuant to which Tullow Oil Gabon SA agreed to transfer the entirety of our 10% undivided legal and beneficial interest in the Dussafu Marin Permit Exploration and Production Sharing contract and our corresponding rights and assets to Pan Petroleum Gabon B.V. for cash consideration of $46.0 million (subject to adjustment and deduction) and additional contingent payments of up to $24.0 million. Prior to executing the Dussafu Disposal sale and purchase agreement, we and our joint venture partners had entered into a settlement agreement concerning our payment to BW Energy and our joint venture partners of $9.4 million, and a corresponding cost recovery entitlement assignment to us for the same amount. Completion of the settlement and the assignment of the cost recovery entitlement are subject to approval from the Government of Gabon. Pursuant to the terms of the Dussafu Disposal sale and purchase agreement, the parties have agreed that we will retain $5.0 million of the liability for the settlement amount (of which $1.0 million may be reimbursed by Pan Petroleum Gabon B.V. subject to certain conditions being met after completion of the Dussafu Disposal). Completion of the Dussafu Disposal remains subject to several conditions including approval from the Government of Gabon and from BW Energy, including to release and terminate the pledge running in its favor over certain of the assets to be disposed. For more information on the commercial reserves, contingent resources and recent production associated with these assets, see "*Presentation of financial and other information—Sale of assets*" and for more information on the risks related to this potential sale, see "*Risk Factors—We may be unable to sell assets on commercially acceptable terms or in a timely manner and may be required to retain liabilities for certain matters*" and "*Risk Factors—The conditions required for receipt of contingent consideration may not be met*."

Significant factors affecting results of operations

The results of our operations and financial condition are significantly affected by various factors, some of which are beyond our control. This section sets out certain key factors that affected our results of operations in the periods under review, and that could affect our results of operations and financial condition in the future.

Price of oil and gas

Crude oil and gas prices have historically been volatile, dependent upon the balance between supply and demand, and particularly sensitive to OPEC production levels. The prevailing price of crude oil and gas significantly affects our revenues and cash flow generation and also affects the levels of our reserves either through economic limit or entitlement calculations for our production sharing contract fields.

Our oil and gas commercial reserves estimates are used to determine the level of depreciation, depletion and amortization. Those estimates are also a key estimate in the value in use calculation for a field when considering whether there are any indicators of impairment and in performing impairment assessments of property, plant and equipment. The impact of a reduction in oil and gas prices on our commercial reserves estimates occurs when oil and gas reserves are constrained by an economic threshold. A decrease in oil or gas prices could lead to a reduction in the economic life of a field, which will reduce our commercial reserves estimates. A change in oil price that impacts production sharing contract entitlement reserves occurs under the cost recovery model, where an increase in oil prices could result in lower reserves being needed to recover costs, and a decrease in oil prices could result in higher reserves being needed to recover costs. A significant reduction to our commercial or entitlement reserves estimates can lead to an impairment of property, plant and equipment. Furthermore, it may be an indicator of impairment for exploration and evaluation assets, including for wells that have already been drilled and previously been deemed successful, but would no longer be considered successful due to decreased oil prices impacting the economic recoverability of reserves.

In 2020, a significant shock to oil prices and follow on volatility was driven by the impact of COVID-19, geopolitical developments between key oil producing nations, including market competition between Saudi Arabia and Russia, and the decision taken in April 2020 by OPEC and its allies to cut oil supply. In January 2020, oil prices were supported by an optimistic outlook on oil market fundamentals, following easing trade tensions between the United State and China and continued market stabilization efforts conducted under the Declaration of

Cooperation ("**DoC**"). By February 2020, concerns about the COVID-19 outbreak outside China were damaging to oil demand and prices, with Brent spot prices falling from $65/bbl to $55/bbl. On March 8, 2020, OPEC and Russia failed to reach an agreement on continuing market intervention and further supply agreement, which caused a significant decline in Brent prices. Brent spot prices hit their nadir of $19/bbl on April 21, 2020. Brent prices recovered in the spring and summer supported by the stabilization of the global oil surplus and Chinese demand recovery; however, the subsequent global increase of COVID-19 cases led to a retreat of prices in September and October, which was enhanced by the return of Libyan crude production to over 1 mmb/d. At the end of 2020, OPEC+ reached a compromise agreement to add 500kb/d of production to the market in January. Saudi Arabia took unilateral action to cut 1mmb/d of their production to maintain the pace of rebalancing, which drove prompt prices to $56/bbl.

As a result of these unprecedented circumstances and their material adverse impact on Brent oil prices, we faced significant impacts on our revenues and cash flows which increased the risk that we may not be able to sufficiently progress planned portfolio management activities to support liquidity. We were able to complete the Uganda Disposal in the second half of 2020, and in the first quarter of 2021 we entered into binding sale and purchase agreements for the Equatorial Guinea Disposal and Dussafu Disposal, all of which provide material liquidity support and build a strong foundation to address near-term debt maturities. Brent oil prices have also recently increased to $63.75/bbl as of March 31, 2021, with average prices for the year to date at approximately $61.29/bbl. Oil price volatility is likely to continue, however and any material decline in such prices through the continuation of trends seen during the COVID-19 pandemic could result in further adverse impacts to our revenues and cash flows. See "*Risks relating to the oil and gas industry and the countries in which we do business—Our business depends significantly on the level of oil and gas prices, which are volatile and have declined significantly over recent years, and in particular during the year ended December 31, 2020 due to the COVID-19 pandemic and related global macro-economic and political dynamics. If oil and gas prices remain low or decline further due to the COVID-19 pandemic or otherwise, our results of operations, cash flows, financial condition and access to capital will be materially and adversely affected.*"

Our oil sales are priced against the Platts Dated Brent crude oil benchmark. For a portion of our Gabon contracts, the local benchmark "*le Prix de Cession Officiel*" is used. However, this is itself a differential to the Platts Dated Brent benchmark. The average Brent crude oil quoted price decreased by 34.8% to $41.84/bbl for the year ended December 31, 2020 compared to $64.21/bbl for the year ended December 31, 2019. The following table presents information on Brent crude oil prices for the years ended December 31, 2018, 2019 and 2020.

	Year ended December 31,		
(in $/bbl)	**2018**	**2019**	**2020**
Average price for the period	71.31	64.21	41.84
Highest price for the period	86.16	74.69	69.96
Lowest price for the period	50.21	53.24	13.24

Source: Bloomberg

Our gas sales are priced using various benchmarks such as United Kingdom NBP and United Kingdom TTF, with United Kingdom NBP being our most widely used and most important benchmark. UK Gas sales ceased in 2018. The following table presents information on United Kingdom NBP gas prices for the years ended December 31, 2018, 2019 and 2020.

	Year ended December 31,		
(in pence/therm)	**2018**	**2019**	**2020**
Average price for the period	60.451	34.825	25.085
Highest price for the period	230.000	61.150	57.350
Lowest price for the period	46.800	19.500	7.250

Source: Bloomberg

Production volumes

In addition to oil and gas prices, production volumes are a primary revenue driver. Our production volumes also affect the level of our reserves and depreciation, depletion and amortization. The volume of our oil and gas resources and production volumes may be lower than estimated or expected. For example, in the year ended December 31, 2019, production performance in Ghana was below expectations predominantly as a result of gas bottlenecks at Jubilee, as well as well water cut and mechanical well completion issues at TEN. While we believe we have addressed the gas offtake bottleneck at Jubilee, following the government's approval of increased flaring and agreement to increase gas offtake, and have addressed the well issues at the TEN fields, any material unanticipated downtime in the future could cause disruption to our production. In 2021, our production targets for our Ghana assets are lower than in the prior year as well, as a result of expected downtime due to scheduled maintenance in the second half of the year at the Jubilee FPSO and natural production decline. In addition, certain of our interests are in mature fields with declining production, including the Etame and Echira fields in Gabon. See "*Risk Factors—Risks relating to our business—The level of our oil and gas commercial reserves and contingent resources, their quality and production volumes may be lower than estimated or expected.*"

The following table presents information on our oil and gas production (including condensate) for the years ended December 31, 2018, 2019 and 2020.

	Year ended December 31,		
	2018	**2019**	**2020**
Average daily oil production for the period (bopd)	78,335	83,656	74,043
Average daily gas production for the period (boepd)	2,981	1,153	835
Average daily condensate production for the period (boepd)	102	—	—
Business Interruption insurance (BI) (boepd)(1)	8,600	2,000	—
Total average daily production for the period (incl BI) (boepd)(1)(2)	90,000	86,800	74,900
Total average daily sales volumes for the period (boepd)(1)	74,200	74,000	74,600

(1) For the years ended December 31, 2018 and 2019, the ERCE and TRACS reports, respectively, did not include the amounts attributable to 8,600 boepd and 2,000 boepd of Jubilee Field Insurance Production-Equivalent Barrels.

(2) Totals may not add due to rounding. See "*Presentation of financial and other information—Rounding*."

The following table presents information on our total average daily oil and gas production (including condensate) by country for the years ended December 31, 2018, 2019 and 2020.

	Year ended December 31,		
Net oil and gas production (in kboepd)	**2018**	**2019**	**2020**
Ghana			
Jubilee	27.7	31.1	29.5
Business Interruption insurance(1)	8.6	2.0	——
TEN	30.4	28.8	23.0
TEN gas	0.1	0.1	——
Non-operated portfolio			
Gabon, Côte d'Ivoire and Equatorial Guinea	21.5	24.8	22.4
UK Gas	1.7	——	——
UK Condensate	0.1	——	——
Total(2)	**90.0**	**86.8**	**74.9**

(1) For the years ended December 31, 2018 and 2019, the ERCE and TRACS reports did not include the amounts attributable to 8,600 boepd and 2,000 boepd of Jubilee Field Insurance Production-Equivalent Barrels.

(2) Totals may not add due to rounding. See "*Presentation of financial and other information—Rounding*."

Oil and gas reserves

We estimate our commercial reserves using standard recognized evaluation techniques. Our estimates are reviewed internally at least semi-annually and are reviewed regularly by independent consultants. We estimate future development costs taking into account the level of development required to produce the commercial reserves we have elected to develop by reference to other similar operators, where applicable, reviews by external engineers and our experience. The amount of development costs in turn influences the economic recoverability of resources and, therefore, what proportion of resources are recognized as reserves.

Separately, the depreciation, depletion and amortization of oil and gas assets charged to our income statement is dependent on the estimate of our oil and gas reserves. An increase in estimated reserves will cause a reduction to our income statement charge because a larger base exists on which to depreciate the asset. Correspondingly, a decrease in estimated reserves will cause an increase to our income statement charge. The estimate of oil and gas reserves also underpins the value in use calculation of a field used for impairment calculations, and in significant cases a reduction to the commercial reserves estimate can lead to an impairment charge. In the years ended December 31, 2020 and 2019 we recognized an impairment to property, plant and equipment of $149.2

million and $712.8 million, respectively, at the TEN field in Ghana due to revision of value based on revisions to our reserves and reduction in our long-term oil price assumptions.

Underlying cash operating costs

Underlying cash operating costs are operating expenses that are either variable or fixed. The variable element of operating costs will increase (or decrease) with the level of production. As a result, an increase (or decrease) in production will result in an increase (or decrease) in underlying variable operating costs. The main variable operating costs that affect our results include the costs associated with the use of infrastructure and production consumables, such as chemicals including lubricants and drilling muds. Fixed operating costs are substantially independent from production levels and therefore do not increase (or decrease) with an increase (or decrease) in our level of production. Fixed operating costs include FPSO operation and the costs of operational and maintenance contracts, labor costs, and routine and non-routine maintenance costs. Certain significant maintenance programs will also result in the shut-in of production for a period of time. An increase in fixed operating costs will result in an increase in underlying cash operating costs per boe due to higher costs with no associated increase in production. For example, underlying cash operating costs amounted to $331.7 million ($12.1/boe) in the year ended December 31, 2020 (2019: $351.3 million; $11.1/boe), 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.

Development and production success and impairment

We face inherent risks in connection with our development and production activities. These risks include the difference between estimated and actual recoverable reserves, our cost efficiency in development and production activities and our level of production. We review our development and production projects at least semiannually for indicators of impairment. Where such an indicator exists, we compare the recoverable value of the asset (based on a discounted cash flow value in use calculation) with the carrying value on our balance sheet. If the recoverable value is lower than the carrying value, we record any impairment to the income statement as an impairment of property, plant and equipment. For example, in the years ended December 31, 2020 and 2019, we reported substantial pre-tax impairments and exploration write-offs totaling $1.2 billion and $2.0 billion, respectively. In 2020, these pre-tax impairments and exploration write-off were primarily driven by a $5/bbl reduction in our long-term oil price assumption to $60/bbl and lower near term oil price forecasts and in 2019 these were primarily driven by a $10/bbl reduction in our long-term oil price assumption, a reduction in TEN 2P reserves, a reduction in the overall valuation of the Uganda project following the removal of higher risk elements of development and the impact of drilling results throughout 2019 and license exits.

Acquisitions and disposals

In line with our new business plan and operating strategy, we aim to generate cash flow to reduce our net leverage and focus on our core producing assets, such as Jubilee and TEN in Ghana, by divesting assets or selectively developing them for production. If we elect to divest an asset, it could impact several line items in our income statement depending, in part, on the stage of the asset's life when the disposal occurs. For example, a farm-down or disposal during the exploration phase generally will not result in a gain or loss on disposal, but instead any consideration received and/or receivable will be recorded against the carrying value of the asset. For example, the Uganda Disposal, completed in the second half of 2020, we recorded the initial cash consideration of $500.0 million against the carrying value of the asset. Furthermore, any sale of our interests in producing assets will affect our future revenues. For example, if we were to sell our interest in a mature producing field, we would expect the loss of revenues from its production to be fully or partially offset by the potential gain on disposal. If completed, the Dussafu Disposal, which is a disposal of assets in mature producing fields, will have an impact on our revenues and cash flows in the year ending December 31, 2021. For more information see "*Presentation of Financial and Other Information – Sale of Assets*."

Our results also may be affected by acquisitions, although the extent of the impact largely depends on the mix of assets of the acquired company or interests and their respective acquisition terms. Acquisitions affect our liquidity and cash position in the relevant period to the extent the purchase price is paid in cash. We did not make any material acquisitions in the years ended December 31, 2018, 2019 and 2020.

Insurance

In the years ended December 31, 2018, 2019 and 2020, we continued to receive insurance proceeds in respect of the Jubilee Turret Remediation Project and recorded insurance proceeds of $310.8 million, $123.8 million and $24.8 million in each of those years, respectively. Proceeds related to lost production under the Business Interruption insurance policy of $188.4 million, $42.7 million and $nil were recorded as other operating income—lost production insurance proceeds in our income statement in the years ended December 31, 2018, 2019 and 2020, respectively. Proceeds related to compensation for incremental operating costs under the Business Interruption and Hull Machinery insurance policies of $45.6 million, $4.2 million and $nil were recorded within the operating costs line of cost of sales in the years ended December 31, 2018, 2019 and 2020 respectively, and capital costs under the Hull and Machinery insurance policy of $76.9 million, $76.9 million and $25.0 million were recorded within additions to property plant and equipment in the years ended December 31, 2018, 2019 and 2020, respectively. Coverage related to the Jubilee 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.

Derivative financial instruments

We hold a portfolio of commodity derivative contracts with various counterparties which relate to our underlying oil and gas businesses. Such commodity derivatives tend to be priced using benchmarks, such as Dated Brent crude oil and United Kingdom NBP (D1 Heren and M1 Heren), which correlate as closely as possible to our underlying oil and gas revenues, respectively. We hedge a portion of our estimated oil and gas revenues on a portfolio basis (rather than on a single asset basis), aggregating our oil revenues from substantially all of our African oil and gas interests. The cash loss, net of deferred premium, realized on our derivative contracts totaled $252.1 million over the three years ended December 31, 2020. However, as a result of the prevailing low forward prices for Brent Oil, we ceased to enter into new hedging contracts on February 25, 2020. We resumed hedging activity on July 3, 2020, when oil prices reached an appropriate level. As of the Issue Date, we will have hedged approximately 75% of our production entitlement for the remainder of 2021 with an average price floor of $46/bbl and approximately 18% of our production entitlement of 2022 with an average price floor of $41/bbl. We intend to add new hedges across 2022 to mid-year 2024, for approximately 75% of our production entitlement through to the second anniversary of the Issue Date and approximately 50% of our production entitlement from the second to the third anniversary of the Issue Date, targeting a price floor of $55/bbl for our new hedges while continuing to allow upside participation to oil prices. Once these new hedges are in place, we expect our hedging program will protect approximately 41 mmbbls of our production entitlement through to the third anniversary of the Issue Date, and we believe this hedging program could protect up to approximately $2.0 billion of revenue, calculated as 41 mmbbls hedged multiplied by an assumed price floor of $55/bbl, and assuming an oil price of zero. Liquidity risk will continue to be monitored closely through cash flow hedges and sensitivity analyses.

In addition to these contracts, in 2018 a portfolio of interest rate derivatives was held and matured. The mix of fixed and floating rate borrowings was considered appropriate during the years ended December 31, 2019 and 2020 and therefore we did not enter into new interest rate derivatives. At times, we also hold a small portfolio of foreign exchange derivatives. Our floating rate debt comprises bank borrowings at interest rates fixed in advance from overnight to three months at rates determined by US dollar LIBOR and sterling LIBOR. We hedge our floating interest rate exposure on an ongoing basis. From time to time we undertake certain transactions denominated in currencies other than pounds sterling and US dollars. These exposures are often managed by executing foreign currency financial derivatives. These derivatives have historically been "highly effective" within the range prescribed under IFRS.

All of our derivatives have been designated as cash flow hedges as of and for the years ended December 31, 2018, 2019 and 2020. All such hedges have been assessed by us to be "highly effective" within the range prescribed under IFRS. However, there is the potential for a degree of ineffectiveness in our oil hedges arising from, among other factors, the discount on our crude oil located in Africa relative to Dated Brent crude oil and the timing of oil liftings relative to the hedges.

Exploration and appraisal success and exploration costs written-off

We face inherent risks in connection with our exploration and appraisal activities. The success or failure of our exploration and appraisal activities will affect the level of our resources recognized and our future development plans for a particular licensed area. All license acquisition, exploration and evaluation costs and directly attributable administration costs are initially capitalized in cost centers by well, field or exploration area, as appropriate. Interest incurred on borrowings used to finance exploration and appraisal activities is capitalized insofar as it relates to specific development activities. 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. We account for such write offs using the successful efforts method of accounting. In 2019, in line with our exploration strategy, we drilled three wildcat exploration wells; however, the Joe and Jethro discoveries in Guyana revealed lower quality oil than originally anticipated and as such we wrote-off substantial costs in relation to these drills. In 2020, we drilled one exploration well in Peru, which did not ultimately make a commercial discovery. Overall, in the years ended December 31, 2018, 2019 and 2020, we had pre-tax exploration write-off relating to revisions to reserves, reductions in the long-term oil price assumptions, country exits, license relinquishments and unsuccessful explorations, among other reasons, of $295.2 million, $1,253.4 million and $986.7 million, respectively. While our new business plan and operating strategy has primarily focused our activities on our operated, producing assets in Ghana, we continue to hold licenses in exploration licenses in Kenya and South America, which have the potential for significant discoveries and development.

Taxation

Taxation can have a significant impact on our results of operations, in particular with respect to the outcome of tax claims.

We are subject to various tax claims which arise in the ordinary course of our business, including tax claims from tax authorities in a number of the jurisdictions in which we operate. We assess all such claims in the context of the tax laws of the countries in which we operate and, where applicable, make provision for any settlements which we consider to be probable.

For example, in December 2019 the GRA issued a final assessment for $398.0 million be paid by January 13, 2020 for the financial years 2014 to 2016. The GRA was seeking to apply branch profits remittance tax under a law which we did not consider applicable to TGL, as it falls outside of the tax regime set out in TGL's petroleum agreement and double taxation treaties. The GRA has additionally assessed TGL for unpaid withholding taxes and corporate income tax arising from the disallowance of loan interest. In January 2020, we issued a Notice of Dispute with the MoE pursuant to the terms of our petroleum agreement, disputing the issues. In TGL's view, the effect of the Notice of Dispute is to suspend our obligation to pay any taxes until the disputed issues have been resolved. In April 2020, the GRA issued a demand notice for $365.0 million, but in May 2020 the MoE wrote to the GRA requesting that the dispute resolution mechanisms under the petroleum agreements be adhered to and that the GRA instead enters into discussions with TGL and the MoE in an effort to settle the matter amicably. Our discussions with the GRA remain ongoing. For more information on these and other tax claims we are subject to, see "*Our business—Legal and arbitration proceedings*."

Interest rates

We believe that we have a balanced portfolio of fixed and floating rate debt through our Existing Finance Agreements. Our exposure to the risk of changes in market interest rates relates primarily to our bank borrowings, all of which currently have floating interest rates. We have historically managed interest rate risk using interest rate derivatives, as described above. We may be affected by changes in market interest rates at the time we need to refinance any of our indebtedness.

Exchange rates

Our presentation currency is the US dollar, primarily because substantially all of our revenues and the majority of our costs are denominated in US dollars. However, because a significant amount of our staffing and other administrative costs are denominated in pounds sterling, our results are also affected by changes in the US dollar/pound sterling exchange rate. We also have less significant exposures to movements in the US dollar against other currencies, including the currencies of the countries in which we have operations, notably Ghana and Kenya. See "—*Derivative Financial Instruments*."

Decommissioning costs

We have obligations for decommissioning liabilities for which we make provisions in our financial statements when the related facilities are installed. Changes in estimated timing of decommissioning activities or decommissioning cost estimates are dealt with prospectively. Our estimated decommissioning costs are reviewed annually by internal experts and the results of this review are then assessed alongside estimates from other operators, where applicable. Our decommissioning liability as of December 31, 2020 was $696.1 million and we spent $57.7 million on decommissioning costs during the year ended December 31, 2020.

Factors affecting comparability

Segmental reporting change

In the year ended December 31, 2020, we reorganized our operational and organizational structure so that the management and resources of our business are better aligned with the delivery of the business objectives. As a result, the information reported to our Chief Financial Officer for the purposes of resource allocation and assessment of segment performance has changed to focus on four new segments. We believe this new segmental reporting will provide management and investors with a more accurate reflection of our business and results of operations in accordance with the focus of our new business plan and operating strategy, which emphasizes extracting existing value from our producing resources with an emphasis on our portfolio of assets in Ghana.

In 2020, our reportable segments under IFRS 8 were Ghana; Non-operated producing assets, which included our producing assets in Côte d'Ivoire, Equatorial Guinea and Gabon; Kenya and Exploration, which included, Argentina, Guyana, Suriname and our non-producing assets in Côte d'Ivoire, among others. In the years ended December 31, 2019 and 2018, our reportable segments under IFRS 8 included West Africa, East Africa and New Ventures. In connection with the preparation of our 2020 Annual Report and Financial Statements we restated our 2019 segmental reporting to reflect the new reportable segments of the business. We have not restated our 2018 segmental reporting previously and have not done so in connection with the preparation of this Offering Memorandum.

Explanation of income statement items

Revenue from contracts with customers

Sales revenue represents the sales value, net of VAT, of our share of oil and gas liftings for the year together with tariff income, which is revenue from third-parties for using our infrastructure. We recognize sales revenue when oil and gas volumes are lifted, that is when goods are delivered and title has passed.

Other operating income—lost production insurance proceeds

Other operating income—lost production insurance proceeds is the insurance proceeds derived under our insurance policies to compensate for lost production from the Jubilee field.

Cost of sales

Our cost of sales consists primarily of operating expenses that are either variable or fixed. Cost of sales also includes the cash settled royalties paid in respect of our production; these royalties differ from any royalties that are deemed to be settled in barrels of oil out of our working interest production to form our entitlement to production, and are therefore not included in sales revenue. In addition, cost of sales includes depreciation, depletion and amortization of tangible oil and gas assets. Depreciation, depletion and amortization of tangible oil and gas assets represent the release of the balance sheet value of an asset to the income statement over the life of the asset. For oil and gas assets, this release is calculated on a unit of production basis divided by aggregate entitlement reserves.

Under lifting or offtake arrangements for oil and gas produced in certain operations in which we have interests with other joint venture partners, 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 constitutes "underlift" or "overlift." Underlift and overlift are valued at market value and included within other current assets and trade and other payables on our balance sheet, respectively. Movements during an accounting period are charged to cost of sales rather than charged through revenue, and as a result gross profit is recognized on an entitlements basis.

Cost of sales are presented net of any insurance proceeds derived under our insurance policies that compensate for increased operating costs incurred as part of cost of sales.

Administrative expenses

Our administrative expenses consist primarily of expenses related to staff in our primary operating offices in Accra, Ghana and Nairobi, Kenya, as well as our corporate offices in London, United Kingdom, that are not charged to joint venture partners, expensed as a cost of sales, or capitalized as an intangible or tangible asset.

Office asset depreciation and impairment charges, operating lease costs associated with corporate offices, share-based payments and other corporate costs are also included in administrative expenses. Salary and corporate costs are charged to capital projects and recorded as an addition to intangible exploration and evaluation assets or are charged to joint venture partners if they are directly attributable to a specific project. Any salary and corporate costs not recharged to an operational project are classified as administrative expenses. Recharges to operational projects are performed on an allocation basis either using time written to an operational project or an appropriate statistical basis.

Gain/(Loss) on disposal

Gain/(Loss) on disposal consists of the difference between the total consideration received (including cash, deferred and contingent consideration) and the carrying value of the assets disposed. Gain/(loss) on disposal relates to disposed assets with development or production type operations (and not exploration-type activities) and is recognized in the period in which the disposal is contractually agreed.

Exploration costs written off

We use the successful efforts accounting method for exploration and evaluation costs. Pre-license costs are expensed in the period in which they are incurred. All license acquisition, exploration and evaluation costs and directly attributable administration costs are initially capitalized in cost centers by well, field or exploration area, as appropriate. Interest payable is capitalized insofar as it relates to specific development activities. 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. We conduct a detailed review of exploration costs semi-annually.

Impairment of property, plant and equipment

Impairment of property, plant and equipment, net, consists of the difference between the value in use, which is the estimated discounted future cash flows of a field, based on management's expectations of future oil and gas prices, production, future costs, discount rates, and the net book value of the field. When the estimated discounted future cash flows of the field are less than its carrying amount, an impairment loss is recognized. 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 amortization that would have been charged since the impairment. This account is titled "net" as the impairment expense is presented net of any impairment reversals, which are a credit to the account.

Restructuring costs and provisions for onerous leases

For the years ended December 31, 2018, 2019 and 2020, we recorded a provision for restructuring costs, including redundancy and onerous service contracts. We have identified certain contracts where the costs to fulfill the terms of those contracts are higher than the financial and economic benefits to be received under them by us. Upon the identification of such contracts and the associated anticipated loss, we determine the net financial obligation connected to the relevant contract, which is then recognized as an expense in our income statement and a provision on our balance sheet.

Gain/(Loss) on hedging instruments

We use derivative financial instruments to manage our exposure to fluctuations in foreign exchange rates, interest rates and movements in oil and gas prices. Derivative financial instruments are stated at fair value. The purpose for which a derivative is used is established at inception. To qualify for hedge accounting, the derivative must be highly effective in achieving its objective and this effectiveness must be documented at inception and throughout the period of the hedge relationship. The hedge must be assessed on an ongoing basis and determined to have been highly effective throughout the financial reporting periods for which the hedge was designated. For the purpose of hedge accounting, hedges are classified as either fair value hedges, when they hedge the exposure to changes in the fair value of a recognized asset or liability, or as cash flow hedges, when they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or forecast transaction. For cash flow hedges, the portion of the gains and losses on the hedging instrument that is determined to be an effective hedge is taken to other comprehensive income and the ineffective portion, as well as any change in time value, is recognized in the income statement. The gains and losses taken to other comprehensive income are subsequently transferred to the income statement during the period in which the hedged transaction affects the income statement. A similar treatment applies to foreign currency loans which are hedges of our net investment in the net assets of a foreign operation. Gains or losses on derivatives that do not qualify for hedge accounting treatment (either from inception or during the life of the instrument) are taken directly to the income statement as a gain/(loss) on hedging instruments in the period.

Finance revenue

Finance revenue consists of interest income from interest bearing cash at bank and realized foreign exchange gains, interest income on amounts due from joint venture partners for leases and net foreign exchange gains.

Finance costs

Finance costs primarily include interest and arrangement fees due on our Existing Finance Agreements as well as issue costs that are deducted from the debt proceeds on initial recognition of the liability which are amortized and charged to the income statement as finance costs over the term of the debt (the effective interest rate method). The finance costs charged to the income statement are recognized net of capitalized borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets (assets that necessarily take a substantial period of time to prepare for their intended use or sale) that are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Finance costs also include the unwinding of any discount for decommissioning provisions, net foreign exchange losses and interest on obligations under leases. When we act as operator of a field, we record leases on a gross basis (i.e., 100% of the present value of future lease payments) and separately recognizable a receivable which represents our joint venture partners' share of the lease liability.

Income tax credit

Current and deferred tax, including UK corporation tax and corporation tax in the other jurisdictions in which we do business, such as Ghana, 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 recognized when transactions or events have occurred and have not been reversed at the balance sheet date and will result in an obligation to pay more, or right to pay less, tax during a future period. Deferred tax assets are recognized 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 for temporary differences arising on acquisitions that are categorized as business combinations. Deferred tax is recognized 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.

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

Results of operations

The following table sets out our historical consolidated income statement for the years ended December 31, 2018, 2019 and 2020.

(in millions of $)	Year ended December 31,		
	2018	2019	2020
Revenue	1,859.2	1,682.6	1,396.1
Other operating income—lost production insurance proceeds	188.4	42.7	——
Cost of sales	(966.0)	(966.7)	(993.6)
Gross profit	**1,081.6**	**758.6**	**402.5**
Administrative expenses	(90.3)	(111.5)	(86.7)
Gain/(Loss) on disposal	21.3	6.6	(3.4)
Exploration costs written off	(295.2)	(1,253.4)	(986.7)
Impairment of property, plant and equipment, net	(18.2)	(781.2)	(250.6)
Restructuring costs and provisions for onerous contracts	(170.8)	(4.2)	(92.8)
Operating profit/(loss)	**528.4**	**(1,385.1)**	**(1,017.7)**
Gain/(Loss) on hedging instruments	2.4	(1.5)	(0.8)
Finance revenue	58.4	55.5	59.4
Finance costs	(328.7)	(322.3)	(314.3)
Profit/(Loss) from continuing activities before tax	**260.5**	**(1,653.4)**	**(1,273.4)**
Income tax credit/(expense)	(175.1)	(40.7)	51.9
Profit/(Loss) for the year from continuing activities	**85.4**	**(1,694.1)**	**(1,221.5)**

Comparison of results of operations for the years ended December 31, 2019 and 2020

Revenue

Sales revenue decreased by $286.5 million, or 17%, from $1,682.6 million for the year ended December 31, 2019 to $1,396.1 million for the year ended December 31, 2020, driven primarily by the impact of the global decline in average Brent Oil prices from $64.3/bbl in the year ended December 31, 2019 to $42.9/bbl in the year ended December 31, 2020, which were partially offset by a gain on the realization of commodity hedges of $219.0 million in the year ended December 31, 2020 as compared to a loss of $53.4 million in the year ended December 31, 2019.

Average daily sales volumes remained largely stable in the year ended December 31, 2020, increasing slightly from 74,000 boepd in the year ended December 31, 2019 to 74,600 boepd in the year ended December 31, 2020.

Our oil sales are based on various benchmark prices, with adjustments for quality, transportation fees and a regional price differential, as a proxy for market prices. On average, market oil prices in 2020 were lower than in 2019. Our realized oil price for the year ended December 31, 2020 was $50.9/bbl after hedging and $42.9/bbl before hedging, compared to $62.4/bbl and $64.3/bbl, respectively, for the year ended December 31, 2019, representing a decrease of 18.4% after hedging versus a 33.3% decrease in Brent oil prices over the period.

Other operating income—lost production insurance proceeds

Other operating income—lost production insurance proceeds decreased by $42.7 million, from $42.7 million for the year ended December 31, 2019 to $nil for the year ended December 31, 2020, due the expiration of coverage for lost production in respect of the Jubilee Turret Remediation Project under the Business Interruption insurance policy in August 2019.

Cost of sales

Cost of sales increased by $26.9 million or 2.8%, from $966.7 million for the year ended December 31, 2019 to $993.6 million for the year ended December 31, 2020. Underlying cash operating costs decreased from $351.3 million ($11.1/boe) for the year ended December 31, 2019 to $331.7 million ($12.1/boe) for the year ended December 31, 2020. The increase of 9% in underlying cash operating costs per boe was principally due to lower production and increased operational costs incurred associated with the COVID-19 pandemic, which was partially offset by a reduction in underlying operating costs in the TEN and Jubilee fields.

Movements in underlift/overlift resulted in a $160.5 million debit to the income statement for the year ended December 31, 2020 compared to a $137.3 million credit to the income statement for the year ended December 31, 2019. This was as a result of an addition to our underlift position due to the timings of liftings.

Depreciation, depletion and amortization charges before impairment on production and development assets decreased from $696.1 million ($22.0/boe) for the year ended December 31, 2019 to $446.4 million ($16.3/boe) for the year ended December 31, 2020. The decrease per barrel is mainly attributable to impairments in the year ended December 31, 2019 and the six months ended June 30, 2020.

Cost of sales amounted to 57.4% and 71.1% as a percentage of sales revenue during the years ended December 31, 2019 and 2020, respectively.

Administrative expenses

Administrative expenses decreased by $24.8 million, or 22.2%, from $111.5 million for the year ended December 31, 2019 to $86.7 million for the year ended December 31, 2020, primarily due to lower payroll costs due to our organizational restructuring. Administrative expenses for the year ended December 31, 2020 include an amount of $20.0 million (2019: $22.2 million) associated with share-based payment charges.

Restructuring costs and provisions for onerous contracts

Provisions for onerous contracts and restructuring increased by $88.6 million, or 2,109.5%, from $4.2 million for the year ended December 31, 2019 to $92.8 million for the year ended December 31, 2020, primarily due to costs associated with the organizational restructuring which include redundancy and charges for onerous office leases.

Gain/(Loss) on disposal

Gain/(Loss) on disposal decreased by $10.0 million, or 151.5%, from a gain of $6.6 million for the year ended December 31, 2019 to a loss of $3.4 million for the year ended December 31, 2020.

Gain on disposal for the year ended December 31, 2019 primarily related to a purchase price adjustment with respect to the disposal of our assets in the Netherlands.

Exploration costs written off

Exploration costs written off decreased by $266.7 million, or 21.3%, from $1,253.4 million for the year ended December 31, 2019 to $986.7 million for the year ended December 31, 2020, primarily driven by a write-down of the value of Kenya due to a reduction in our long-term oil price assumption from $65/bbl to $60/bbl and Uganda was written down to the fair value of consideration as part of the disposal. The remaining write offs include Marina-1 well costs in Peru and the write-off of license level costs associated with Peru, Comoros Islands, Côte d'Ivoire and Namibia due to lower levels of planned activity and license exits. The following table provides a summary of the exploration costs written off for the year ended December 31, 2020.

Country	Year Ended December 31st, 2020 Rationale for write-off	Amount written-off ($ million)
Kenya (Blocks 10BB and 13T)	e	430.0
Uganda (Exploration areas 1, 1A, 2 and 3A)	f	451.4
Comoros (Blocks 35, 36 and 37)	b	12.4
Guyana (Kanuku)	a	9.2
Peru (License Z38)	b,d	41.2
Côte d'Ivoire (Blocks 301, 302, 518, 519, 521, 522, 524)	b	14.3
Other (Various)	a,c	28.2
Total exploration costs written off	-	**986.7**

(a) Current year expenditure on assets previously written off

(b) License relinquishments, expiry, planned exit or reduced activity

(c) Pre-license 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% (2019: 14%)

(f) Written down to the value of the transaction consideration

The following table provides a summary of the exploration costs written off for the year ended December 31, 2019.

Country	Year Ended December 31st, 2019 Rationale for write-off	Amount written-off ($ million)
Mauritania (Block C-3)	b	28.4
Namibia (PEL 37)	b	26.7
Jamaica (Walton Morant)	b	35.8
Uganda (Exploration areas 1, 1A, 2 and 3A)	d	535.2
Guyana (Jethro well)	a	30.7
Guyana (Joe well)	a	12.5
Guyana (Carapa-1 well)	a	18.1
Kenya (Blocks 10BB and 13T)	d	419.0
Kenya (Blocks 12A, 12B and 10BA)	b	118.0
New Ventures (Various)	c	29.0
Total exploration costs written off	-	**1,253.4**

(a) Current year unsuccessful exploration results.

(b) License 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, using a pre-tax discount rate of 14%.

Impairment of property, plant and equipment, net

We recognized an impairment charge (net) of $250.6 million for the year ended December 31, 2020 compared to $781.2 million for the year ended December 31, 2019.

For the year ended December 31, 2020, we recognized an impairment charge, net of reversals, of $250.6 million, primarily due to indicators of impairments identified in the first half of 2020 as a result of a reduction in short, mid and long-term prices. In the second half of 2020, and impairment reversal was recorded in respect of TEN and Espoir resulting in a full year impairment/reversal of $149.2 million and $(2.1) million, respectively, as a result of increased booked 2P reserves and, in the case of TEN, additionally due to lower future capital expenditures assumptions associated with well costs.

For the year ended December 31, 2019, we recognized an impairment charge, net of reversals, of $781.2 million, due primarily to decrease to long-term oil price assumptions and revision of value based on revisions to reserves. At TEN a full year impairment of $712.8 million was recognized due to decreased long term price assumptions and decreased booked 2P reserves.

We applied the following nominal oil price assumptions for impairment tests:

	Year ended December 31st,		
	2018	2019	2020
Year 1	$55/bbl	$64/bbl	$45/bbl
Year 2	$56/bbl	$60/bbl	$50/bbl
Year 3	$66/bbl	$60/bbl	$55/bbl
Year 4	$68/bbl	$63/bbl	$60/bbl
Year 5	$75/bbl	$65/bbl	$60/bbl
Year 6 onwards	$75/bbl inflated at 2%	$65/bbl inflated at 2%	$60/bbl inflated at 2%

Gain/(loss) on hedging instruments

The loss on hedging instruments decreased by $0.7 million, or 46.7%, from a loss of $1.5 million for the year ended December 31, 2019 to a loss of $0.8 million for the year ended December 31, 2020, primarily due to ineffectiveness, as defined per IFRS 9, resulting from the differential in our underlying African crude oil relative to Dated Brent and the timing of oil lifting relative to our hedges.

Finance revenue

Finance revenue increased by $3.9 million, or 7.0%, from $55.5 million for the year ended December 31, 2019 to $59.4 million for the year ended December 31, 2020, primarily due to increased other finance revenue partially offset by decreased interest income on amounts due from joint venture partners for leases.

Finance costs

Finance costs decreased by $8.0 million, or 2.5%, from $322.3 million for the year ended December 31, 2019 to $314.3 million for the year ended December 31, 2020, primarily associated with a reduction in interest on borrowings due to a lower average level of total net debt in 2020 as compared to 2019 and a reduction in finance costs associated with the TEN FPSO.

The following table provides additional details on our net financing costs for the years ended December 31, 2019 and 2020:

(in millions of $)	Year ended December 31st,		
	2019	2020	% Change
Interest on bank overdrafts and borrowings	216.0	205.8	(4.7)
Interest on obligations under leases	103.5	91.0	(8.8)
Total borrowing costs	**319.5**	**296.8**	**(7.6)**
Less amounts included in cost of qualifying assets	(16.3)	——	——
Finance and arrangement fees	0.7	0.8	14.3
Other interest expense	2.1	3.6	71.4
Unwinding of discount on decommissioning provisions	16.3	13.1	(19.6)
Finance costs	**322.3**	**314.3**	**(2.5)**

Income tax credit/(expense)

Income tax credits increased by $92.6 million, or 227.5%, from a $40.7 million expense for the year ended December 31, 2019 to a credit of $51.9 million for the year ended December 31, 2020. The credit for the year ended December 31, 2020 primarily relates to tax charges in respect of our production activities in West Africa, as well as UK decommissioning assets, offset by deferred tax credits associated with exploration write-offs, impairments and provisions for onerous service contracts.

Our effective tax rate increased to 4.1% for the year ended December 31, 2020 compared to (2.4)% for the year ended December 31, 2019 mainly due to a decrease in the loss before tax from $1,653.4 million in the year ended December 31, 2019 to $1,273.4 million in the year ended December 31, 2020. 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 was 35.6% in the year ended December 31, 2020 as compared to 71.6% in the year ended December 31, 2019. The adjusted tax rate decreased due to utilization of previously unrecognized losses in the UK and prior year adjustments offset by the impact of withholding tax.

Comparison of results of operations for the years ended December 31, 2018 and 2019

Revenue

Sales revenue decreased by $176.6 million, or 9.5%, from $1,859.2 million for the year ended December 31, 2018 to $1,682.6 million for the year ended December 31, 2019, driven primarily by decreased realized oil prices from $68.5/bbl in the year ended December 31, 2019 to $62.4/bbl in the year ended December 31, 2020 partially offset by increased working interest production volumes from 81,400 boepd in the year ended December 31, 2019 to 84,800 boepd in the year ended December 31, 2020.

The stable average daily sales volumes was primarily attributable to the impact of facility and subsurface challenges in Ghana, as well as no gas production from UK assets in 2019, but was partially mitigated by the contribution of production from new fields in Gabon. Average daily sales volumes from the Jubilee field increased by 10% from 26,112 boepd for the year ended December 31, 2018 to 28,688 boepd for the year ended December 31, 2019. Average daily sales volumes from the TEN fields decreased from 26,477 boepd for the year ended December 31, 2019 to 23,860 boepd for the year ended December 31, 2020.

Our oil sales are based on various benchmark prices, with adjustments for quality, transportation fees and a regional price differential, as a proxy for market prices. On average, oil prices in 2019 were lower than in 2018. Our realized oil price for the year ended December 31, 2019 was $62.4/bbl after hedging and $64.3/bbl before hedging, compared to $68.5/bbl and $71.8/bbl, respectively, for the year ended December 31, 2018, representing a decrease of 8.9% after hedging compared to a 10.4% decrease in Brent oil prices over the period.

Other operating income—lost production insurance proceeds

Other operating income—lost production insurance proceeds decreased by $145.7 million, from $188.4 million for the year ended December 31, 2018 to $42.7 million for the year ended December 31, 2019, due to insurance proceeds received to compensate for lost production as a result of the Jubilee turret issues which occurred in 2016.

Cost of sales

Cost of sales increased by $0.7 million, or 0.1%, from $966.0 million for the year ended December 31, 2018 to $966.7 million for the year ended December 31, 2019. Underlying cash operating costs increased from $327.0 million ($10.0/boe) for the year ended December 31, 2018 to $351.3 million ($11.1/boe) for the year ended December 31, 2019. Underlying cash operating costs in the year ended December 31, 2019 were net of $4.0 million of insurance proceeds. The 7.4% increase in cash operating costs was principally due to the ending of the Business Interruption coverage in May 2019, resulting in higher cost of operation, such as for shuttle tanker operations, and lower production.

Movements in underlift, overlift and oil stock movements resulted in a $137.3 million credit to the income statement for the year ended December 31, 2019 compared to a $40.7 million debit to the income statement for the year ended December 31, 2018. This was as a result of increases in our overlift position due to timing of liftings.

Depreciation, depletion and amortization charges before impairment on production and development assets increased from $567.7 million ($17.2/boe) for the year ended December 31, 2018 to $696.1 million ($22.0/boe) for the year ended December 31, 2019. The increase was primarily associated with the downward revision of TEN 2P reserves.

Cost of sales amounted to 52% and 57% as a percentage of sales revenue during the years ended December 31, 2018 and 2019, respectively.

Administrative expenses

Administrative expenses increased by $21.2 million, or 23%, from $90.3 million for the year ended December 31, 2018 to $111.5 million for the year ended December 31, 2019. Administrative expenses included an amount of $22.2 million (2018: $22.8 million) associated with share-based payment charges. The increase in administrative expenses primarily relates to the closure of historic JV audit matters.

Gain on disposal

Gain on disposal decreased by $14.7 million, or 69%, from $21.3 million for the year ended December 31, 2018 to $6.6 million for the year ended December 31, 2019.

On November 10, 2017, we completed the sale of our remaining Dutch assets to HALO. Under the terms of the agreement, a contingent deferred consideration is to be recognized over the course of four years following the sale, subject to certain criteria being met. During 2019, we recognized a gain on disposal of $9.5 million equivalent to the entire proceeds related to this transaction.

Exploration costs written off

Exploration costs written off increased by $958.2 million, or 325%, from $295.2 million for the year ended December 31, 2018 to $1,253.4 million for the year ended December 31, 2019. This was primarily driven by a write-down of the value of the Kenya and Uganda assets due to a reduction in the Group's long-term oil price assumption from $75/bbl to $65/bbl. The remaining write-offs include Jethro, Joe and Carapa well costs in Guyana as a result of drilling results and Kenya Block 12A, 12B and 10BA, Mauritania C3, PEL37 Namibia and Jamaica license due to the levels of planned future activity or license exits.

The following table provides a summary of the exploration costs written off for the year ended December 31, 2019.

	Year ended December 31st, 2019	
Country	**Rationale for write off**	**2019 Post-tax write-off ($ million)**
Mauritania (Block C-3)	b	28.4
Namibia (PEL 37)	b	26.7
Jamaica (Walton Morant)	b	35.8
Uganda (Exploration areas, 1, 1A, 2 and 3A)	d	535.2
Guyana (Jethro well)	a	30.7
Guyana (Joe well)	a	12.5
Guyana (Carapa-1 well)	a	18.1
Kenya (Blocks 10BB and 13T)	d	419.0
Kenya (Blocks 12A, 12B, and 10BA)	b	118.0
New Ventures	c	29.0
Total exploration costs written off		**1,253.4**

a. Current year unsuccessful exploration results

b. License 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, using a pre-tax discount rate of 14%

The following table provides a summary of the exploration costs written off for the year ended December 31, 2018.

Country	Rationale for write off	2018 Post-tax write-off ($ million)
Ghana (Wawa)	g	27.8
Ghana (Akasa)	g	63.1
Mauritania (Block C18)	b,c	8.5
Namibia (PEL 37)	a	13.0
Namibia (PEL 30)	a	9.0
Pakistan (Various)	b	1.1
Suriname (Block 54)	b,c	3.6
Uganda (Assets held for sale)	e	74.5
Uruguay (Country)	d	16.3
Zambia (Country)	d	4.5
Other (Various)	b	0.3
New Ventures	f	24.6
Total exploration costs written off	-	**246.3**

a. Current year unsuccessful exploration results

b. Current year expenditure and actualization of accruals associated with CGUs previously written off

c. License relinquishments or expiry

d. County exit

e. Revision of value based on fair value calculation.

f. New Ventures expenditure is written off as incurred.

Impairment of property, plant and equipment (net)

We recognized an impairment charge, net of reversals, of $781.2 million for the year ended December 31, 2019 compared to $18.2 million for the year ended December 31, 2018.

For the year ended December 31, 2019, we recognized an impairment charge, net of reversals, of $781.2 million. Impairments were primarily due to a $10/bbl reduction in the Group's long term accounting oil price assumption to $65/bbl and a reduction in TEN 2P reserves.

For the year ended December 31, 2018, we recognized an impairment charge of $18.2 million, of which $13.3 million relates to the impairment reversal in the TEN asset and $22.9 million related to the revision of value at Espoir based on revisions to reserves, which was partially offset by $14.2 million impairment due to the decrease of short-term price assumptions on the Dated Brent forward curve at Limande and Turnix.

Provision for onerous service contracts (net)

The income statement charge for provision for onerous service contracts decreased by $166.6 million, or 97.5%, from $170.8 million for the year ended December 31, 2018 to $4.2 million for the year ended December 31, 2019. Due to a historical reduction in work programs and a number of ongoing contractual disputes, we recognized an income statement charge for onerous service contracts in 2018.

Gain/(loss) on hedging instruments

The loss on hedging instruments decreased by $3.9 million, from a gain of $2.4 million for the year ended December 31, 2018 to a loss of $1.5 million for the year ended December 31, 2019, primarily due to ineffectiveness, as defined per IFRS 9, resulting from the differential in our underlying African crude oil relative to Dated Brent and the timing of oil lifting relative to our hedges.

Finance revenue

Finance revenue decreased by $2.9 million, from $58.4 million for the year ended December 31, 2018 to $55.5 million for the year ended December 31, 2019, primarily due to lower interest income on amounts due from joint venture partners for leases.

Finance costs

Finance costs decreased by $6.4 million, or 1.9%, from $328.7 million for the year ended December 31, 2018 to $322.3 million for the year ended December 31, 2019, primarily due to a reduction in interest on borrowings due to a reduction in the average level of total net debt in 2019 to 2018 offset by finance costs associated with the implementation of IFRS 16 and cessation of capitalizing interest on the Ugandan assets.

The following table provides additional details on our finance costs for the years ended December 31, 2018 and 2019:

	Year ended December 31,		
(in millions of $)	**2018**	**2019**	**% Change**
Interest on bank overdrafts and borrowings	276.0	216.0	(21.7)
Interest on obligations under leases	101.5	103.5	2.0
Total borrowing costs..	**377.5**	**319.5**	**(15.4)**
Less amounts included in cost of qualifying assets.....................	(65.3)	(16.3)	(75)
	312.2	303.2	(2.9)
Finance and arrangement fees..	(0.6)	0.7	216.7
Other interest expense	2.7	2.1	(22.2)
Unwinding of discount on decommissioning provisions.................	14.4	16.3	13.2
Finance costs	**328.7**	**322.3**	**(2.0)**

Income tax expense

Income tax expense decreased by $134.4 million, or 77%, from $175.1 million for the year ended December 31, 2018, to $40.7 million for the year ended December 31, 2019, due to impairment in Ghana which is tax deductible, and partially offset by higher profits in Gabon.

Our effective tax rate decreased to (2.4)% for the year ended December 31, 2019 compared to 67.2% for the year ended December 31, 2018. After adjusting for non-recurring amounts related to exploration write-offs, disposals, impairments, provisions and their associated deferred tax benefit, the Group's adjusted tax rate was 71.6% for the year ended December 31, 2019 compared to 40.7% for the year ended December 31, 2018. The adjusted tax rate has increased due to losses in the UK, impact of withholding tax and prior year adjustments.

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 costs write-offs occur.

Liquidity

Our liquidity requirements arise principally from our capital investment and working capital requirements. We historically have met our capital investment and working capital requirements primarily from oil and gas revenues from our producing assets (such as the TEN and Jubilee fields in Ghana, the Tchatamba fields in Gabon and the recently disposed the Ceiba field and Okume Complex in Equatorial Guinea), debt financing through ongoing drawings on the RBL, the proceeds from farm-downs and other disposals of interests in licenses.

We held cash and cash equivalents of $179.8 million, $288.8 million, and $805.4 million as of December 31, 2018, 2019 and 2020, respectively. These amounts include cash held in bank accounts relating to business ventures with our joint venture partners of $78.0 million, $183.0 million, and $54.0 million as of December 31, 2018, 2019 and 2020 respectively. In addition to the cash held in such joint venture bank accounts, we had additional amounts of cash held in restricted bank accounts of $14.1 million, $nil, and $77.1 million as of December 31, 2018, 2019 and 2020, respectively. Although these balances held in joint venture and restricted bank accounts are short-term and highly liquid, they are restricted for use only within the business ventures to which they relate and cannot be used for our general funding requirements.

Cash flow

The following table sets forth consolidated cash flow information for the years ended December 31, 2018, 2019 and 2020.

(in millions of $)	Year ended December 31,		
	2018	2019	2020
Profit/(Loss) from continuing activities before tax	260.5	(1,653.4)	(1,273.4)
Adjustments for:			
Depreciation, depletion and amortization	584.1	724.6	467.1
Loss/(Gain) on disposal	(21.3)	(6.6)	3.4
Exploration costs written off	295.2	1,253.4	986.7
Impairment of property, plant and equipment, net	18.2	781.2	250.6
Restructuring costs and provision for onerous contracts,	167.4	(0.4)	92.8
Payments under restructuring costs and provision for onerous contracts	(208.6)	(20.4)	(58.4)
Decommissioning expenditure	(99.1)	(75.1)	(57.7)
Share-based payment charge	23.8	24.8	20.9
Loss/(Gain) on hedging instruments	(2.4)	1.5	0.8
Finance revenue	(58.4)	(55.5)	(59.4)
Finance costs	328.7	322.3	314.3
Operating cash flow before working capital movements	**1,288.1**	**1,296.4**	**687.7**
Decrease/(increase) in trade and other receivables	(100.2)	241.4	195.2
Decrease/(increase) in inventories	32.5	(56.6)	85.1
(Decrease)/increase in trade payables	86.9	(131.5)	(161.9)
Cash flows from operating activities	**1,307.3**	**1,349.7**	**806.1**
Income taxes paid	(103.3)	(91.0)	(107.5)
Net cash from operating activities	**1,204.0**	**1,258.7**	**698.6**
Proceeds from disposals	9.9	7.0	513.4
Purchase of intangible exploration and evaluation assets	(202.1)	(259.4)	(213.6)
Purchase of property, plant and equipment	(238.4)	(261.5)	(217.3)
Interest received	2.9	1.9	1.8
Net cash from/(used in) investing activities	**(427.7)**	**(512.0)**	**84.3**
Debt arrangement fees	(15.0)	—— (1)	—— (1)
Repayment of borrowings	(1,755.1)	(520.0)	(185.0)
Drawdown of borrowings	1,240.0	375.0	270.0
Repayment of obligations under leases	(117.4)	(172.1)	(158.2)
Finance costs paid	(234.5)	(215.4)	(198.5)
Dividends paid	——	(100.9)	——
Net cash used in financing activities	**(882.0)**	**(633.4)**	**(271.7)**
Net increase/(decrease) in cash and cash equivalents	(105.7)	113.3	511.2
Cash and cash equivalents at beginning of year	284.0	179.8	288.8
Foreign exchange gain/(loss)	1.5	(4.3)	5.4
Cash and cash equivalents at end of year	**179.8**	**288.8**	**805.4**

(1) In the years ended December 31, 2019 and 2020, we recorded $0.7 million and $0.8 million, respectively, in finance and arrangement fees, which were included in Net financing costs for each of those years.

Net cash from operating activities

Net cash from operating activities was $698.6 million for the year ended December 31, 2020 compared to $1,258.7 million from operating activities for the year ended December 31, 2019. The decrease in net cash from operating activities was primarily driven by lower Brent oil prices as a result of the volatility stemming from COVID-19 as well as increased restructuring costs associated with the groups reorganization.

Net cash from operating activities was $1,258.7 million for the year ended December 31, 2019 compared to $1,204.0 million from operating activities for the year ended December 31, 2018. The increase in net cash from operating activities was primarily due to payments under onerous contracts offset by reduction in sales volumes and oil prices.

Net cash from/(used) in investing activities

Net cash from investing activities was $84.3 million for the year ended December 31, 2020 compared to $512.0 million of net cash used in investing activities for the year ended December 31, 2019. In the year ended December 31, 2020, capital expenditure on property, plant and equipment and on intangible exploration and evaluation assets accounted for $430.9 million of the investment cash outflow, mainly relating to drilling in Ghana and maintenance capital expenditure in Ghana and the non-operated business, seismic acquisition in Argentina, drilling the Carapa-1 well in the Kanuku license offshore Guyana and the unsuccessful drilling of the Marina-1 well in the Z-38 license offshore Peru. This was offset by the receipt of $500.0 million from the disposal of the Group's interests in Uganda.

Net cash used in investing activities was $512.0 million for the year ended December 31, 2019 compared to $427.7 million of net cash used in investing activities for the year ended December 31, 2018. In the year ended December 31, 2019, capital expenditure on property, plant and equipment and on intangible exploration and evaluation assets accounted for $520.9 million of the investment cash outflow, with 81% of capital expenditures invested in Africa and 54% in Ghana and Kenya specifically. In the year ended December 31, 2018, capital expenditure on property, plant and equipment and on intangible exploration and evaluation assets accounted for $440.5 million of the investment cash outflow, with more than 95% invested in Africa and 60% invested in assets located in Kenya and Ghana.

Additions to intangible exploration and evaluation assets and property, plant and equipment exceed net cash used in investing activities due to the additions of non-cash items such as share based-payment charges and working capital. For a more detailed description of our recent capital expenditure, see "—*Capital investment*."

Net cash generated by financing activities

Net cash used in financing activities was $271.7 million for the year ended December 31, 2020, compared to $633.4 million of net cash used in financing activities for the year ended December 31, 2019 and $882.0 million of net cash used in financing activities for the year ended December 31, 2018. In the year ended December 31, 2020 net cash generated by financing activities primarily related to repayment of obligations under leases, the repayment of borrowings and finance costs. In the year ended December 31, 2019, financing activities primarily related to the repayment of borrowings, the repayment of obligations under leases and finance costs paid in relation to hedging activities, partially offset by the drawdown of borrowings. In the year ended December 31, 2018, cash used in financing activities primarily related to repayment of outstanding facilities.

For a more detailed description of our recent financing activities, see "—*Financing*."

Capital investment

During the years ended December 31, 2018, 2019 and 2020, we spent $423.2 million, $490.0 million, and $288.1 million, respectively, on capital investment to support our exploration and development strategy. Capital investment has historically comprised the costs of technical services and studies, seismic acquisition and interpretation, and exploratory, appraisal, development and productivity enhancement drilling, well testing and costs associated with construction of oil and gas facilities.

Our capital investment in the year ended December 31, 2020 principally related to $206.3 million invested in development activities and $81.8 million invested in exploration and appraisal activities, of which $7.0 million associated with activities in Uganda was reimbursed by Total Uganda on completion of the Uganda Disposal.

Our capital investment in the year ended December 31, 2019 amounted to $490.0 million with $351.0 million invested in development activities and $139.0 million invested in exploration and appraisal activities, with 54% of the total was invested in Ghana and Kenya and 81% was invested in Africa.

Our capital investment in the year ended December 31, 2018 (net of Uganda expenditure which was expected to be repaid from either the working capital completion adjustment or deferred consideration post the completion of the then planned Uganda farm-down) amounted to $423.2 million with $353.0 million invested in development activities and $70.0 million invested in exploration and appraisal activities.

The following table shows a reconciliation of additions to property, plant and equipment and intangible exploration and evaluation assets to capital investment for the years ended December 31, 2018, 2019 and 2020.

(in millions of $)	Year ended December 31,		
	2018	2019	2020
Additions to property, plant and equipment	268.1	528.4	229.7
Additions to intangible exploration and evaluation assets	230.4	279.3	170.7
Less			
Decommissioning asset additions(1)	(42.7)	109.0	14.9
Right-of-use asset additions(2)	(3.8)	150.3	16.5
Lease payments related to capital activities	——	(2.7)	(4.0)
Capitalized share-based payment charge(3)	1.3	1.9	——
Capitalized finance costs(4)	65.3	16.3	——
Additions to administrative assets(5)	6.6	21.0	9.6
Norwegian tax refund(6)	0.4	0.9	——
Uganda capital investment adjustment(7)	50.5	——	——
Other non-cash capital expenditure(8)	(2.3)	21.0	75.3
Capital investment	**423.2**	**490.0**	**288.1**

(1) Decommissioning assets are recorded as an equal and opposite amount to our decommissioning provisions. Decommissioning assets are depreciated over the life of the relevant asset until the point of decommissioning. Any increases in a provision due to a change in scope of the obligation results in an increase in the decommissioning asset. The asset is recorded under the property, plant and equipment line item in the consolidated balance sheet. Any new decommissioning assets, or increases in decommissioning assets, from the previous year are shown as additions to that line item.

(2) For the year ended December 31, 2018 finance lease additions are not considered capital investment as they are non-cash in nature. For the years ended December 31, 2019 and 2020 right-of-use asset additions are not considered capital investment as they are non-cash in nature.

(3) Capitalized share-based payment charge relates to the portion of the non-cash share-based payment charge that relates to employees who work on capital projects.

(4) Capitalized finance costs relates to the portion of our borrowing costs that is deemed to fund development activities.

(5) Administrative assets represent fixtures, fittings and office equipment such as computers. Because they are not directly attributable to the exploration or development of oil and gas, we exclude their costs from our definition of capital investment.

(6) Capital expenditure is adjusted for the Norwegian tax refunds. The Norwegian tax refund for the years ended December 31, 2018 and 2019 represents 78% of our qualifying exploration expenditure in Norway during the years ended December 31, 2018 and 2019, respectively. The refund is paid in the year following the year in which the expense is incurred.

(7) Capital investment for the year ended December 31, 2018 excludes $50.5 million of Uganda capital investment that was to be reimbursed as a completion adjustment on completion of the then planned Uganda farm-down. Following the lapse of the proposed Uganda farm-down in 2019, the balance of the $50.5 million was moved to Intangible Exploration and Evaluation Assets and was further impaired in the year ended December 31, 2019.

(8) Other non-cash capital expenditure includes non-business combinations/acquisitions, cash re-imbursements for capital expenditure under sale and purchase agreements between their effective date and completion date and exclusion of other non-cash adjustments to fixed asset additions made in accordance with IFRS. These include capitalization of provisions made in respect of inventory and operational receivables and expenditure under certain subleased rig contracts.

Future capital investment

Our capital investments are driven largely by our exploration and appraisal activities and development of new oil and gas projects through to production. We continually evaluate our capital needs and compare them to our estimated funds available and our actual future capital expenditures may be higher or lower than our budgeted amounts. In particular, our capital expenditures may increase as additional exploration opportunities are presented to us or to fund appraisal and development costs associated with additional successful wells. The final determination with respect to the drilling of any well, including those currently budgeted, will depend on multiple factors, including the results of our development and exploration efforts, the availability of sufficient capital resources for drilling prospects, economic and industry conditions at the time of drilling, including prevailing and anticipated prices that we can achieve for our oil and gas, the availability of drilling rigs and crews, and our financial condition.

Our capital expenditure associated with operating activities in 2021 is expected to be approximately $265.0 million. The 2021 total comprises Ghana capital expenditures associated with restated drilling in the second quarter of 2021, capital expenditures associated with our West Africa non-operated assets, capital expenditures in relation to Kenya and exploration and appraisal investment.

Contractual obligations and contingent liabilities

The following table details our remaining contractual maturity for our non-derivative financial liabilities with agreed repayment periods as of December 31, 2020. The tables reflect the undiscounted cash flows of financial liabilities based on the earliest date on which we can be required to pay.

	Payments due by period						
Contractual obligations (in millions of $)	**Weighted average effective interest rate**	**Less than 1 month**	**1-3 months**	**3 months-1 year**	**1-5 years**	**More than 5 years**	**Total**
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
Total		**53.2**	**113.1**	**588.9**	**4,288.8**	**25.8**	**5,070.0**

As is common in our industry, we have entered into various commitments related to the exploration and appraisal of, and production from, commercial oil and gas assets. As of December 31, 2018, 2019 and 2020, we had future capital commitments of $233.9 million, $230.4 million and $253.9 million, respectively. These amounts represent our obligations to fulfil our contractual commitments in subsequent years.

The increase in capital commitments from $230.4 million as of December 31, 2019 to $253.9 million as of December 31, 2020 was primarily due to the drilling programs in Suriname and Argentina

We had certain contingent liabilities in relation to performance guarantees for abandonment obligations, committed work programs, legal disputes and certain financial obligations of $126.8 million, $186.9 million, and $198.5 million as of December 31, 2018, 2019 and 2020 respectively.

Our contingent liabilities were as follows as of December 31, 2018, 2019 and 2020:

	As of December 31,		
(in millions of $)	**2018**	**2019**	**2020**
Performance guarantees(1)...	60.8	82.6	115.6
Other contingent liabilities(2)...	66.0	104.3	82.9
Total	**126.8**	**186.9**	**198.5**

(1) Performance guarantees are in respect of abandonment obligations, committed work programs and certain financial obligations

(2) Other contingent liabilities include 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.

Financing

As noted above, our liquidity requirements arise principally from our capital investment and working capital requirements. For the periods presented, we met our capital investment and working capital requirements primarily from oil and gas revenues and proceeds of debt financings and the farm-down of our Ugandan licenses. Historically, we have utilized a combination of short and long-term financial instruments to supplement cash flow from operations to finance our cash needs and the growth of our business. We believe that, following the Transactions, as well as the completion of the Equatorial Guinea Disposal and the Dussafu Disposal, we will have sufficient capital to meet our requirements and commitments for at least the next twelve months. However, we are leveraged and will continue to have significant debt service obligations. Our actual financing requirements will depend on a number of factors, many of which are beyond our control. See "*Risk Factors—We require a* *significant amount of cash to service our debt and sustain our operations, and our ability to generate sufficient cash depends on many factors outside our control.*"

Equity financing

In the year ended December 31, 2020, we issued 6,173,826 ordinary shares for an aggregate subscription amount of $20.9 million in respect of options and awards granted under the Tullow Share Schemes, compared to 14,458,235 ordinary shares for an aggregate subscription amount of $27.7 million in the year ended December 31, 2019, and compared to 6,872,380 ordinary shares for an aggregate subscription amount of $26.2 million in the year ended December 31, 2018.

As of December 31, 2020, we had 1,414,071,777 allotted and fully paid ordinary shares in issue, compared to 1,407,897,951 ordinary shares as of December 31, 2019 and 1,393,439,716 ordinary shares as of December 31, 2018.

Debt financing

Our total borrowings as of December 31, 2020 amounted to $3.2 billion. Our total net debt as of December 31, 2020 amounted to $2.4 billion.

In 2018, we completed an offering of the 2025 Senior Notes, raising gross proceeds of $800.0 million. The proceeds of the 2025 Senior Notes were used to repay all amounts outstanding under the 2020 Senior Notes (including the redemption premium and accrued and unpaid interest) and repay borrowings outstanding under the RBL Facilities.

In April 2018, commitments under the Corporate Revolving Credit Facility reduced from $600.0 million to $500.0 million in line with the amortization schedule and we voluntarily cancelled a further $150.0 million of commitments. In November of 2018, we voluntarily canceled the remaining facility, which was undrawn.

In the year ended December 31, 2019, we continued to access our RBL Facility, which was split between a commercial bank facility and an International Finance Corporation facility. On October 31, 2020, the International Finance Corporation tranche was repaid and canceled. During the year ended December 31, 2020, we continued to access the RBL Facility. In October 2020, we completed the redetermination of the RBL Facility with $1,808.0 million of debt capacity approved by the lending syndicate. As at December 31, 2020, available borrowing capacity under the RBL Facility amounted to $378.0 million as compared to $1,055.0 million as at December 31, 2019. Pursuant to the Transactions, the RBL Facility will be repaid in full and canceled and the Company will enter into the Revolving Credit Facility for $600.0 million, which will be undrawn as of the Issue Date.

The following table presents information on our borrowings, as of December 31, 2020 on a *pro forma* basis after giving effect to the Transactions. See "*Capitalization.*"

	***Pro forma* as of December 31, 2020**	
(in millions of $)	**Current**	**Non-current**
Revolving Credit Facility[(1)]	-	-
7.0% Senior Notes due March 2025	-	800.0
Senior Secured Notes offered hereby	-	1,800.0
Total Borrowings	**-**	**2,600.0**

(1) On or about the Issue Date, we will enter into a $600.0 million Revolving Credit Facility, comprised on (i) a $500.0 million revolving credit facility and (ii) a $100.0 million letter of credit facility, which will be undrawn on the Issue Date.

The following table details our remaining contractual maturity for debt as of December 31, 2020, on a *pro forma* basis after giving effect to the Transactions. The table has been compiled based on the undiscounted cash flows of financial liabilities on the earliest date on which we can be required to pay.

(in millions of $)	*Pro forma* as of December 31, 2020
Due within one year	-
Due within two to five years	2,600.0
Due after five years	-
Total	**2,600.0**

For a more detailed description of our financing arrangements, see "*Capitalization*" and "*Description of certain financing arrangements.*"

Qualitative and quantitative disclosures about market risk

Credit risk management

We have a credit policy that governs the management of credit risk, including the establishment of counterparty credit limits and specific transaction approvals. Our primary credit exposures are our receivables generated by the marketing of crude oil and amounts due from joint venture partners. These exposures are managed at the corporate level. Our crude oil sales are predominantly made to international oil market participants including the oil majors, trading houses and refineries. Joint venture partners are predominantly international major oil and gas market participants. Counterparty evaluations are conducted utilizing international credit rating agencies and financial assessment. 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.

We generally enter into derivative agreements with banks who are lenders under the RBL Facilities. Security is provided under the RBL Facilities which mitigates nonperformance risk. We do 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 our financial assets, representing the sum of cash and cash equivalents, investments, derivative assets, trade receivables and receivables from joint venture partners, as of December 31, 2018, 2019 and 2020 was $1,569.6 million, $1,619.7 million and $1,973.5 million, respectively.

Liquidity risk management

We manage our liquidity risk using both short-term and long-term cash flow projections, supplemented by debt financing plans and active portfolio management. Ultimate responsibility for liquidity risk management rests with the Board, which has established a liquidity risk management framework covering our short, medium and long-term funding and liquidity management requirements. We closely monitor and manage our 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 our producing assets and delays to development projects. In addition to our operating cash flows, portfolio management opportunities are reviewed to potentially enhance our financial capability and flexibility.

Included in our cash and cash equivalents balances is cash held in bank accounts relating to business ventures with our joint venture partners. These balances were $78.0 million, $183.0 million and $54.0 million as of December 31, 2018, 2019 and 2020 respectively. In addition to the cash held in such joint venture bank accounts, we had additional amounts of cash held in restricted bank accounts of $14.1 million, $nil, and $77.1 million as of December 31, 2018, 2019 and 2020, respectively. Although these balances are short-term and highly liquid, they are restricted for use within the business ventures to which they relate and cannot be used for our general funding requirements.

Foreign currency risk management

We conduct and manage our business predominately in US dollars which is the operating currency of the industry in which we operate. Our current drawings under the RBL facilities are denominated in pounds sterling, which further assists in foreign currency risk management. We also purchase the nationally issued currencies of the countries in which we operate routinely on the spot market. From time to time, we undertake transactions denominated in other currencies. These exposures are often managed by executing foreign currency financial derivatives. There were no material non-US dollar denominated financial derivatives in place as of December 31, 2018, 2019, or 2020. Cash balances are held in other currencies to meet immediate operating and administrative expenses or to comply with local currency regulations.

As at December 31, 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 as compared to $28.9 million as at the year ended December 31, 2019 and $30.1 million as at the year ended December 31, 2018.

As of December 31, 2018, 2019 and 2020 our only material monetary assets or liabilities that were not denominated in the functional currency of the respective subsidiaries involved were non-US dollar denominated cash and cash equivalents, and, $1,240.0 million, $375.0 million and $270.0 million in cash drawings under our borrowing facilities as of December 31, 2018, 2019 and 2020 respectively. The carrying amounts of our foreign currency denominated monetary assets and monetary liabilities were net assets of $30.1 million as of December 31, 2018, net assets of $28.9 million as of December 31, 2019 and net assets of $20.0 million as of December 31, 2020.

We are mainly exposed to fluctuations in other currencies against the US dollar, in particular the pound sterling. We measures our market risk exposure by running various sensitivity analyses including assessing the impact of reasonably possible movements in key variables. The sensitivity analyses include only outstanding non-US dollar denominated monetary items and adjusts their translation at the period end for a 20% change in such non-US dollar rates. The following table demonstrates the sensitivity of our financial instruments to certain possible movements in US dollar exchange rates as of December 31, 2020.

(in millions of $, unless otherwise stated)	**Market movement (%)**	**Effect on profit before tax 2020**	**Effect on equity 2020**
$/foreign currency exchange rates	20%	(3.3)	(3.3)
$/foreign currency exchange rates	(20%)	5.0	5.0

Commodity price risk management

We use a number of derivative instruments to mitigate the commodity price risk associated with our underlying oil and gas revenues. Such commodity derivatives tend to be priced using pricing benchmarks, such as Dated Brent crude oil and United Kingdom NBP (D-1 Heren and M-1 Heren), which correlate as closely as possible to our underlying oil and gas revenues, respectively. We hedge a portion of our estimated oil and gas revenues on a portfolio basis (rather than on a single asset basis), aggregating our oil revenues from substantially all of our African oil interests and our gas revenues from substantially all of our United Kingdom and Netherlands gas interests.

As of December 31, 2018, 2019, and 2020 all of our derivatives were designated as cash flow hedges. Our oil and gas hedges have been assessed by it to be "highly effective" within the range prescribed under IAS 39 using regression analysis. There is, however, the potential for a degree of ineffectiveness in our oil hedges arising from, among other factors, the discount on our crude oil located in Africa relative to Dated Brent crude oil and the timing of oil liftings relative to the hedges. There is also the potential for a degree of ineffectiveness in our gas hedges which arises from, among other factors, day-to-day field production performance.

Our derivative carrying and fair values were as follows as of December 31, 2020:

Assets/liabilities (in millions of $)	**Less than 1 year**	**1-3 years**	**Total**
Cash flow hedges			
Oil derivatives..	37.3	4.8	42.1
Deferred premium			
Oil derivatives..	(38.0)	(2.2)	(40.2)
Total assets	**17.2**	**2.6**	**19.8**
Total liabilities	**(17.8)**	**——**	**(17.8)**

Interest rate risk management

Interest rate risk refers to the risk that market interest rates will increase, resulting in higher borrowing costs under our credit facilities, all of which currently have floating interest rates. We have historically managed interest rate risk using interest rate swaps. We may be affected by changes in market interest rates at the time it needs to refinance any of our indebtedness. See "*Risk factors—Risks relating to the Notes and our structure—Certain of our borrowings bear interest floating rates that could rise significantly, increasing our interest cost and reducing cash flow.*"

Critical accounting policies

Critical accounting policies involve judgements and uncertainties that are sufficiently sensitive to result in materially different results under different assumptions and conditions. Accounting estimates are an integral part of the preparation of our financial statements and the financial reporting process. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Certain accounting estimates and judgements are particularly sensitive because of their complexity and the possibility that future events affecting them may differ materially from our current estimates and judgements.

A detailed description of the principal accounting policies adopted by us, the critical accounting judgements that we have made in the preparation of our audited consolidated financial statements and the key sources of estimation uncertainty at each balance sheet date is set out in the section headed "*Accounting policies*" in our audited consolidated financial statements for the years ended December 31, 2018, 2019 and 2020 which are incorporated by reference into this Offering Memorandum.

Industry and market data

In this section, we rely on and refer to information regarding the global oil market as well as the key markets in which our business operates and competes. The market data and industry data and forecasts were obtained from publicly available information and independent industry publications and reports.

Certain of the projections and other information set forth in this section have been derived from external sources including BP Statistical Review of World Energy; International Energy Agency Oil Market Report; IMF World Economic Outlook Update; OPEC World Oil Outlook; OPEC Monthly Oil Market Report; US Energy Information Administration; World Bank; CIA World Factbook; Transparency International, among others. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We believe that these industry publications, surveys and forecasts are reliable but we have not independently verified them and cannot guarantee their accuracy or completeness. In addition, in many cases there is no readily available external information (whether from trade associations, government bodies or other organizations) to validate market related analyses and estimates, requiring us to rely on the review of industry publications, including information made available to the public by our competitors.

The projections and forward looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See "*Risk factors*" *and* "*Forward looking statements.*"

Oil and gas industry and market data overview

Historical oil supply and demand balance

Oil remains the world's leading fuel, accounting for about a third of global energy consumption (*Source: BP Statistical Review of World Energy, 2020*).

From the late 1990s to the 2000s, demand for oil grew significantly, driven by the rapid growth of developing economies. This increase in demand was not matched by a ramp up in production capacity, resulting in the oil supply-demand balance tightening, and subsequently a sharp rise in the price of oil. Although the years 2007 and 2008 saw a dramatic drop in oil prices after the global financial crisis, prices rebounded back to near their 2008 peak by 2011. Dated Brent averaged $99.45/bbl in 2014, the first annual average below $100 since 2010, driven by strong non-OPEC production growth (particularly due to US shale) combined with weaker consumption growth and the Organization of the Petroleum Exporting Countries' ("**OPEC**") decision to defend market share. This trend continued into 2015 and 2016, with strong growth in OPEC production, particularly in Iraq and Saudi Arabia, contributing to a sharp decline in oil prices throughout the year. Dated Brent averaged $53.60/bbl in 2015, $46.56/bbl lower than the 2014 average. In 2017, there was considerable recovery and stabilization in oil prices, following significant change and transition in the oil market. Continued cooperation between OPEC and ten non-OPEC producers to adjust production downward has been a critical factor. The effort to drawdown on stock overhang provided vital momentum to accelerating oil market rebalancing. These efforts were led by Saudi Arabia, which produced below its agreed supply target every month of 2017. As a result, OECD crude stocks fell by an average of 0.63 Mb/d consecutively across quarters between the second quarter of 2017 and the year end. Between August 2017 and December 2017, oil prices rose by approximately 20%, with Brent crude oil rising to over $60/bbl. An improving global growth outlook, weather-related disruptions in the United States and geopolitical tensions in the Middle East helped support higher prices (*Source: International Energy Agency Oil Market Report, January 2018*). The upward trend in prices continued into January 2018, with Brent crude oil spot prices averaging $69/bbl, an increase of $5/bbl from the December 2017 average. Monthly average Brent prices increased for seven consecutive months, and, on January 11, 2018 spot prices moved higher than $70/bbl for the first time since December 2014. (*Source: OPEC Monthly Oil Market Report, February 2018*).

The COVID-19 pandemic had a considerable impact on oil prices, with a Brent price that averaged approximately $42/bbl over the course of the year. In January, oil prices were supported by an optimistic outlook on oil market fundamentals, following easing trade tensions between the US and China and continued market stabilization efforts conducted under the Declaration of Cooperation ("**DoC**"). However, prices began to decline in February on the back of concerns about the outbreak of the COVID-19 pandemic in China, as well as its potential spread to other countries, the risk of softening oil demand and a further weakening in refining margins, particularly in

Asia Pacific and Europe, along with easing geopolitical tensions in the Middle East. Oil prices that started the year within touching distance of $70/bbl (Brent), fell to $55/bbl levels on news of the spread of COVID-19. Crude oil futures prices ended February significantly lower with ICE Brent showing monthly declines of more than 12% to reach their lowest monthly values in almost two-and-a-half years. Uncertainties over the extent of the demand destruction and expectations of higher global oil supply in coming months triggered sharp sell-offs in the market, leading to oil futures prices plunging by more than 33% in the first ten days of March.

In an effort to alleviate the stark global oil market imbalance, OPEC and non-OPEC countries participating in the DoC convened two extraordinary Ministerial Meetings, on April 9th and 12th. They reaffirmed their continued commitment to a stable market, and agreed to adjust downwards their overall crude oil production by a historic 9.7 mb/d, effective May 1, 2020. The agreement stated that OPEC+ expects total global oil cuts to reach as much as 20 mmbl/d, with G20 and other oil-producing nations contributing by strategic petroleum reserve purchases or natural production reductions. The agreement stated that the OPEC+ reductions would be in place until 2022 and revisited at subsequent OPEC+ meetings.

May brought cause for optimism, as crude oil spot and futures prices bounced back. Spot crude oil prices continued rising in June for the second consecutive month. The increase was driven by a drop in global oil surplus, signs of further improvements in oil market fundamentals, as well as prospects that the oil market would tighten further in the second half of 2020. July marked the third consecutive month of increases, mainly supported by the historic decision of the OPEC and non-OPEC countries participating in the DoC to adjust production, with the goal of restoring balance in the market. These efforts were further supported by a few key G20 producers, including the US, Canada and Norway. The oil market was also buoyed by the gradual recovery of global oil demand, particularly from China, and expectations of an inventory drawdown in the second half of 2020. By late July, ICE Brent had recovered by about $24/bbl from the lows seen in April. Crude oil spot prices extended gains in August, reaching a six-month high, while futures prices rose further in August by about 4% month-on-month, supported by positive market sentiment, steadily improving market fundamentals and a weaker US dollar.

Global growth recovered considerably in the third quarter of 2020, with the rebound mainly supported by exceptional fiscal and monetary stimulus, as well as the easing of early lockdown measures by the end of the second quarter of 2020. Additionally, savings mainly in OECD economies during the lockdown built a solid base for reviving consumption, as well as lifting global trade and investment. This growth was slowed in September, however, as spot crude prices settled significantly lower after four consecutive months of gains. This decline was the result of several factors, including a softening recovery of physical crude market fundamentals, in addition to the bearish sentiment in the crude oil futures market amid the continuing increase of COVID-19 new cases globally.

October saw a continued retreat in both spot and futures prices, as the expected healthy recovery of global oil demand in the fourth quarter of 2020 slowed and as global refinery throughputs remained low amid a severe second wave of COVID-19 infections in several regions around the world. Spot crude prices bounced back in November, following a rally in crude futures contracts after positive news on COVID-19 vaccines raised optimism about a recovery in oil demand. Crude oil market fundamentals improved thanks to robust crude demand in Asia Pacific. Nonetheless, weak refining margins, increases in the crude oil supply and high stocks levels, including in the US, constrained prices, which averaged $50/bbl during the month of December. At the end of the year, OPEC+ reached a compromise agreement to add 500kb/d day of production to the market in January, and ministers will then hold consultations at the start of each month to determine how to adjust production (in either direction) in subsequent months. This meeting reconfirmed the existing commitment under the DoC decision from April 12, 2020, then amended in June and September 2020, to gradually return 2mb/d, given consideration to market conditions. Global oil markets opened 2021 with a price rally. Brent rose to $57/bbl, a level not seen since February 2020, reflecting a boost in demand on cold weather in Europe and Asia. Also, in January 2021, OPEC+ decided to delay further easing of cuts and Saudi Arabia surprised with an additional 1 million b/d supply reduction for February and March. In April, the IMF raised its forecasts for 2021 and 2022 global GDP growth to 6% and 4.4%, respectively, but noted divergent recoveries and a high degree of uncertainty. Not surprisingly, the biggest upgrade was for the United States, given its swift vaccine rollout and stimulus packages. China was also revised slightly higher. This improved outlook, along with stronger prompt indicators, has led to the revision of 2021 global oil demand growth forecast by 230 kb/d. The global vaccine rollout is helping put fundamentals on a strong trajectory for 2021, with both supply and demand shifting back to growth. However, with the number of COVID-19 cases surging in Europe and some major oil consuming countries such as India and Brazil, there are still lingering concerns over the strength of the recovery in demand growth, (*Source: International Energy Agency Oil Market Report – April 2021).*

(*Source*: *U.S. Energy Information Administration, Daily Spot Prices*)

2021 oil supply and demand outlook

In 2020, the International Energy Agency ("**IEA**") expects global oil demand to be 91.2 mmb/d, which is 8.8 million b/d below the 2019 level. Demand recovered from its low point in the second quarter when it was 16.4% below the previous year. The recovery in the second half of 2020 is almost entirely due to China's fast rebound from lockdown. Global oil consumption growth averaged 91.2 mmb/d, or 4%, below the 10-year average of 94.8 mmb/d. (*Sources: BP Statistical Review of World Energy 2020, International Energy Agency Oil Market Report – 2020*).

In 2021, the IEA expects global oil demand to recover by 5.7 mmb/d to 96.7 mmb/d. Despite weaker-than-expected data for first quarter of 2021, annual growth has been revised up by 230 kb/d on average to take account of better economic forecasts and robust prompt indicators. The recovery remains fragile, however, with the number of COVID-19 cases surging in some major consuming countries. (*Source: International Energy Agency Oil Market Report – April 2021*).

Global Economic Collapse as a result of COVID-19 negatively impacted global oil consumption

Economic growth as measured in gross domestic product ("**GDP**") is a key determinant in the growth of energy demand, with oil demand fluctuating with economic cycles. Global economic growth is projected to recover in 2021, following a particularly severe collapse in 2020. Global output is estimated to have contracted by 3.3% in 2020, compared to growth of 2.9% in 2019 and a five-year average growth from 2015 to 2019 of 2.8%. (*Sources: The World Bank, IMF World Economic Outlook Update, April 2021*).

Vaccine progress, business adaptations, and policy measures should return the world economy to growth from 2021 and beyond

Recent vaccine approvals and rollouts have raised hopes of a turnaround in the pandemic later this year, but the emergence of new variants of the virus and the potential for renewed lockdowns pose concerns for the global economic outlook. However, over time the economy and businesses appear to be adapting to the COVID-19 pandemic. Additional policy measures announced at the end of 2020, especially in the United States and Japan, are expected to further support economic growth in 2021-2022. Amid this uncertainty, the global economy is projected to grow 6.0% in 2021 and 4.4% in 2022. (*Sources: The World Bank, IMF World Economic Outlook Update, April 2021*).

In the longer term, global economic growth is projected at 3.3% and 3.4% per annum in 2024 and 2025, respectively, providing a solid basis for incremental oil demand. However, this economic growth will also be accompanied by structural changes in several developing countries, such as China, where an increased share of growth will come from the service sector. Therefore, it is likely that less economic activity in the energy sector will result in lower oil demand growth compared to a similar economic growth in the past. (*Source: OPEC World Oil Outlook 2020*).

The long-term oil outlook remains uncertain and will be impacted partly by supply-side movement towards cleaner energy sources as well as efforts towards climate change mitigation

In line with the long-run transition towards cleaner, lower carbon energy sources, renewable energy sources, including biofuels, continue to be the fastest growing energy source globally, accounting for over 76mtoe, or 40%, of the growth in primary energy in 2019. Despite the strong growth, as an overall proportion of global primary energy, renewables remain fairly small with only an approximate 10% market share and remain unlikely to overtake the more established energy sources, including oil and gas, for some time. (*Source: BP Statistical Review of World Energy, 2020).*

The speed of development and adoption of new cost competitive technologies, along with political will, will continue to be factors in the ability to meet climate change targets, such as those set in 2015 United Nations Climate Change Conference in Paris. One such development has been the increasing sales of electric vehicles. Driven by declining battery costs and increased government support, battery electric and plug-in hybrid electric vehicles continue to penetrate the market, particularly in the OECD region and China. In 2010, there were only an estimated 17,000 electric vehicles in use; however, by 2019, that number had reached 7.2 million, 47% of which were in China. The latest estimates show the number of electric vehicles sold were 3.1 million in 2020. The growth in electric vehicle adoption may contribute to declines in diesel, gas and oil demand in the long-term. It should be noted that the IEA estimates that electric car sales will account for only about 3% of global car sales in 2020. (*Source: OPEC World Oil Outlook 2020, IEA (2020) Global EV Outlook 2020 (all rights reserves)*).

Increased focus on climate change mitigation may reduce the attractiveness of fossil fuels relative to newer technologies or sources of renewable energy. At the same time, as oil is expected to remain an important component of the energy mix for decades to come, geopolitical events and comparative under-investment by many industry players since recent oil price drops have the potential to generate supply disruptions, with reverberations on the global supply and demand balance and oil prices. *(Source: BP Statistical Report of World Energy 2020*).

Africa (West)

Africa's position as a source of fossil fuel exports is expected to become increasingly more important. In 2019, Africa had proved oil reserves of 125.7 billion barrels, which accounted for 7.2% of global total proved oil reserves and represented an increase of 2.2% from 2009 reserve levels. In 2020, total oil reserves are expected to be similar at around 126 billion barrels. Oil production in Africa amounted to 8.4 mmb/d in 2019, accounting for 8.8% of global production. In 2019, African gas reserves were estimated to be 527 trillion cubic feet, comprising a 7.5% share of the world total. Additionally, approximately 237.9 bcm of gas was produced in Africa in 2019, an increase of 24% from production levels in 2009. (*Source: BP Statistical Review of World Energy, 2020, US Department of Energy*).

Ghana

General

Ghana is located in West Africa with a population of c. 32.4 million. Formed from the merger of the British colony of the Gold Coast and the Togoland trust territory, Ghana in 1957 became the first sub-Saharan country in colonial Africa to gain its independence. Ghana is considered one of the more stable countries in West Africa since its transition to a multi-party democracy in 1992. In the most recent elections, which took place during 2020 Nana Dankwa Akufo-Addo of the opposition New Patriotic Party was elected President in a peaceful vote. His administration has had success in implementing some of his campaign promises such as planting more food, creating jobs and increasing access to secondary education. He also has goals to set up a factory in each of the country's 216 districts, one dam for every village and providing free high school education. (*Sources: CIA World Factbook—Ghana, February 2021, World Bank—Ghana September 2019*).

Ghana ranks 118th overall (out of 190 countries) in the World Bank's 2019 Ease of Doing Business rankings and 13th in Sub-Saharan Africa, while helping lead the way in east Africa ahead of Gambia, Senegal, and Nigeria. Subfactors in the Doing Business rankings where Ghana performs well include getting credit (80th), protecting minority investors (72nd), and enforcing contracts (117th) *(Source: World Bank—Ease of Doing Business May 2019)*. Ghana consistently ranks in the top three countries in Africa for freedom of speech and press freedom, with strong broadcast media. (*Source: World Bank—Ghana September 2019*). Ghana also ranks 75th overall (out of 180 countries) in Transparency International's Corruption Perception Index 2020, placing it 10th among Sub Saharan African countries (*Source: Transparency International Corruption Perception Index 2020*).

Economy

Ghana's macroeconomic performance has been mixed over the past years. Compared to regional peers, Ghana has long enjoyed political stability and relatively robust and diversified growth. With the downturn in oil prices in recent years however, the historical strong economic growth of 9.6% year over year average experienced by Ghana from 2010 to 2013 slowed sharply to 3.0% in 2014, 2.2% in 2015, and 3.5% in 2016. 2018 and 2019 saw a return to stronger growth with GDP growth at 8.1% and 6.3% respectively (*Source: The World Bank*). In fact, before the impacts of COVID-19, the IMF predicted Ghana to be the fastest growing economy in the world in 2019 (*Source: IMF World Economic Outlook 2019*). 2020 was a tough year globally for GDP growth, and Ghana was no exception, with projected GDP growth of 0.9%. (*Source: IMF DataMapper October 2020*). Oil remains an important part of the Ghanaian economy, with oil revenues projected to account for 9% of total government revenues and oil (*Source: IMF Ghana Article IV Consultation, 2019*).

Oil & gas industry

The oil sector celebrated its first decade in 2017 and is a growing business in Ghana. Ghana has four sedimentary basins. These are the Côte d'Ivoire-Tano Basin (including Cape Three Points Sub-basin), the Saltpond Basin, the Accra/Keta Basin and the Inland Voltaian Basin. The offshore basins cover about 60,000 km^2 (0-3500m water depth) extending from the Côte d'Ivoire-Ghana maritime border in the west to the Ghana-Togo maritime border in the east (*Source: Ghana National Petroleum Corporation)*.

Efforts to commercialize Ghana's offshore hydrocarbon reserves go back more than 25 years to the establishment of the state-owned Ghana National Petroleum Company (GNPC). After more than a decade of unsuccessful exploration, GNPC sought out international partners to assist in their efforts. The Jubilee field was discovered in 2007, 60 km offshore. Production began in 2010 and is operated by Tullow, together with its partners Kosmos and Anadarko in partnership with GNPC. Hydrocarbon production in the Tweneboa, Enyenra, Ntomme (TEN) oil field began in August 2016. Development of the Sankofa field began in 2016 with first oil in May 2017 and the non-associated gas stream of Sankofa came online in 2018. (*Source: The World Bank*). Crude oil, natural gas, plant liquids and other liquids production in Ghana currently amounts to approximately 200,000 bbl/d. There are currently about 11 petroleum agreements between the Government of Ghana, GNPC and various petroleum operators signifying the strength of Ghana's oil industry. The Government, acting through GNPC has recently sought to extend the country's continental shelf to further increase the sector's scope. (*Source: U.S. Department of Commerce's International Trade Administration 2020*).

Key data	
Crude Oil Proved Reserves	700 million barrels (2020)
Liquid Production	200 kb/d (2019)
Liquid Reserves/Production	9.6 years

Source: *US Department of Energy, Energy Information Administration 2020*

Gabon

General

Gabon is located in Central Africa with a population of approximately 2.3 million. Following independence from France in 1960, El Hadj Omar Bongo Ondimba led Gabon for four decades (1967-2009). Following President Bongo's death in 2009, a new election brought his son, Ali Bongo Ondimba, to power. President Ali Bongo Ondimba's August 2016 re-election sparked opposition protests. Gabon's Constitutional Court reviewed the election results and ruled in favor of President Bongo, upholding his win and extending his mandate to 2023. In early 2020, the Senate and National Assembly passed a constitutional reform that would allow the president to appoint one-third of senators in place of elections. President Bongo has been of poor health in the past few years, and generally absent from politics as a result. (*Source: CIA World Factbook—Gabon,* February 2021).

Economy

Gabon is an upper-middle-income country and possesses one of the highest urbanization rates in Africa with more than four in five Gabonese citizens living in urban areas. The 5th largest oil producer in Africa, it has experienced strong economic growth over the past decade, driven in particular by oil and manganese production. On average, over the past five years the oil sector has accounted for 80% of exports, 45% of GDP, and 60% of fiscal revenue. In light of declining oil reserves, the Gabonese government has based its new strategy on economic diversification. Gabon's GDP growth rate averaged 2.3% from 2013-2018, before increasing to 3.9% in 2019 and an expected contraction of 2.7% in 2020. (*Sources: World Bank—Gabon July 2020, IMF World Economic Outlook,* October 2020).

Oil & gas industry

Oil was first discovered near Gabon's capital of Libreville, in 1931. During the 1960s, the country saw a flurry of exploration and production activity, which led to a dramatic increase in production. 1996 remains the country's record year for production with an average rate of 365,000 b/d. Dwindling production due to maturing fields and a lack of major new discoveries have subsequently led to a significant decline in production. In 2019, Gabon produced 201,000 b/d (*Sources: The Oil and Gas Year, US Department of Energy, Energy Information Administration November 2020*).

Currently Gabon's licensed deepwater plays cover an area greater than 128,000 square kilometers, representing half country's total acreage. To achieve production goals, Gabon has invested in exploration and is offering several blocks in deepwater acreage for tender. To help promote the blocks to international operators, Gabon's Ministry of Petroleum and Hydrocarbons hired the Oslo-listed Spectrum and the French geosciences firm CGG to conduct a multi-client seismic survey of 25,000 square kilometers in respect of five deepwater blocks in the South Gabon Salt Basin made available for licensing, as well as some bordering plays. On May 31, 2016, Gabon closed the 11th licensing round. In mid-2019, Gabon enacted the 2019 Hydrocarbon Law to reinvigorate its oil market and support its 12th bidding around for the allocation of 23 deep-water and 12 shallow water blocks. This law reduced by half the government's participation to just 10% during development and exploitation. The law also caps the increase of cost recovery at 70% and 75% for conventional areas for oil and deep and ultra-deep areas for oil, respectively. It also creates the option to renegotiate if additional discoveries are made and extends the exclusive authorization timeframe. Gabon plans to auction 35 blocks in the current offshore licensing round. (*Source: The Oil & Gas Year, US Department of Energy, Energy Information Administration November 2020*).

Key data	
Crude Oil Proved Reserves	2 billion barrels (2020)
Liquid Production	201 kb/d (2019)
Liquid Reserves/Production	27.4 years

Source: *US Department of Energy, Energy Information Administration 2020*

Côte d'Ivoire

General

Côte d'Ivoire is located in West Africa with a population of c. 28 million. Close ties to France following independence in 1960, the development of cocoa production for export, and foreign investment all made Côte d'Ivoire one of the most prosperous West African states. However, there is also a history of political turmoil. In November 2010, Alassane Dramane Ouattara won the presidential election over President Gbagbo, but Gbagbo refused to hand over power, resulting in a five-month violent conflict. In April 2011, after widespread fighting, Gbagbo was formally forced from office by armed Ouattara supporters with the help of UN and French forces. The UN peacekeeping mission departed in June 2017 (*Source: CIA World Factbook—Côte d'Ivoire*). In early 2020, Ouattara announced that he would not run for president in the October 2020 elections, and instead pushed forward the candidacy of then Prime Minister Amadou Gon Coulibaly. However, after the sudden death of Coulibably in August 2020, Ouattara announced that he would run again. His candidacy was controversial as presidents can only serve two terms under the constitution. Ouattara argued, and the Constitutional Court agreed, that his first term under the old constitution didn't count towards the term limit since a new constitution was adopted in 2016. The election was largely boycotted by the opposition and Ouattara was re-elected (*Source: CIA World Factbook—Côte d'Ivoire, IMF World Economic Outlook – Côte d'Ivoire, Aljazeera*).

Economy

From 2019 into the early stages of 2020, Côte d'Ivoire's economic growth ranked among the most robust on the African continent. Côte d'Ivoire experienced average real GDP growth of 8% from 2012-2019 and was projected to grow by 7% in 2020. However, COVID-19 has had a major impact on Ivorian households and businesses, and economic growth for 2020, originally projected to be 7%, is now expected to slow to around 1.8%. 2021 is expected to bring stronger growth of 6.2%. For the 2016-2020 period, the Government adopted a new National Development Plan designed to transform Côte d'Ivoire into a middle-income economy by 2020 and further reduce poverty. Oil exports accounted for around 14.5% of total exports for Côte d'Ivoire in 2019. (*Sources: World Bank—Côte d'Ivoire July 2020, IMF - Côte d'Ivoire October 2020, Côte d'Ivoire IMF Country Report - Côte d'Ivoire April 2020*).

Oil & gas industry

Côte d'Ivoire aimed to roughly double oil and gas output by 2020 as it pushes for foreign investment in offshore exploration. While it has developed natural gas deposits for domestic consumption, West Africa's largest economy has concentrated on developing agricultural exports often at the expense of the energy industry. Companies either conducting exploration in Côte d'Ivoire or preparing to do so include Total, ExxonMobil Anadarko and Tullow Oil. Côte d'Ivoire's daily crude oil output has risen to 39,000 b/d in 2019 from around 37,000 b/d in 2018. The country is also pushing forward with plans to begin importing liquefied natural gas (LNG) to supplement domestic supply to its gas-fired power plants. In 2019, the government opened a new licensing round for five offshore blocks that are close to other discoveries and infrastructure. Three of the five blocks opened for licensing are newly zoned, bringing the total number of blocks in the country to 51. Four of these blocks are in production are 28 are currently in exploration (*Source: US Department of Energy, Energy Information Administration November 2020, Bloomberg*).

Key data	
Crude Oil Proved Reserves	100 million barrels (2020)
Liquid Production	39 kb/d (2019)
Liquid Reserves/Production	7 years

Source: *US Department of Energy, Energy Information Administration 2020*

Africa (East)

Kenya

General

A key regional player in East Africa, Kenya is a major communications and logistics hub, with an important Indian Ocean port and a population of approximately 55 million. In August 2010, Kenyans overwhelmingly adopted a new constitution in a national referendum and devolved county government, transforming political and economic governance, and strengthening accountability and public service delivery at local levels. It also eliminated the position of prime minister following the first presidential election under the new constitution, which occurred in March 2013. Uhuru Kenyatta won the election and was sworn into office in April 2013; he began a second term in November 2017. Kenya is home to a young and growing population with a dynamic private sector and a highly skilled workforce (*Source: CIA World Factbook—Kenya, January* 2021*, World Bank—Kenya July 2020*).

Kenya ranks 56th overall (out of 190 countries) in the World Bank's 2019 Ease of Doing Business rankings placing it as the 3rd highest ranked country in Sub Saharan Africa, with particularly strong global rankings for getting credit (4th), protecting minority investors (1st), and getting electricity (70th) (*Source: World Bank—Ease of Doing Business May 2019*).

Economy

Between 2015 and 2019, Kenya's annual average economic growth was 5.7%, one of the fastest growing economies in Sub-Saharan Africa. Economic growth has typically been bolstered by a stable macroeconomic environment, positive investor confidence and a resilient services sector. Recently, Kenya has been hit by a number of supply and demand shocks from the COVID-19 pandemic and the 2020 locust attack, which has had negative impacts on food security and the growth of the agricultural sector in the country. As a result, Kenya's GDP growth is projected to decelerate to between 1-1.5% depending on how quickly the COVID-19 pandemic is brought under control. 2021 should see a return to a stronger economic growth rate of 4.7%. In the long-term, the adoption of prudent macroeconomic policies will be important to safeguard Kenya's strong economic performance, including the implementation of fiscal and monetary prudence and continued public investment in crucial infrastructure projects (*Source: World Bank—Kenya July 2020*).

Oil & gas industry

Kenya currently does not commercially produce any hydrocarbons, although the country has the potential to become an oil producer in the short to medium term. Over the past few years, several commercial oil discoveries have been made in Kenya, but the country faces obstacles that have caused production delays such as the lack of infrastructure to support crude oil exports. Sustained low oil prices have also slowed down exploration drilling activity in Kenya. Exploration activities are ongoing in onshore northern Kenya and along with industry participants the Government of Kenya has gazetted all of the land required for the proposed export pipeline which would run from Lockichar to Lamu. (*Source: US Dept of Energy, Energy Information Administration—Kenya*).

Our business

In this Offering Memorandum, the words "we," "us," and "our" refer to Tullow Oil plc together with its subsidiaries on a consolidated basis, except where otherwise specified or clear from the context. Unless otherwise indicated, the commercial reserves and contingent resources data presented in this section have been estimated at our request by ERCE and TRACS in accordance with PRMS guidelines and definitions. Estimated commercial reserves and contingent resources presented herein may differ from estimates made in accordance with guidelines and definitions used by other companies in the industry or by the SEC. See "Presentation of financial and other information." Unless otherwise indicated, all production figures are presented on a net to our working interest basis. Where gross amounts are indicated, they are presented on a total basis—i.e., the actual interest of the relevant license holder in the relevant fields and license areas without deduction for the economic interest of our joint venture partners, taxes or royalty interests or otherwise. Our legal interest and effective working interest in the relevant fields and license areas are separately disclosed. See "—Material agreements relating to our assets" for a more detailed discussion of the terms of the agreements governing our interests. Any projections and other forward-looking statements in this section are not guarantees of future performance and actual results could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See "Risk factors" and "Forward-looking statements."

Unless otherwise indicated, all references to our interests in licenses, our acreage under license, commercial reserves, contingent resources, production and sales revenue include our assets disposed in the Equatorial Guinea Disposal and those assets held for sale in connection with the Dussafu Disposal. For more information regarding the characteristics of and results attributable to these assets, see "Presentation of financial and other information—Sale of assets."

Overview

We are a well-established, recognized oil and gas company with a portfolio of assets primarily in sub-Saharan Africa and South America. Our producing assets are concentrated in West Africa, where our near-term investment projects except Kenya are also located. Our exploration licenses span West Africa and South America. Our new business plan and operating strategy focuses on delivering material value from our significant resource base associated with our producing assets. We believe this has the potential to deliver sustainable operating margins and strong cash flow to support deleveraging. While our near-term focus and expenditures will be on our producing assets, we believe our development assets in Kenya and the wider assets across our exploration portfolio have the potential to deliver significant value in the long-term.

Following the successful completion of the Uganda Disposal in November 2020 and the Equatorial Guinea Disposal on March 31, 2021 and upon the anticipated completion of the Dussafu Disposal, we will have interests in 50 licenses in 10 countries and will be operator of: (i) two producing fields, the Jubilee and TEN fields in Ghana; (ii) four development blocks in Kenya; and (iii) 16 exploration licenses spread across Africa and South America. We also have diversified non-operated interests in 25 producing fields in Côte d'Ivoire and Gabon. For more information on the Uganda Disposal, the Equatorial Guinea Disposal and the Dussafu Disposal, see "*Presentation of financial and other information—Sale of assets*."

As of and for the year ended December 31, 2020, we had commercial reserves of 260.2 mmboe (of which approximately 87.8% were oil), aggregate commercial reserves and contingent resources of 899.9 mmboe (of which approximately 81.1% were oil) and reserves replacement of over 160%. During the year ended December 31, 2020, our average daily production (oil and gas) on a net working interest basis was 74,900 boepd, our revenue was $1,396.1 million, our Adjusted EBITDAX was $803.9 million, our loss after tax was $1,221.5 million and our free cash flow was $431.6 million. As at December 31, 2020, *pro forma* for the Equatorial Guinea Disposal, our NPV-10 of 2P Reserves was approximately $3,054.7 million (excluding the impact of hedging).

Our West African light oil production portfolio across Ghana, Gabon and Côte d'Ivoire generates almost all of our cash flow and, in 2020, represented all of our oil production. Our largest producing asset is the Jubilee Field in Ghana, in which we have a 35.48% working interest and which we operate on behalf of our partners Kosmos Energy, Anadarko Petroleum, Ghana National Petroleum Corporation and PetroSA. We are also the operator and hold a 47.18% working interest in the TEN fields in Ghana, working with the same joint venture partners as in the Jubilee field.

Going forward, we aim to achieve a more reliable and consistent operating performance and maintain improvement in operating margins. We have approached 2021 as a year of transition as we start to grow production back to sustainable levels and look to generate improved free cash flow. Through the combination of better operating performance, safe and reliable operations, active reservoir management and a rigorous focus on cost discipline, we believe we can improve our resilience to lower oil prices and drive higher margins and cash flows to fund our investments, navigate our debt maturities and reduce debt levels.

We have systematically screened opportunities across our entire producing asset base in West Africa and prioritized high-return, short-cycle and quick payback investments. As of December 31, 2020, the Jubilee and TEN fields accounted for total 2P Reserves and 2C Resources of 210.0 mmboe and 341.8 mmboe, respectively, and our non-operated producing assets in Côte d'Ivoire and Gabon, excluding the contributions of the asset held for sale in the Dussafu Disposal, accounted for total 2P reserves and 2C resources of 34.7 mmboe and 27.5 mmboe, respectively. Rigorous and disciplined capital allocation will be our fundamental guiding principle to consistently invest in these high-return opportunities, with a near-term target of investing at least 90% of our capital expenditure on our producing assets. In line with this primary, in April 2021 we commenced a multi-year, multi-well drilling campaign at the Jubilee and TEN fields.

In addition, our positions in emerging basins in South America and Kenya (with net contingent resources of 170.8 mmbbl as of December 31, 2020) present further opportunities to realize value. In Guyana and elsewhere in our emerging basins portfolio, we are working to better define the prospect inventory with our partners. Following the Government of Kenya's extension of our Block 10BB and 13T licenses to the end of 2021, we are reassessing the development with the aim of making it viable at low oil prices. Pursuant to the terms of our license extension, we and our joint venture partners are required to submit a technically and commercially compliant Field Development Plan ("**FDP**") with the Government of Kenya by December 31, 2021. For more information, see "*Our business—Main development assets—Kenya*." Our approach to realizing value in these assets requires an innovative approach that leverages our deep geoscience and engineering expertise.

Our headquarters are in London, and we have regional offices in Ghana and Kenya. As of December 31, 2020, following our reorganization, we had 410 employees, of whom approximately 52% were African nationals, and 63 contractors. For more information on our employees, see "*Our business—Employees*." Our ordinary shares are admitted to trading on the main markets of the London Stock Exchange, the Irish Stock Exchange and the Ghana Stock Exchange and we are a constituent of the FTSE 250 index.

Our strengths

We believe that the following key strengths differentiate us from our competitors.

High quality asset base with robust reserves and significant resource potential to support stable production

We maintain, and are continuing to develop, a high-quality portfolio of low cost, long life oil producing assets, which generate strong operating cash flows. Our operated producing assets in Ghana, the Jubilee and TEN fields, and our non-operated producing assets in Côte d'Ivoire and Gabon are located in proven petroleum systems and are underpinned by a large resource base with well-defined and profitable investment opportunities. We also have low underlying cash operating costs across our portfolio, with an average of $12.1/boe in the year ended December 31, 2020, allowing us to generate a significant cash margin at current oil prices.

There is significant value left to realize from our Ghanaian assets, with approximately 210.0 mmboe of commercial reserves and 341.8 mmboe of contingent resources as of December 31, 2020, of which 86% and 63%, respectively, are oil. Our two flagship operated assets in Ghana, the Jubilee and TEN fields, are high quality, low cost, long life producing assets, which as at December 31, 2020, had stock tank oil initially in place ("**STOIIP**") of 1,900 mmbbl and 1,100 mmbbl, respectively, and recovery factors of 16% and 8%, respectively, measured by taking gross historical production volume divided by STOIIP. We procured the Maersk Venturer rig to drill a multi-well program in Ghana which started in April 2021 for up to four years. We believe this program will stabilize and increase our production from both of our fields in Ghana. By focusing our activities on our West African producing assets, we believe we can capitalize on the expertise we have developed over several decades and establish economies of scale with respect to drilling, production, operating and administrative costs, thereby allowing us to grow our oil production in the medium term. Our assets in Ghana in particular are structurally advantaged, with the majority of the infrastructure already in-place and the ability to tie back wells to our existing subsea infrastructure and two Floating Production Storage and Offloading ("**FPSO**") vessels with relatively low incremental capex and short investment cycles, yielding attractive returns. Across both Jubilee and TEN fields, we currently have 25 producing wells, as well as 18 water injection wells and four gas injection wells. Given the large inventory of compelling drilling opportunities, with over 50 future well opportunities identified across the Jubilee and TEN fields, as well as an improving outlook for oil and natural gas, we may consider accelerating the drilling program with a second rig.

Cash generation through low-cost production, operational improvements and cost reduction

Due to the light oil focused nature of our production and our control of underlying cash operating costs, we have historically achieved attractive cash margins from our producing assets. For the year ended December 31, 2020, difficult macroeconomic conditions reduced the average realized price per bbl from our oil sales but we still generated operating cash flow before working capital of $687.7 million in aggregate. During the three years ended December 31, 2020, we generated an aggregate operating cash flow before working capital of $3,272.2 million.

Despite the lower oil prices during 2020, we maintained our financial discipline, followed the recommendations of our business review, which concluded in February 2020, and decisively implemented capital investment reductions, cost savings measures and an organizational restructuring to materially lower our cash expenditure. Our capital investment reduced to $288.1 million in 2020 compared to $490.0 million in 2019, with $206.3 million invested in focused production and development activities and only $81.8 million invested in exploration and appraisal activities. We estimate that the organizational restructuring we implemented during 2020 will deliver a onetime reduction in our cost base resulting in cash cost savings of approximately $125.0 million per annum as compared to the year ended December 31, 2019, primarily through a reduction of our employee headcount by 53%, closing of our Dublin and Cape Town offices and outsourcing certain routine administrative activities. We have also centralized our finance function, allowing for greater standardization, a stronger control environment and quicker financial decision making.

We intend to continue focusing on operating efficiencies and costs in an effort to maintain strong margins even at low oil prices. Ultimately, we believe our high-quality investment portfolio and capital discipline will drive tangible, self-funded production growth, with strong cash flows to enable deleveraging.

Focus on capital discipline and deleveraging

We seek to secure value and generate liquidity through portfolio management activities by farming down or divesting our assets. In 2020 we sold our entire interests in Blocks 1, 1A, 2 and 3A in Uganda and the proposed East African Crude Oil Pipeline System for an initial cash consideration of $500.0 million. A further consideration of $75.0 million will be due when the Lake Albert Development Project and associated pipeline reach their respective final investment decisions, which are expected in 2021, as well as contingent payments payable after first oil is achieved and linked to production and global oil prices. The Uganda Disposal represents our exit from our licenses in Uganda after 16 years of operations in the Lake Albert basin. On March 31, 2021, we completed the Equatorial Guinea Disposal, which was the sale of the entire issued share capital of Tullow EG for $88.8 million of upfront cash consideration, with contingent payments determined by future oil production and price parameters capped at $16.0 million. Tullow EG held an undivided 14.25% participating interest relating to the development and production interests in an offshore license encompassing the Ceiba field and the Okume Complex. On February 9, 2021, we announced that we had signed a binding sale and purchase agreement pursuant to which Tullow Gabon has agreed to transfer its entire 10% undivided legal and beneficial interest in the Dussafu Marin Permit Exploration and Production Sharing contract in Gabon for an upfront cash consideration of $46.0 million (subject to adjustment and deduction), as well as contingent payments of up to $24.0 million linked to asset performance and oil price. Upon completion of the Dussafu Disposal, we will be entitled to deferred consideration of $5.0 million in respect of both the Equatorial Guinea Disposal and the Dussafu Disposal. See "*Presentation of financial and other information—Sale of assets.*"

Reducing our total net debt to deleverage our balance sheet continues to be a key objective. As of December 31, 2020, we had reduced our total net debt by $400.0 million compared to December 31, 2019 using the net proceeds from the Uganda Disposal and the free cash flow generated by our producing assets. Despite the volatility of oil prices and reduced levels of production in 2020, the Uganda Disposal enabled us to maintain a gearing ratio of 3.0x as of December 31, 2020 (up from 2.0x as of December 31, 2019). We believe that the

Transactions as well as the Equatorial Guinea Disposal and, upon completion the Dussafu Disposal, will provide us with the financial flexibility to carry out our new business plan and operating strategy and, in turn, both grow our cash flow and continue to reduce our total net debt.

Upside potential from success across the exploration, development and production lifecycle

We have developed a portfolio of assets through which we have established strong technical production performance, development of complex projects and exploration and appraisal success. As operator of our Ghanaian assets, we believe that we have demonstrated to host governments that we can effectively manage strategically important producing assets of material size and scale and maintain key collaborative relationships with our joint venture partners. In addition, we have established a strong track record as an experienced developer of assets as well, having brought both the Jubilee and TEN fields offshore Ghana to production, both within budget and on time. Our gross 2P Reserves Oil Recovery Targets for Jubilee and TEN fields is 34% and 20%, respectively, calculated by adding gross 2P Reserves to gross historical production divided by STOIIP. We have also driven growth through our exploration campaigns, which focus on finding light oil in commercial quantities in conventional geological formations and have resulted in major basin opening discoveries in Uganda (2006), Ghana (2007) and Kenya (2012). Our uptime performance in Ghana has increased from 91% in the year ended December 31, 2018 to 92% and then 98% in the years ended December 31, 2019 and 2020, respectively.

Our development prospects include Project Oil Kenya, the onshore development project in the South Lokichar Basin in Kenya, which as of December 31, 2020 had 170.8 mmbbls net estimated contingent resources. Following successful completion of the Early Oil Pilot Scheme ("**EOPS**") in 2020 and extension of two of our license blocks until December 31, 2021, a comprehensive review of the development concept is being completed to assess future strategic options.

We will aim to be disciplined and focused in our exploration activity going forward, supporting our established producing operations in West Africa through near-field and infrastructure-led exploration, and carefully evaluating how to realize potential from our exploration licenses.

Proven track record of operating in emerging markets

We have been active in emerging markets since acquiring our first interests in Senegal in 1986. In 2004, we acquired Energy Africa, marking the start of a strategic focus on acquiring, appraising and developing oil and gas fields across Africa and other emerging markets. We believe that our approach of developing collaborative working relationships with local communities, governments and regulators in our host countries has demonstrated our ability to effectively navigate and operate in these markets. For example, we have continued to successfully operate our assets in Ghana through five changes of government. We publicly support contract transparency and we believe our reputation provides a competitive advantage when bidding for new licenses.

We have a shared prosperity agenda through which we seek to engage positively with local communities, provide investment in healthcare, education, infrastructure development and environmental stewardship, as well as promote the security of our facilities and employees. We have sustained a social license to operate in Africa and South America by working to align our business with the national development priorities of our host countries. Between 2018 and 2020, approximately 20% to 30% of our supply chain expenditure has been with indigenous companies. We strive to support social and community investment in countries in which we have operations through our Socio-Economic Investment ("**SEI**") program. The SEI program is focused on implementing sustainable projects to help us manage the socio-economic impacts of our operations on those communities most affected by these activities. Since 2015, we have committed to supply at no charge to the Government of Ghana 200 bcf of wet gas from the Jubilee field 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 six million individuals with access to electricity since 2015. In addition, to impact mitigation projects, we also support strategic long-term SEI initiatives to ensure that host countries and neighbouring communities have access to as many lasting benefits as can be enabled through our in-country activities. These discretionary strategic investments are focused on education and developing local businesses and local skills to participate in the oil and gas industry and wider economy.

Proactive approach to safe, responsible and sustainable operations

We actively manage the safety of all personnel working in our operations, including through the application of health and safety standards, the implementation of security measures at our facilities and audits of health and safety risks. We manage our Environmental Health and Safety ("**EHS**") performance by measuring leading and lagging indicators in an EHS scorecard which our board of directors sets annually. One of the performance measures we track is lost time injury frequency, a recognized industry metric. We monitor our injury rates and benchmark them against industry averages published by the International Oil and Gas Producers Association. In 2020, our Kenyan and Ghanaian operations had no lost time injuries and no recordable injuries, representing excellent performance. See "*Our business—Sustainability—Health and Safety*." We investigate and document all health, safety and environmental issues which we are aware of, including lost time injuries, and track recommendations and actions to closure with management oversight via monthly "Safe and Sustainable Operations" meetings. Our internal key performance indicators track both investigation closure and action closure.

We strive to communicate openly and operate transparently and to demonstrate accountability and strong ethics, which we foster through our Code of Ethical Conduct and compliance training. Consistent with our commitment to revenue transparency and accountability, we were an early adopter of the EUR Accounting Directive, and we started publishing details of our financial payments to national governments in our Annual Report and Accounts in 2013. We also made a number of voluntary disclosures over and above the Directive.

Cash flows supported by robust hedging profile which will provide the opportunity to further reduce our debt

As part of our risk management program, we actively hedge our exposure to oil prices to provide strong price protection and support consistent cash flows while retaining access to the upside. As of the Issue Date, we will have hedged approximately 75% of our production entitlement for the remainder of 2021 with an average price floor of $46/bbl and approximately 18% of our production entitlement of 2022 with an average price floor of $41/bbl. We intend to add new hedges across 2022 to mid-year 2024, for approximately 75% of our production entitlement through to the second anniversary of the Issue Date and approximately 50% of our production entitlement from the second to the third anniversary of the Issue Date, targeting a price floor of $55/bbl for our new hedges while continuing to allow upside participation to oil prices. Once these new hedges are in place, we expect our hedging program will protect approximately 41 mmbbls of our production entitlement through to the third anniversary of the Issue Date, and we believe this hedging program could protect up to approximately $2.0 billion of revenue, calculated as 41 mmbbls hedged multiplied by an assumed price floor of $55/bbl, and assuming an oil price of zero. Within two weeks of the Issue Date, we intend to have 50% of the new hedges in place, with a further 25% in place by the date falling 90 days after the Issue Date and the final 25% in place by December 31, 2021.

Management team with decades of industry experience

Our senior management team has significant oil and gas experience and a strong track record of delivering growth based on identifying organic and acquisition opportunities. The executive directors on our board of directors have extensive oil and gas knowledge and together have more than 70 years of industry experience. Our Chief Executive Officer, Rahul Dhir brings substantial leadership experience in the oil and gas industry, having founded Delonex Energy, an Africa-focused oil and gas company, in 2013 and having spent six years as Chief Executive Officer and Managing Director at Cairn India. Our Chief Financial Officer, Les Wood, has extensive industry knowledge having gained international oil and gas experience working at BP for 28 years, holding a variety of senior roles including chief financial officer for BP plc Canada and BP plc Middle East, as well as being the global head of business development.

The non-executive directors on the board bring a broad range of oil and gas industry specific business, financial and commercial experience, which we believe is vital to managing an international company. We believe that our leadership team, with its experience and proven track record, provides a strong platform to deliver sustainable performance and long-term growth.

Our strategy

Our purpose is to build a better future through responsible oil and natural gas development and to create a resilient, self-funded business. As part of our ten year plan, we aim to invest substantially over the next decade, generating significant revenues for our host countries, creating local business opportunities, providing a compelling proposition for investors and being a great place to work for our staff. In recognition of the necessary energy transition under way and peaking of oil demand, we believe the only barrels that will be competitive are those that are low cost and produced in a safe and environmentally and socially responsible manner.

We are focusing on low cost production as well as near-field and infrastructure-led opportunities in developing countries. We aim to achieve this through continued improvement of our operating performance to sustain low-cost production and drive cash flows, implementing capital and cost discipline in a refocused and defined investment portfolio, managing our capital structure by driving our gearing ratio down and addressing debt maturities and realizing value through revised development concepts and accretive asset sales.

Allocate capital to high return, short cycle development opportunities

Our new business plan and operating strategy is focused on the substantial potential within the large resource base associated with our producing assets and particularly at the Jubilee and TEN fields where there is already extensive infrastructure in place.

- In Ghana, we have a significant resource base across the Jubilee and TEN fields, with these two fields accounting for estimated commercial reserves and contingent resources of 210.0 mmboe and 341.8 mmboe, respectively, as of December 31, 2020. Near-field opportunities present significant upside with low cost. The average water injection rate for Jubilee for the years ended December 31, 2018, 2019 and 2020 was approximately 128 kbw/d, 145 kbw/d and 158 kbw/d, respectively. We have contracted with Maersk Drilling for the deep water drillship Maersk Venturer for a multi-year, multi-well drilling program. In 2021, the rig is expected to drill and complete four wells in total, consisting of two Jubilee production wells, one Jubilee water injection well and one TEN gas injection well to provide pressure support to two Ntomme oil production wells. We anticipate that greater water injection volumes will sustain reservoir pressure and improve sweep efficiency.

- We are targeting additional material value in Ghana by improving gas offtake performance. Higher gas export improves reservoir management, enhances oil production and reduces emissions. In 2020, we saw record levels of gas export build up. We aim to improve gas offtake performance through targeted interventions to improve facilities reliability, continued stabilization of onshore gas demand and increasing alignment with the Government on Ghana on projected gas offtake. In first half of 2019, the second half of 2019, the first half of 2020 and the second half of 2020, the average gas offtake rate was 44 mmscf/d, 73 mmscf/d, 65 mmscf/d and 110mmscf/d, respectively. Going forward, we aim to maintain gas performance with sustained facilities uptime and debottlenecking gas handling capacity on the Jubilee FPSO.

- We aim to drive future drilling costs down significantly through simplified well design and reduced completion complexity, improved rig reliability through enhanced maintenance assurance, integrated planning across subsurface, drilling and projects teams and advanced alignment with joint venture partners on well targets. Between 2018 and 2020, our average drilling cost per well on a gross basis, normalized for 2021 rig rates, was $76.0 million, which has been reduced to approximately $60.0 million as of the date of this Offering Memorandum. We continue to target improvements.

- We have systematically screened near-field opportunities across our producing asset base in West Africa and high-graded high-return, short-cycle and quick payback investments. We have identified economies of scale and will need minimal additional infrastructure in order to achieve a high return on investment. We have so far high-graded more than 60 investments requiring minimal additional infrastructure, including 50 investments in Ghana, two investment campaigns in Côte d'Ivoire and eight investments in Gabon. We believe these high-graded investments could deliver substantial returns on investment assuming oil prices do not deteriorate significantly from current levels. We may add to this inventory as we mature further investment opportunities. In addition, our strong geoscience and subsurface skills will help us to maximize recovery and add additional resources which we believe will provide further value from our production base.

- Rigorous and disciplined capital allocation will be our fundamental guiding principle so that we are able to consistently invest in high return opportunities, as appropriate. We allocated 60% and 80% of our capital expenditure to our producing assets in 2019 and 2020, respectively, and we are targeting an allocation of over 90% of our capital expenditure to our producing assets in the medium term. Our net capital expenditure in 2020 totalled $288.1 million split across Ghana ($123.0 million), our non-operated fields ($58.0 million), Kenya ($26.0 million) and exploration ($81.0 million) and we aim to carefully manage our net capital expenditure in 2021 in response to the volatile oil market environment.

Maintain a disciplined approach to financial management and a strong balance sheet

We aim to have a conservative financial profile and strong balance sheet with ample liquidity. Debt reduction and active management of our debt maturities will remain a priority, with portfolio action remaining central to delivering a more conservative capital structure. The combination of the Uganda Disposal and the Equatorial Guinea Disposal as well as the pending Dussafu Disposal, represent the first significant steps in raising material proceeds from portfolio management in order to further streamline our business and reduce total net debt in line with our strategic objectives. See "*Presentation of financial and other information—Sale of assets*."

We also suspended our dividend payment in December 2019 and did not pay an interim dividend in 2020. We further announced that we would not pay a full year dividend for the year ended December 31, 2020 in order to preserve cash and that the dividend will continue to be suspended until we have further reduced debt and strengthened our balance sheet.

As part of our prudent risk management program, we actively hedge our exposure to oil prices on a graduated rolling basis to provide strong price protection and support consistent cash flows for our business. Liquidity risk will continue to be monitored closely through cash flow forecasts and sensitivity analyses. We will also continue to manage credit risk by assessing the creditworthiness of potential counterparties before entering into transactions with them and by continuing to evaluate their creditworthiness after transactions have been initiated.

We maintain insurance policies that we believe are in line with customary industry practice in the jurisdictions where we do business and we also procure business interruption insurance to protect against loss of production from our material assets. In the years ended December 31, 2018, 2019 and 2020, we continued to issue insurance claims in respect of the Jubilee Turret Remediation Project and recorded insurance proceeds of $310.8 million, $123.8 million and $24.8 million in each of those years, respectively, under our Business Interruption and Hull and Machinery policies. See "*Presentation of financial and other information*," "*Risk Factors—Risks relating to our business—Our insurance coverage may not be adequate for covering all losses arising from potential operational hazards and unforeseen interruptions*," and "*Our business—Significant factors affecting results of operation—Insurance*."

Deliver near-field exploration and appraisal success to add oil reserves and resources

We plan to build on our exploration and appraisal successes in Ghana, Uganda and Kenya by continuing to explore for oil in conventional geological core plays where we have proven expertise. Our new business plan and operating strategy involves a particular focus on exploring close to existing infrastructure as well as infill drilling within our current developments and, as such, we aim to focus a significant portion of our capital investment on our West African producing licenses in the coming years.

We believe we have attractive opportunities to realize value in Kenya and South America. These require an innovative approach and a deep geoscience and engineering expertise but do not require significant capital investment in the evaluation phase. In Kenya, we are in the process of re-assessing Project Oil Kenya to design a project that would be economic at low oil prices while preserving the phased development concept. In South America, we have substantial acreage in Argentina, Suriname and Guyana and are currently working to generate value through prospect identification and maturation.

Notwithstanding our intention to reduce our leverage and our focus on organic growth, we may also selectively consider acquisition opportunities as and when they arise. We may choose to pursue selective acquisition opportunities that fit our core competencies and value creation objectives while continuing to focus on prudent financial risk management.

Environmental stewardship

While we are focused on the immediate challenges facing Tullow, we know that we must consider the wider context in which we operate and, in particular, the impact of climate change. We support the goals of the Paris Agreement negotiated at the 2015 United Nations Conference on Climate Change (the "**Paris Agreement**"). In April 2020, we published our Climate Policy, which formalized our support for the goals of Article 2 of the Paris Agreement to hold the increase to the global average temperature to below 2˚C. We have therefore committed to a long-term ambition of becoming a Net Zero Company in relation to our Scope 1 and 2 emissions (per the GHG Protocol Corporate Standard). We aim to accomplish this target through a combination of decarbonizing our operated assets in Ghana and pursuing a nature-based carbon removal program. Investment in decarbonization projects over the next three years will result in an increased gas handling capacity on Jubilee and enable process modifications on TEN, which will support our goal of eliminating routine flaring in Ghana by 2025. To offset our residual hard-to-abate carbon emissions, work is under way to identify nature-based carbon removal projects such as reforestation, afforestation and conservation that we may invest in to achieve our Net Zero ambition. We will also seek to align our carbon offset strategy with government priorities, emerging regulation on Article 6 of the Paris Agreement and our shared prosperity strategy, focused on creating socioeconomic opportunities for our host communities.

Recent Developments

Recent trading

Based on preliminary management estimates, our performance through to March 31, 2021 is in line with our expectations.

The preliminary information is based on internal management estimates and has been prepared under the responsibility of our management, and has not been prepared in accordance with IFRS. This preliminary information has not been audited, reviewed or verified, and no procedures have been completed by our external auditors with respect thereto. It is not intended to be a comprehensive statement of our financial or operational results for the three months ended March 31, 2021, and you should not place undue reliance thereon.

Ghana operations

On February 16, 2021, we executed a four-year drilling contract with Maersk Drilling for the deep-water drillship Maersk Venturer. Work relating to the contract commenced on April 6, 2021 and will cover development drilling on the Jubilee and TEN fields offshore Ghana. In 2021, the rig is expected to drill and complete four wells in total, consisting of two Jubilee production wells, one Jubilee water injection well and one TEN gas injection well to provide pressure support to two Ntomme oil production wells.

The final phase of the Jubilee Turret Remediation Project was completed in March 2021 with the installation of a Catenary Anchor Leg Mooring ("**CALM**") buoy to assist with offloading. The CALM buoy and one of two offloading lines were installed at the end of 2020 and were fully commissioned in early 2021. Finally, we have a planned shutdown for maintenance on the Jubilee FPSO in the second half of 2021, which we expect to have a negative impact on production.

Disposals

On March 31, 2021, we completed the Equatorial Guinea Disposal, which was the sale of the entire issued share capital of Tullow EG to a subsidiary of Panoro Energy ASA in exchange for upfront cash consideration at completion of $88.8 million, as well as contingent payments determined by future oil production and price parameters. Tullow EG held an undivided 14.25% participating interest in and relating to the development and production interests in two offshore licenses, encompassing the Ceiba field and the Okume Complex in Equatorial Guinea. Upon completion of the Dussafu Disposal, an additional $5.0 million of contingent consideration is payable on the basis that both the Equatorial Guinea Disposal and the Dussafu Disposal complete. For more information on the commercial reserves, contingent resources and recent production associated with these assets, see "*Presentation of financial and other information—Sale of assets*."

On February 9, 2021, we announced a sale and purchase agreement pursuant to which Tullow Oil Gabon SA agreed to transfer the entirety of our 10% undivided legal and beneficial interest in the Dussafu Marin Permit

Exploration and Production Sharing contract and our corresponding rights and assets to Pan Petroleum Gabon B.V. for cash consideration of $46.0 million (subject to adjustment and deduction) and additional contingent payments of up to $24.0 million. Prior to executing the Dussafu Disposal sale and purchase agreement, we and our joint venture partners had entered into a settlement agreement concerning our payment to BW Energy and our joint venture partners of $9.4 million, and a corresponding cost recovery entitlement assignment to us for the same amount. Completion of the settlement and the assignment of the cost recovery entitlement are subject to approval from the Government of Gabon. Pursuant to the terms of the Dussafu Disposal sale and purchase agreement, the parties have agreed that we will retain $5.0 million of the liability for the settlement amount (of which $1.0 million may be reimbursed by Pan Petroleum Gabon B.V. subject to certain conditions being met after completion of the Dussafu Disposal). Completion of the Dussafu Disposal remains subject to several conditions including approval from the Government of Gabon and from BW Energy, including to release and terminate the pledge running in its favor over certain of the assets to be disposed. For more information on the commercial reserves, contingent resources and recent production associated with these assets, see "*Presentation of financial and other information—Sale of assets*" and for more information on the risks related to this potential sale, see "*Risk Factors—We may be unable to sell assets on commercially acceptable terms or in a timely manner and may be required to retain liabilities for certain matters*" and "*Risk Factors—The conditions required for receipt of contingent consideration may not be met*."

Our history

Aidan Heavey founded Tullow Oil in 1985. Our initial public offering of Tullow Oil plc (an Irish registered company) occurred on the Third Market of the Irish Stock Exchange in 1988 and, in 1989, the company listed on the Unlisted Securities Market in London and Dublin. This was followed by admission to the Official Lists in Dublin and London in 1994. Following an intra-group re-organization in 2000, we, being the successor company of Tullow Oil plc, registered in Ireland and carrying on all business of that company, were listed on the main markets of the London Stock Exchange and the Irish Stock Exchange. We are a constituent company of the FTSE 250 index. In 2011, we established a secondary share listing on the Ghana Stock Exchange.

Since our inception in 1985, we have grown both organically and through acquisitions. Our initial operations consisted of oil and gas production and sales in Senegal in the 1980s and during the 1990s we expanded by acquiring license interests through both company and asset acquisitions in the United Kingdom, Bangladesh, Côte d'Ivoire and Pakistan.

Our first major transition began in 2000, with the acquisition of producing gas fields and related infrastructure in the United Kingdom. In 2004, we acquired Energy Africa which had an extensive portfolio of oil assets across Africa and, in 2005, we purchased the U.K. Schooner and Ketch gas producing assets. These acquisitions transformed us from a predominately gas exploration and production company into a more balanced oil and gas exploration and production company with assets in both Africa and the United Kingdom.

In 2007, we recorded our largest oil discovery to date in the Jubilee field offshore Ghana and completed our $1.1 billion acquisition of Hardman Resources, an Australian-based upstream operator with a significant African and South American footprint.

Since 2006, our focused exploration and appraisal campaigns have resulted in basin and plays opening discoveries in Uganda (2006), Ghana (2007) and Kenya (2012). During this period, our development team, together with our partners, successfully brought the Jubilee field on stream, adding significant new commercial reserves and establishing our deep water development and operatorship capabilities. Those capabilities were further demonstrated in August 2016, as the TEN fields, also offshore Ghana, started production on time and on budget.

Historically, one of our main areas of focus and exploration was the East African Rift Basin. In 2004, we acquired an interest in Uganda through the acquisition of Energy Africa and subsequently discovered 1.7 billion barrels of recoverable resources in the East Africa Rift Basin, steadily increasing our exposure through a series of acquisitions (including through the purchase of Hardman Resources in 2007 and the purchase of assets from Heritage Oil and Gas in 2010) and farm-ins. Consistent with our portfolio management strategy, we elected to monetize our Ugandan assets during the appraisal phase. In February 2012, we completed a farm-down of two-thirds of our Ugandan interests to Total Uganda and CNOOC Uganda for a headline consideration of $2.9 billion. In 2017, we agreed, subject to certain conditions including government approvals, a substantial farm-down of our assets in Uganda to Total Uganda and CNOOC Uganda for a headline consideration of $900.0 million. Then, following the lapse of this farm-down agreement and in line with our new business plan and operating strategy, which we presented to investors and the market in November 2020, we sold our entire interests in Blocks 1, 1A, 2 and 3A in Uganda and the proposed East African Crude Oil Pipeline System for cash consideration of $500.0 million plus a contingent payment of $75.0 million due upon the FID in respect of the Lake Albert Development Project and further contingent payments after first oil. The Uganda Disposal represents the exit from our licenses in Uganda after 16 years of operations in the Lake Albert basin. In Kenya, we have had further success in the South Lokichar Basin (in 2014, 2015 and 2017) and in the Kerio Valley Basin (in 2016) after drilling successful exploration wells that increased the commercial potential for both basins. In August 2019, Project Oil Kenya delivered the first ever cargo shipment of East African oil from Mombasa. The Government of Kenya has extended our licenses through December 31, 2021 and we are continuing to re-evaluate our development plan in light of expected lower oil prices.

In the year ended 2017, we completed the divestment of our Norway business with two sales that were executed in December 2016 and in light of this divestment we no longer held any licenses on the Norwegian Continental Shelf. We also completed the sale of our remaining Dutch assets representing the complete divestment of our licenses in the Netherlands in 2017. We ceased gas production at our UK assets in 2018 and began decommissioning those assets.

In February 2021, we announced that we had signed a sale and purchase agreement pursuant to which Tullow Gabon has agreed to transfer its entire 10% undivided legal and beneficial interest in the Dussafu Marin Permit Exploration and Production Sharing contract in Gabon. On March 31, 2021, we completed the sale of the entire issued share capital of Tullow EG which held an undivided 14.25% participating interest relating to the development and production interests in two offshore licenses, encompassing the Ceiba field and the Okume Complex. See "*Presentation of financial and other information—Sale of assets*."

2030 vision

Based on our current 2P reserves and 2C resources, we believe that if we successfully execute our new business plan and operating strategy we have the potential to generate between an estimated approximately $7.0 to $8.3 billion of operating cash flow and approximately $4.0 to $5.5 billion of pre-financing cash flow by December 31, 2030. These ranges are based on the assumption that oil prices remain in the range of $55/bbl to $65/bbl nominal for the entire period, our operating expenditure remains below an average of $11/bbl for the entire period, our net general and administrative expenses remain below $2/boe for the entire period, our combined capital investment and decommissioning expenditure does not exceed $3.0 billion for the entire period, we maintain uptime of more than 95% for the entire period, we allocate more than 90% of our capital investment to our producing assets, we build up our water injection capacity at Jubilee to approximately 285 kbw/d and maintain that rate for the entire period and we produce approximately 270.0 mmboe between now and December 31, 2030. Operating cash flow is defined as cash flow from operating activities before debt service, capital investment and decommissioning expenditure, and pre-financing cash flow is defined as cash flow from operating activities less capital investment and decommissioning expenditure.

These long term targets are "forward-looking" statements that involve risks and uncertainties. In particular, these long term targets assume the successful completion of the Transactions and that all of the other assumptions mentioned above to come true. Our actual operations and results between now and December 31, 2030 may differ significantly from these forward-looking statements. Factors that might cause such differences include those discussed in "*Risk factors*" and elsewhere in this Offering Memorandum. See "*Forward-looking statements*" and "*Risk factors—We may not be able to meet the targets that we have formulated as part of our 2030 business plan targets*."

Overview of our assets

As at December 31, 2020, we had interests in 53 licenses across 11 countries covering exploration, development and production activities, which are managed through four business delivery teams: Ghana, Non-Operated, Kenya and Exploration. Upon completion of the Dussafu Disposal, we will have 50 licenses across 10 countries.

Our key producing assets (the Jubilee and TEN fields) are located offshore Ghana and are operated by us. We also have non-operated producing assets in Côte d'Ivoire and Gabon, as well as four development blocks in Kenya and 16 exploration licenses spread across Africa and South America.

Our average daily production (oil and gas) on a working interest basis for the 12-month period ended December 31, 2020 was 74,900 boepd. Our net commercial reserves and net contingent resources were 260.2 mmboe and 639.7 mmboe, respectively, as of December 31, 2020, prior to the Equatorial Guinea Disposal, which completed on March 31, 2021, and Dussafu Disposal, which we believe will complete in the first half of 2021. During the twelve month period ended December 31, 2020, our revenue was $1,396.1 million and our operating cash flow before working capital movements was $687.7 million.

Summary of our historical reserves, resources and operating data

Since 2019, we have retained TRACS as our independent reserves engineer for audit purposes and in connection with our RBL Facility. Prior to 2019, we retained ERCE as our independent reserves engineer for audit purposes and in connection with the RBL Facility. For the year ended December 31, 2018, the commercial reserves and contingent resources classifications used are as defined by the March 2007 Society of Petroleum Engineers' ("**SPE**") Petroleum Reserves and Resources ("**PRMS**") definitions. For the years ended December 31, 2019 and 2020, the commercial reserves and contingent resources classifications used are as defined by the June 2018 SPE PRMS definitions.

Typical of the industry in which we operate, there are a number of uncertainties inherent in estimating quantities of commercial reserves. Therefore, the reserve information in the ERCE and TRACS Reports represents only estimates. Reserve quantification is a subjective process of estimating underground accumulations of oil and natural gas that cannot be measured precisely. The accuracy of any reserve estimate is a function of a number of variable factors and assumptions, many of which are beyond our control, including the quality of available data and engineering and geological interpretation and judgment. As a result, estimates of different engineers may vary. In addition, results of drilling, testing and production subsequent to the date of an estimate may justify revising the original estimate. Accordingly, due to the inherent uncertainties and the limited nature of reservoir data and the inherently imprecise nature of reserves estimates, the initial reserve estimates are often different from the quantities of oil and natural gas that are ultimately recovered. The significance of such estimates depends primarily on the accuracy of the assumptions upon which they were based. For a summary of certain assumptions used in the ERCE and TRACS Reports, see "*Presentation of financial and other information—Hydrocarbon data—Presentation in ERCE and TRACS Reports.*" Thus, you should not place undue reliance on the ability of the commercial reserves reports prepared by ERCE and TRACS to predict actual reserves or on comparisons of similar reports concerning companies established in other economic systems. In addition, except to the extent that we acquire additional properties containing commercial reserves or conduct successful exploration and development activities, or both, our commercial reserves will decline as reserves are produced. The following reserve information should be read along with the section entitled "*Risk factors—Risks relating to the oil and gas industry.*"

Potential investors should note that the ERCE and TRACS Reports have not estimated commercial reserves under the standards of reserves measurement applied by the SEC (the "**SEC basis**") for any of the relevant periods reviewed in the Offering Memorandum, or otherwise. The SEC basis differs from PRMS. See "*Presentation of financial and other information.*"

We report our commercial reserves and contingent resources. In this Offering Memorandum, references to "commercial reserves" are to 2P (proved and probable) Reserves, unless specified otherwise. Commercial reserves are defined as those quantities of oil and gas which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods and government regulations ("**proved reserves**"), plus those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves ("**probable reserves**"). See "*Presentation of financial and other information—Hydrocarbon data.*"

In this Offering Memorandum, references to "contingent resources" are to 2C resources, unless specified otherwise. Pursuant to the classifications and definitions provided by the SPE PRMS, 2C resources are those quantities of estimated contingent resources (being those quantities estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not then considered to be commercially recoverable due to one or more contingencies) that have at least a 50% probability that the quantities actually recovered will equal or exceed this estimate.

The following tables present a summary of our oil and gas commercial reserves and contingent resources. The commercial reserves and contingent resources as at December 31, 2018 are derived entirely from ERCE Reports. As at December 31, 2019 97% of commercial reserves and 98% of the contingent resources are derived from TRACS reports with the remaining 3% and 2%, respectively being derived from management estimates. As at December 31, 2020, 99.9% of commercial reserves and 97.4% of the contingent resources were derived from TRACS Reports with the remaining 0.01% and 2.6% being derived from management estimates.

	As of December 31, 2020(1)										
	Ghana		Non-Operated(2)		Kenya		Exploration(3)		Total		
Resource	**Oil (mmbbl)**	**Gas (bcf)**	**Oil (mmbbl)**	**Gas (bcf)**	**Oil (mmbbl)**	**Gas (bcf)**	**Oil (mmb bl)**	**Gas (bcf)**	**Oil (mmbbl)**	**Gas (bcf)**	**Total (mmboe)**
Commercial Reserves	180.1	179.2	48.4	11.1	——	——	——	——	228.5	190.2	260.2
Contingent Resources.......	217.0	749.1	59.5	78.7	170.8	——	54.5	——	501.7	827.9	639.7
Total	**397.1**	**928.3**	**107.9**	**89.8**	**170.8**	**——**	**54.5**	**——**	**730.2**	**1,018.1**	**899.9**

Source: TRACS Reports and management estimates As of December 31, 2020, 99.9% of commercial reserves and 97.4% of contingent resources were derived from TRACS reports, with the remaining 0.01% of commercial reserves and 2.6% of contingent resources derived from management estimates.

(1) In the year ended December 31, 2020, we reorganized our operational and organizational structure. Beginning January 1, 2020, our reportable segments under IFRS 8 were Ghana, Non-operated producing assets, Kenya and Exploration.

(2) In the year ended December 31, 2020, our Non-operated segment was comprised of our non-operated producing assets in Côte d'Ivoire, Equatorial Guinea and Gabon. On March 31, 2020, we completed the sale of all of our assets in Equatorial Guinea and on February 9, 2021, we announced a binding sale and purchase agreement for the Dussafu Disposal, the sale of certain of our assets in Gabon, which remains subject to certain conditions precedent to completion. See "*Presentation of financial and other information—Sale of assets*" and "*—Non-operated portfolio*."

(3) In the year ended December 31, 2020, our Exploration segment was comprised of our portfolio of exploration assets in Argentina, Comoros, Côte d'Ivoire, Guyana, Suriname, Peru, Norway, Jamaica, Namibia and exploration other. See "*—Exploration and appraisal*."

The following table sets forth certain information with respect to our commercial reserves and contingent resources as of the years ended December 31, 2018, 2019 and 2020.

	As of December 31, 2020		
	2018	2019	2020
Commercial Reserves (2P):			
Oil (mmbbl)	236.3	218.7	228.5
Gas (bcf)	259.9	146.7	190.2
Total (mmboe)	**279.6**	**243.1**	**260.2**
Percent oil	85%	90%	88%
Production rate (including BI) (kboepd)(1)	90.0	86.8	74.9
Reserve life (years)(2)	8.5	7.7	9.5
Contingent Resources (2C):			
Oil (mmbbl)	793.8	963.7	501.7
Gas (bcf)	478.7	827.2	827.9
Total (mmboe)	**873.6**	**1,101.6**	**639.7**
Percent oil	91%	87%	78%
Total Commercial Reserves and Contingent Resources:			
Oil (mmbbl)	1,030.1	1,182.4	730.3
Gas (bcf)	738.6	973.9	1,018.1
Total (mmboe)	**1,153.2**	**1,344.7**	**899.9**
Percent oil	89%	88%	81%

Source: ERCE Reports and TRACS Reports. Commercial reserves and contingent resource figures as of December 31, 2018 are derived entirely from ERCE Reports. As of December 31, 2019, 97% of commercial reserves and 98% of contingent resources were derived from TRACS reports, with the remaining 3% of commercial reserves and 2% of contingent resources derived from management estimates. As of December 31, 2020, 99.9% of commercial reserves and 97.4% of contingent resources were derived from TRACS reports, with the remaining 0.01% of commercial reserves and 2.6% of contingent resources derived from management estimates.

(1) For the years ended December 31, 2018 and 2019, the ERCE and TRACS reports, respectively, did not include the amounts attributable to 8,600 boepd and 2,000 boepd of Jubilee Field Insurance Production-Equivalent Barrels.

(2) Based on management estimates, which were not subject to the respective audits of ERCE and TRACS for the years ended December 31, 2018, 2019 and 2020.

Internal controls over reserves estimates

Our policy regarding internal controls over the recording of reserves is structured to objectively and accurately estimate our oil and gas reserve quantities and values in compliance with the June 2018 SPE/WPC/AAPG/SPEE Petroleum Resources Management System ("**PRMS**").

The PRMS definitions and guidelines are designed to provide a common reference for the international petroleum industry, including national reporting and regulatory disclosure agencies, and to support petroleum project and portfolio management requirements. They are intended to improve clarity in global communications regarding petroleum resources.

Commercial reserves are estimated using standard recognized evaluation techniques. The estimates for each asset are reviewed by TRACS on a rolling basis at a minimum of every two years or more frequently upon the occurrence of a material change in reserves. TRACS completes a quarterly short form report summarizing currently held audited reserves for each asset. When an audit is completed on a single asset, a long form report containing in-depth technical data is also produced. Future development costs are estimated taking into account the level of development required to produce the commercial reserves. TRACS provides us with technical profiles and we then carry out economic modeling to determine economic cut-offs of profiles. These economic cut-offs are provided to TRACS, which then reports commercial reserve figures.

Qualifications of third-party engineers

The technical personnel responsible for preparing the reserve estimates at TRACS meet the requirements regarding qualifications, independence, objectivity and confidentiality outlined in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the PRMS. TRACS is an independent firm of petroleum engineers, geologists, geophysicists and petrophysicists. TRACS does not own an interest in our oil and gas assets and is not employed on a contingent fee basis. See "*Presentation of financial and other information.*"

Production and development

Our portfolio consists of producing assets in three countries including offshore Ghana, where we operate the Jubilee and TEN fields. Our West African light oil production portfolio generates the majority of our cash flow and, in 2020, represented the entirety of our oil production. In 2020, we completed the sale of our interests in Uganda in line with our new Business Plan and Operational Strategy, which we believe will free up capital for reinvestment in the business, prioritizing our producing asset base and enabling us to reduce our total net debt.

Our production delivers ongoing cash flow which is used to improve our financial flexibility in line with our capital allocation strategy, which aims to allocate the majority of our investments to highly value accretive investment opportunities across our producing assets in Ghana, Gabon and Côte d'Ivoire. We may also selectively look to realize value from our growth exploration and development assets in Africa and South America. The growth of our business in Ghana has required us to significantly increase our internal technical, project execution and operating expertise, which we believe has enhanced our capability to operate significant oil fields and deliver major development projects. In accordance with our new business plan and operating strategy, we have cut our gross general and administrative expense from $369.0 in the year ended December 31, 2019 to $281.0 million, excluding restructuring costs, in the year ended December 31, 2020 and our net general and administrative expense by $24.8 million from $111.5 million in the year ended December 31, 2019 to $86.7 million in the year ended December 31, 2020. We accomplished this primarily through a reduction of our employee headcount by approximately 53% during 2020, as well as the closure of our offices in Dublin, Ireland and Cape Town, South Africa.

Since 2010, we have been producing oil from the Jubilee field located in the Deepwater Tano and West Cape Three Points blocks, offshore Ghana. In February 2016, we identified an issue with the turret bearing of the Kwame Nkrumah MV21 FPSO at the Jubilee field. We operated this FPSO at a reduced pace from May 2016 through late 2020 and during this period we received insurance proceeds for lost production at this site. In the year ended December 31, 2020, we completed the Jubilee Turret Remediation Project. 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, primarily related to the impacts of COVID-19, the buoy and one of two offloading lines were installed at the end of 2020. The Jubilee Turret Remediation Project was completed in March 2021. Full year 2020 gross production from the Jubilee field averaged 83,100 bopd (net 35.48% equity interest: 29,500 bopd).

On August 17, 2016, the TEN fields produced first oil. In the full year 2019, we concentrated near-term investment on the Ntomme field, where reserves remained robust. In the year ended December 31, 2020, along with our joint venture partners we continued to re-evaluate the Enyenra development plan following a faster than expected decline at the field and a reduction in reserves. Full year 2020 gross production from the TEN fields averaged 48,700 bopd (net: 23,000 bopd).

In the last quarter of 2017, we signed the TEN Associated Gas ("**TAG**") Sales Agreement with the Government of Ghana. We started gas sales in the first half of 2018.

Both fields in Ghana performed in line with expectations in 2020, due to increased and sustained gas offtake nominations from the Government of Ghana and approval from the Ministry of Energy to increase flaring which together allowed us to reached a combined TEN and Jubilee gas export rate of 110 mmscf/d in the second half of 2020, higher than forecasted facility uptime at both FPSOs and improved water injection facility performance on the Jubilee FPSO.

In line with our new business plan and operating strategy, we have streamlined our operations and restructured the business into a lean organization that is focused on short-cycle, high-return opportunities and extracting the substantial potential associated with our producing assets, namely the Jubilee and TEN fields, as well as continuing to extract value from our non-operated assets in Côte d'Ivoire and Gabon.

The following table provides a summary of our production portfolio.

Country	Asset	Tullow working interest	Operator(O)/ non-operator (NO)	Fiscal regime	Production for the year ended December 31, 2020 (boepd)	Expiration/ status
Oil Production						
Côte d'Ivoire	Espoir	21.33%	NO	PSC	2,100	2036
Equatorial Guinea[1]	Ceiba	14.25%	NO	PSC	1,800	
	Okume	14.25%	NO	PSC	3,000	2029+
Gabon	Tchatamba fields	25%	NO	PSC	3,200	2036
	Limande	40%	NO	Tax[2]	1000	2036
	Etame Complex[3]	7.50%	NO	PSC	1,300	2033+
	Simba	57.50%	NO	PSC/Tax	3,500	2036
	Others[4]	Various	NO	Various[5]	6,500	2031+
Ghana	Jubilee	35.48%	O	PA[6]	29,500	2034+[7]
	Deepwater Tano (TEN fields)	47.18%	O	PA	23,000	2036
Oil Production Sub Total					**74,900**	
Gas Production						
Ghana	Deepwater Tano (TEN fields)	47.18%	O	PA	——	2036
	Jubilee	35.48%	O	PA	——	2034+
Gas Production Sub Total					——	
Total					**74,900**	

(1) A sale and purchase agreement for the Ceiba and Okume assets in Equatorial Guinea was announced in February 2021 and following the completion of this transaction on March 31, 2021, we have exited all of our licenses in Equatorial Guinea.

(2) Under a corporate tax regime or a concessionary system, the license holders pay income taxes from profits to the host government.

(3) Includes the Etame, Avouma and Ebouri fields.

(4) Includes production from the Echira, Turnix, Niungo, Oba, M'oba and Igongo fields, and the Ezanga Complex, which contains the Onal, Maroc North, Omko, Gwedidi, Mbigou, Maroc, Niembi and Mabounda fields.

(5) PSCs and Tax.

(6) Under a petroleum agreement. For a description of petroleum agreements in Ghana, see "*Certain regulatory regimes—Ghana—Tax regime.*"

(7) The Jubilee field straddles between the Deepwater Tano Contract Area and the West Cape Three Points block, with license expiry in 2036 and 2034 respectively.

The following table sets forth certain information with respect to our production volumes and realized pricing (which reflects the impact of derivatives) for the years ended December 31, 2018, 2019 and 2020.

	Year ended December 31,		
	2018	**2019**	**2020**
Production/Sales:			
Working interest production (boepd) [1]...	81,400[2]	84,800[2]	74,900
Sales volume (boepd)..	74,200	74,000	74,600
Average realized oil price ($/bbl)[3]	68.5	62.4	50.9
Underlying cash operating costs ($/boe) [4][5]	10.0	11.1	12.1

(1) Including the impact of production-equivalent insurance payments from the Jubilee field, Group working interest production was 74,900 boepd in 2020 (2019: 86,800 boepd, 2018: 90,000 boepd) and working interest gas production was nil boepd in 2020 (2019: 100 boepd, 2018: 1,800 boepd).

(2) This figure excludes 8,600 bopd and 2,000 bopd of Jubilee Field Insurance Production-Equivalent Barrels as of December 31, 2018, and 2019, respectively.

(3) After hedging.

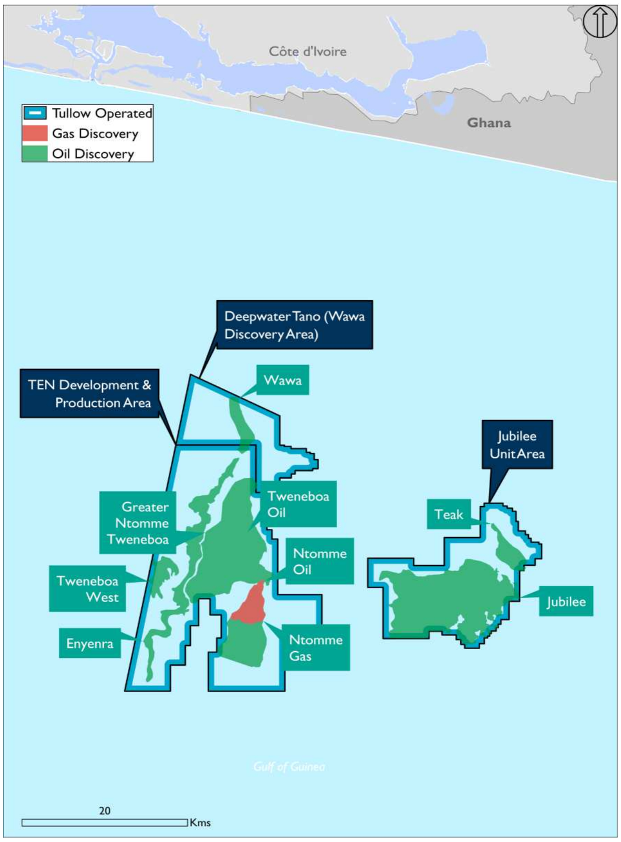
(4) Underlying cash operating costs per boe is a non-IFRS measure.

(5) This figure includes 8,600 bopd and 2,000 bopd of Jubilee Field Insurance Production-Equivalent Barrels as of December 31, 2018, and 2019, respectively.

Main producing assets

Operated Portfolio

Ghana



We have interests in two offshore license blocks which include the Jubilee field and the Tweneboa, Enyenra and Ntomme cluster of fields, which comprise the TEN fields.

Jubilee field

Overview

We have interests in two licenses offshore Ghana where we discovered the Jubilee field in 2007. The field straddles the boundary between two blocks: Deepwater Tano and West Cape Three Points, and we operate the field under a unitization agreement. See "*—Material agreements relating to our assets—Ghana—Unitization and unit operating agreement*." The table below sets out key details relating to the field:

Location:..	Offshore Ghana
Production Facility:	FPSO Kwame Nkrumah MV21 (owned by us and our joint venture partners)
Tullow Working Interest:..	35.48%
Operator:..	Tullow Ghana Limited
Field Partners:	Anadarko, Kosmos Energy, GNPC and PetroSA
Average production for the year ended December 31, 2020:	Gross: approx. 83,100 bopd / Tullow net: 29,500 bopd
Crude Oil Grade:..	API gravity 36.8 degrees

We and our partners discovered the Jubilee field in 2007 and, following a development period of approximately 40 months, achieved first oil in November 2010. The Minister of Energy in Ghana formally approved the Jubilee field Phase 1 Development Plan and unitization agreement on behalf of the Government of Ghana in July 2009.

Jubilee is a deep water oil and gas field, located approximately 60 kilometers from the Ghanaian coastline in water depths ranging from 900 meters to 1,700 meters. Jubilee field wells tie back to a FPSO via subsea infrastructure. Production is gathered through subsea manifolds and conveyed by subsea flowlines to the FPSO, which has a storage capacity of 1.6 million bbls and is capable of processing 120,000 bopd, 230,000 bwpd and 160 mmscfd of gas. We market our equity share of Jubilee crude oil, making free on board ("**FOB**") sales from a storage tanker to third-party buyers.

We purchased the FPSO from Jubilee Ghana MV21 B.V., Inc. in December 2011, on behalf of the Jubilee partners, while MODEC Management Services Pte Ltd continues to provide operations and maintenance services. We extended the contract to 2024 subject to MODEC continuing to satisfy ongoing conditions.

For the year ended December 31, 2020, gross production from the Jubilee field averaged 83,100 bopd (net: 29,500 bopd), which accounted for approximately 39% of our total oil and gas production. In March 2021, we completed the Turret Remediation Program; however, we have a maintenance shutdown planned on the Jubilee FPSO in the second half of 2021.

Our net commercial proved and probable reserves and contingent resources associated with the Jubilee field (including Mahogany and Teak) as of December 31, 2020 are shown in the following table.

	Oil (mmbbl)	Gas (bcf)	Total (mmboe)
Commercial Reserves (2P)	116.5	148.8	141.3
Contingent Resources (2C)	80.3	187.6	111.5
Total	**196.7**	**336.3**	**252.8**

*Gas volumes converted to MMboe by a factor of 6 Mscf/boe.

Source: TRACS Report.

The net oil 2P Reserves at the Jubilee field are approximately 141.3 mmboe and net 2C Resources (including Mahogany and Teak) are approximately 111.5 mmboe compared to 120.5 mmboe and 115.4 mmboe of net oil 2P Reserves and 2C Resources, respectively, as at December 31, 2019.

Field technical background and development

We discovered the Jubilee field while drilling the Mahogany-1 and Hyedua-1 exploration wells in 2007. The two wells were drilled five kilometers apart and intersected a large continuous accumulation of light sweet crude oil in excellent quality stacked reservoir sandstones. Appraisal drilling commenced in 2008 to define the potential of the greater field area. Ten successful exploratory appraisal wells were drilled and each of these discoveries intersected considerable hydrocarbon columns.

Phase 1 development

The Phase 1 development, which was approved in July 2009, included drilling seventeen wells comprised of nine oil producing wells, six water injection wells and two gas injection wells. We implemented the Phase 1 development using proven subsea production and control systems that tied back to the FPSO, which we permanently moored via a bow-mounted turret and single point mooring system. We offloaded oil to trading tankers. We enhanced production through 100% voidage replacement with down-dip water injection wells and up-dip gas injection wells, with the reinjected gas to be blown down and recoverable for export as the field is further developed.

Phase 1A development

In January 2012, the Government of Ghana gave written approval for the Phase 1A development, which was designed to extend plateau production and recover additional reserves. The Phase 1A development consisted of eight new wells, all of which have now been drilled. The Phase 1A development successfully increased well production capacity to in excess of 130,000 bopd and, we believe, enhanced the recoverable reserves potential from the Jubilee field.

A capacity test of the FPSO facilities indicated an oil system handling capacity in excess of 120,000 bopd.

In 2015, we drilled two additional Phase 1A production wells and one injection well, which added additional well capacity to the field.

Greater Jubilee full field development

In October 2017, the plans of development for the Jubilee field (the "**Greater Jubilee Full Field Development Plan**"), comprised of the Jubilee, Mahogany and Teak discoveries, was approved by the Government of Ghana.

Turret remediation project

In February 2016, we identified an issue with the turret bearing of the Kwame Nkrumah MV21 FPSO at the Jubilee field. As a result, we initiated an investigation and, on March 20, 2016, we shut down production in the Jubilee field. Following the shutdown, we put in place revised offtake procedures utilizing both a DP shuttle and storage tanker. On May 3, 2016, we resumed production at a reduced pace after the approval of a revised case to operate, which included the use of heading control tugs to minimize vessel movement and further deterioration of the bearing. During 2016, we commenced the implementation of an interim solution which involved locking the bearing and the implementation of an interim spread-mooring solution which enabled the heading control tugs to be released with the FPSO held in position by February 2017.

Together with our joint venture partners, we determined that the preferred long-term solution to the turret bearing issue is to convert the FPSO to a permanently spread-moored vessel, with offtake through a new deep-water offloading buoy (the "**Turret Remediation Project**"). This preferred long-term solution received the consent of the Government of Ghana.

The Jubilee Turret Remediation Project was a pioneering project, which included the first ever remediation of this type at sea and required the FPSO Kwame Nkurmag to be shut down twice in the first half of 2018 for work to stabilize the turret bearing. In December 2018, the FPSO was successfully rotated to its new heading and subsequently spread-moored.

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 primarily related to the impacts of COVID-19, the buoy and one of two offloading lines were installed at the end of 2020 and fully operational in March 2021.

The capital costs associated with the remediation works, the lost revenue from the shutdown and the increased operating costs that were suffered as a result of the turret bearing issue and the consequent reduced production capacity were partially covered under two insurance policies, the hull and machinery policy (the "**H&M Policy**") and a business interruption insurance policy (the "**BI Policy**"). Pursuant to the terms of the H&M Policy, we and our joint venture partners received payments relating to steps taken to mitigate further loss, such as reducing further damage to the turret and recovering costs in relation to the tugs used for heading control, labor costs and capital costs to reinstate the FPSO to its operating condition prior to the incident. Full and final settlement of the H&M Policy was reached in October 2019. We received total insurance proceeds from insurers of $627.0 million gross ($223.0 million working interest) over the period from 2016 to 2020. The H&M recoveries related to cost incurred to repair the physical damage incurred as a result of the Turret Remediation Project. Pursuant to the terms of the BI Policy, we were entitled to receive both lost production income determined by an agreed price of $60/bbl and to be indemnified for costs relating to increased costs of working incurred in respect of supporting production. Coverage related to the Turret Remediation Project under the BI Policy ceased in May 2019 and we received total compensation of $561.6 million for the period from May 16, 2016 to May 19, 2019.

Offtake and marketing

We sell our share of Jubilee crude oil production, typically making FOB sales to third-party buyers. Sales entitlement volumes of each joint venture partner build up onboard the FPSO and a hydrocarbon allocation system records each partner's stock position and allocates and schedules liftings to the most entitled party. We also accommodate partial loadings of very large crude carriers ("**VLCCs**"), especially when oil is destined for the Asian market. Jubilee crude oil is light and sweet with no unusual characteristics. Crude oils of this type attract a wide range of refiners and typically command competitive prices in the market.

The Jubilee CALM 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.

We manage counterparty credit risks through a variety of instruments provided by banks. Our sales are generally based on a spot sales differential (premium or discount) to an average of Dated Brent crude oil quotes, pricing five days after the bill of lading date or occasionally over the month of delivery.

Renewed focus

In the year ended December 31, 2018, we experienced lower than expected production from Jubilee as a result of downtime related to work on the gas compression system in the first half of 2018 and minor facilities issues toward the end of the year, which we subsequently addressed. During 2018, two new production wells, J51P and J53-P, were drilled and we completed a water injection well. We also experienced production performance issues in the year ended December 31, 2019, caused by significantly reduced offtake of gas by the Ghana National Gas Company, increased water cut at some wells and lower facility uptime. The issues experienced at Jubilee in part led us to reevaluate our operational strategy and in conjunction with our joint venture partners, and supported by external advisors, we conducted a comprehensive review of the investment and production optimization plans in the year ended December 31, 2020.

In the year ended 2020, we and our joint venture partners committed to an operational turnaround for the Jubilee assets. Improved gas offtake and water injection has 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 resulted in strong levels of water injection with average rates during 2020 of approximately 158 kbw/d, despite a failure in a water injection riser in November 2020.

Future plans and outlook

As part of our new business plan and operating strategy, we are focused on increasing the productivity of our remaining producing assets. For Jubilee, water injection remains a key area of focus. Greater water injection volumes sustain reservoir pressure and in turn increase sweep efficiency. We are also focused on continuing to improve uptime performance by further improving the reliability of processing systems, as well as continued maintenance and integrity management. We are further focused on improving gas offtake performance at the site, as this will improve reservoir management, enhance oil production and minimize emissions. We aim to improve gas offtake. We also intend to continue reducing the gross asset operating costs by continued reduction of equipment vulnerabilities, cost-driven performance management and the completion by the TRP abnormal operations period. We aim to maximize gross recovery in Jubilee with a target approximately 38% ultimate recovery over the life of the field. We have plans to drill additional wells between 2021 and 2030.

Tweneboa, Enyenra and Ntomme fields (TEN fields)

Overview

The TEN fields, our second major development offshore Ghana, combines production from the Tweneboa, Enyenra and Ntomme fields. These fields are spread across an area of more than 800 square kilometers and are located approximately 20 kilometers to the west of the Jubilee development in the Deepwater Tano license block. As of December 31, 2020, TEN fields had a gross STOIIP of approximately 1,100 mmbbls of oil.

In August 2016, we achieved first oil at our TEN fields, three years after the Government of Ghana approved the Plan of Development.

Location:	Offshore Ghana
Production Facility:	FPSO Prof. John Evans Atta Mills (leased by us on behalf of our joint venture partners from T.E.N. Ghana MV25 B.V., a subsidiary of MODEC Inc.)
Tullow Working Interest:	47.18%
Operator:	Tullow Ghana Limited
Field Partners:	Anadarko, Kosmos Energy, PetroSA and GNPC
Average production for the year ended December 31, 2020:	Gross: approx. 48,700 bopd / Tullow net: 23,000 bopd
Crude Oil Grade:	API gravity 32.9 degrees

The TEN fields were designed to develop three deep water oil and gas fields offshore Ghana in water depths ranging from 600 meters to 2,000 meters. The initial discovery, Tweneboa, was made in March 2009, followed by the Enyenra field in July 2010 and the Ntomme in January 2011.

We submitted a plan of development to the Government of Ghana in April 2013 and received approval for this plan of development in May 2013. The approval paved the way for us and our joint venture partners to proceed with the development of these discoveries. The estimated capital expenditure costs for the base development plan, which includes up to 24 development wells, excluding FPSO lease costs, is approximately $4.9 billion over the period from 2013 to 2023. In 2019, we drilled and completed two production wells and in 2020 we drilled and completed one additional production well. Since achieving first oil in August 2016, we have brought 15 wells online, including eight producer wells, six water injection wells and one gas injection well. Since 2019, capital expenditure associated with the TEN fields has largely been related to the drilling and completion of the remaining production and water injection wells included in the development plan through to December 31, 2023.

Production is gathered through subsea manifolds and conveyed by subsea flowlines to the FPSO, which has a storage capacity of 1.7 million bbls and is capable of processing 80,000 bopd, 132,000 bwpd and 180 mmscfd of gas. The FPSO is designed to remain operational in the field for up to 20 years. We market our equity share of TEN crude oil, making FOB sales from the FPSO to third-party buyers.

Gross annualized production in the year ended December 31, 2020 averaged 48,700 bopd (net: 23,000 bopd) which was in line with our forecasted gross oil production guidance for 2020. 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 and higher than forecast facility uptime at the FPSO.

In December 2017, we, along with our partners in the TEN fields, as sellers, signed the TEN Associated Gas (TAG) Sales Agreement with the Government of Ghana, as buyers, and we started gas sales from TEN in the first half of 2018. In 2020 and to date in 2021 good progress has been made on gas offtake. Onshore gas demand is stabilizing, facility reliability has improved and there is greater alignment with the Government of Ghana on projected offtake. In 2020, 5.5 bcf gross gas volume was exported from the TEN facility to GNGC.

Our net commercial reserves and contingent resources associated with the TEN fields as at December 31, 2020 are shown in the following table.

	Oil (mmbbl)	Gas (bcf)	Total (mmboe)
Commercial Reserves (2P)	63.6	30.4	68.7
Contingent Resources (2C)	136.7	561.5	230.3
Total	**200.3**	**591.9**	**299.0**

*Gas volumes converted to MMboe by a factor of 6 Mscf/boe

Source: TRACS Report.

The net oil 2P reserves at the TEN fields are approximately 68.7 mmbboe and net oil 2C resources are approximately 230.3 mmbboe as of December 31, 2020 compared to 72.6 mmboe and 215.6 mmboe net oil 2P Reserves and 2C Resources, respectively, as of December 31, 2019.

Field technical background and development

In March 2009, the Tweneboa-1 exploration well in the Deepwater Tano license, 25 kilometers from the Jubilee field, discovered a highly pressured light hydrocarbon accumulation. The second successful well, Tweneboa-2, was drilled in January 2010. In early 2011, working in 1,600 meters of water, six kilometers southeast of Tweneboa-2, the Ntomme field was discovered, which holds deposits of gas condensate. An appraisal program was initiated in 2011 with Owo-1RA and continued in 2012 and 2013 with Enyenra-4A, Ntomme-2A and Enyenra-6A. A 3D seismic program over the TEN fields was completed in the second quarter of 2014. The first discovery at the Enyenra field was made in July 2010. Contracts for the FPSO and subsea tenders were awarded in August 2013. The first new development well was successfully drilled at the end of 2013. Subsea installation vessels commenced operations in 2015.

As of December 31, 2020, we have drilled 15 of the first oil wells, eight of which are producer wells.

Offtake and marketing

Currently, we generally market the blend of crude oil derived from the TEN fields, to which we are directly entitled on an FOB basis, on a similar basis as for the Jubilee crude oil cargoes. A hydrocarbon allocation system, similar to that on the Jubilee cargoes, is in place. TEN crude oil is light and sweet with no unusual characteristics. Crude oils of this type attract a wide range of refiners and typically command competitive prices in the market.

Future plans and outlook

As part of our new business plan and operating strategy, we are focused on increasing the productivity of our remaining producing assets. For TEN, water injection remains a key area of focus. Greater water injection volumes sustain reservoir pressure and in turn increase sweep efficiency. We are also focused on continuing to improve uptime performance by further improving the reliability of processing systems, as well as continued maintenance and integrity management. We are further focused on improving gas offtake performance at the sight, as this will improve reservoir management, enhance oil production and minimize emissions. We have plans to drill additional wells moving forward. In the Greater Ntomme Tweneboa Area, we believe there are more than 220.0 mmbbls of undeveloped STOIIP and, according to management estimates, an additional 30.0 mmbbls of prospective STOIIP in Tweneboa West. We aim to maximize gross recovery in Jubilee with a target of approximately 27% ultimate recovery over the life of the field.

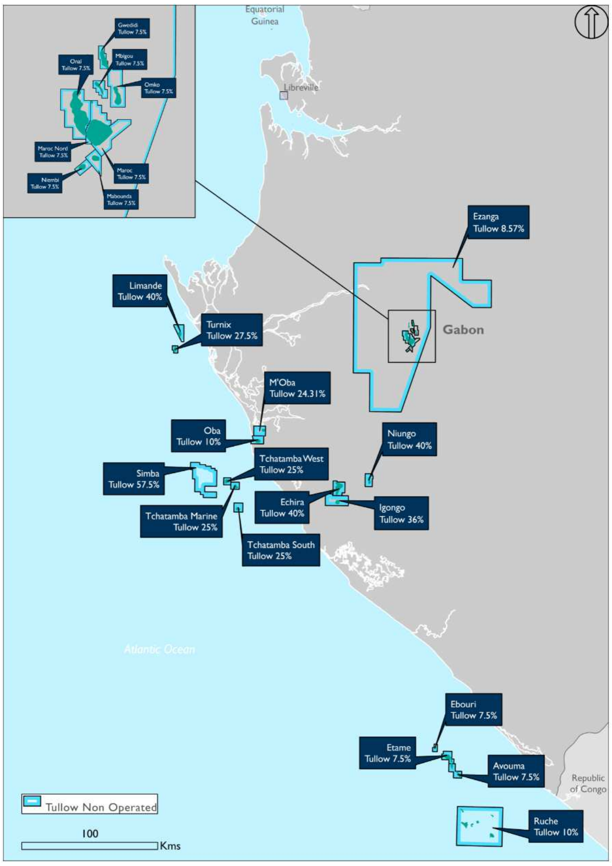
Non-Operated Portfolio

Production from our non-operated portfolio averaged 22,400 bopd in 2020. Overall production in the first half of 2020 was stable at close to 23,000 bopd. However, in August 2020, the Simba field was required to be shut-in to comply with the Government of Gabon's OPEC+ quota restrictions. The field was shut-in for a total of two months having an annualized impact on Group production of approximately 1,000 bopd.

In February 2021, we announced the Equatorial Guinea Disposal, which completed on March 31, 2021, and the Dussafu Disposal, which we believe will complete in the first half of 2021. Together these disposals will represent the sale of approximately 6,000 bopd and approximately 15.2 mmbbls of 2P reserves. During the year ended December 31, 2020, our net production from the Okume Complex and the Ceiba field in Equatorial Guinea was 4,800 bopd and net production from the Ruche field in Gabon, the asset held for sale in the Dussafu Disposal, was 1,400 bopd. See "*Presentation of financial and other information—Sale of assets*."

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.

Gabon



In Gabon, we have 24 license interests and our working interest production from these license interests was 15,500 bopd in the year ended December 31, 2020, including the Ruche field which is the asset held for sale in the Dussafu Disposal. The main producing fields in Gabon are the Tchatamba fields, Limande field, Ezanga field and the Simba field.

Tchatamba fields

Overview

Location:...	Offshore Republic of Gabon
Production Facility:	Fernan Vaz FSO (Oguendjo Field)
Tullow Working Interest:..	25.00%
Operator:..	Perenco
Field Partners:	Perenco and ONE-Dyas BV
Average production for the year ended December 31, 2020:	Gross: 12,800 bopd / Tullow Net: 3,200 bopd
Crude Oil Grade:...	Oguendjo Blend (API gravity 31.7 degrees)

The Kowe Block, located approximately 20 to 30 kilometers offshore Gabon with a water depth of 50 meters, contains three fields, Tchatamba South, Tchatamba Marin and Tchatamba West (together the "**Tchatamba Fields**"). Discovered between 1995 and 1997, production from the fields started in 1998. A permanent pipeline was constructed directly to the onshore Cap Lopez terminal and completed in 2003. The pipeline is no longer used to transport production to the Cap Lopez terminal as production is now exported to the Fernan Vaz FSO. Our average working interest production from these fields was 3,200 bopd for the year ended December 31, 2020.

Our commercial reserves and contingent resources associated with the Tchatamba Fields as of December 31, 2020 are shown in the following table.

	Oil (mmbbl)	Gas (bcf)	Total (mmboe)
Commercial Reserves (2P)	7.2	—	7.2
Contingent Resources (2C)	6.5	—	6.5
Total	**13.7**	**—**	**13.7**

Source: TRACS Report.

Field technical background and development

The primary producing interval in all fields is the Albian age Madiela formation, an extensive, good reservoir quality sequence of sandstone, carbonate and shale. Additionally, the Tchatamba West and South fields produce from the Azile, Cap Lopez, and the Anguille formations. The field is subject to strong water drive, as evidenced by the lack of water injection in the field.

Offtake and marketing

A Perenco operated pipeline transports production from the Tchatamba Fields, and this pipeline has been operating since early 2015, tied into the Fernan Vaz FSO and blended with oil from the Limande, Turnix and other fields. Oil from this FSO is marketed as "*Oguendjo Blend*" crude, a light but medium sulphur grade, and sold in cargoes from around 650,000 to 950,000 bbls. The constituent crude oils contributing to the Oguendjo Blend crude are subject to quality banking adjustments to reflect their respective qualities relative to that of the resulting blend. This is calculated by a mutually agreed independent consultant using a refinery netback calculation. It is paid pro rata to inventory per field and recovered as an operating cost.

An offloading buoy was installed to the Fernan Vaz FSO in 2015, which allows for part loadings of VLCCs. This has broadened and strengthened our market access for this crude oil to more distant markets such as those in Asia. We market our cargoes of Oguendjo Blend crude oil on a spot basis, generally selling at a fixed differential to the Dated Brent crude prices on dates related to the date of the bill of lading.

Future plans and outlook

In conjunction with our joint venture partners, we plan to install large ESPs (20,000 BLPD) in the three best producing wells to increase field offtake during 2021. We and our joint venture partners are planning a revised field development plan to include expansion of power and water handling facilities at the Tchatamba complex and we plan to start development drilling in Tchatamba South in 2022. Along with our joint venture partners, we are also evaluating further infill drilling at Tchatamba Marin.

Limande

Overview

Location:	Offshore Republic of Gabon
Production Facility:	Fernan Vaz FSO (Oguendjo Field)
Tullow Working Interest:	40.00%
Operator:	Perenco
Field Partners:	Perenco and Gabon Oil Company
Average production for the year ended December 31, 2020:	Gross: 2,400 bopd / Tullow Net 1000 bopd
Crude Oil Grade:	Oguendjo Blend (API gravity 31.9 degrees)

We hold a 40% interest in the Limande field, which was discovered in 1991 and is located approximately 11 kilometers offshore Gabon. Eni S.p.A. developed the field and Perenco is the current operator. Development drilling commenced in 1998, and the field was brought on stream in the same year. Our average working interest production from the Limande field was 1,000 bopd for the year ended December 31, 2020.

Our commercial reserves and contingent resources associated with the Limande field as of December 31, 2020 are shown in the following table.

	Oil (mmbbl)	Gas (bcf)	Total (mmboe)
Commercial Reserves (2P)...	3.5	—	3.5
Contingent Resources (2C)...	1.3	—	1.3
Total..	**4.8**	**—**	**4.8**

Source: TRACS Report.

Field technical background

The reservoir is located in the Anguille formation and has been on natural depletion drive production. In the first quarter of 2021, new water injection facilities were commissioned at the nearby Exomna platform and two Limande wells were converted to injection. Water injection is now successfully on-stream at 7,000 BWPD.

Offtake and marketing

We have marketed our share of Limande field oil volumes ourselves since 2013. Limande field crude oil is exported to the Fernan Vaz FSO for loading to third-party buyers. As is the case of the Tchatamba Fields, Limande production is commingled with other crudes on the Fernan Vaz and sold as the Oguendjo Blend.

Future plans and outlook

We will continue to monitor the response to water injection over the coming years.

Ezanga Complex

Overview

Location:..	Onshore Republic of Gabon
Production Facility:	Crude Processing Facility (Onal Field)
Tullow Working Interest:..	7.5%
Operator:..	Maurel & Prom Gabon SA (Pertamina)
Field Partners:	Maurel & Prom Gabon SA (Pertamina) and Gabon Oil Company
Average production for the year ended December 31, 2020:	Gross: 21,300 bopd / Tullow Net: 1,600 bopd
Crude Oil Grade:...	Ezanga Crude (API gravity 34 degrees)

The Ezanga Complex is located onshore Gabon around 170 kilometers east-south-east of Port Gentil. Discovered in 1990, it consists of eight fields. After we achieved first oil from the Onal field in 2009, other fields were subsequently tied back to the crude processing facility at Onal. Our average working interest production from these fields was 1,600 bopd for the year ended December 31, 2020.

Our commercial reserves and contingent resources associated with the Ezanga Complex as of December 31, 2020 are shown in the following table.

	Oil (mmbbl)	Gas (bcf)	Total (mmboe)
Commercial Reserves (2P)...	3.7	—	3.7
Contingent Resources (2C)...	10.2	—	10.2
Total..	**13.9**	**—**	**13.9**

Source: TRACS Report.

Field technical background

The reservoir is sandstones of the Gres de Base and Kissenda formations.

Offtake and marketing

The crude is exported from the Ezanga Complex via pipeline and connects to the Coucal facility which is then exported through the Perenco operated pipeline to the Cap Lopez Terminal. Ezanga crude is mostly sold to Sogara refinery to meet our Domestic Crude Obligation in Gabon.

Future plans and outlook

During 2020, the work program at Ezanga was delayed as logistics were impacted by the COVID-19 pandemic. In 2021, we and our joint venture partners will aim to recover the well-work backlog and to bring production back to pre-COVID-19 pandemic levels in 2022. There is a large ongoing well work scope at Ezanga with 14 workovers/frac jobs and 5 new development wells planned in 2021. In addition, we and our joint venture partners plan to drill two near-field exploration wells on the license in 2021. This level of activity is anticipated to continue over the coming years.

Simba field

Overview

Location:..	Offshore Republic of Gabon
Production Facility:	Fernan Vaz FSO (Oguendjo Field)
Tullow Working Interest:..	57.50%
Operator:...	Perenco
Field Partners:	Perenco
Average production for the year ended December 31, 2020:	Gross: 6,100 bopd / Tullow Net: 3,500 bopd
Crude Oil Grade:...	Oguendjo Blend (API gravity 35.6 degrees)

The Simba field is located offshore Gabon, approximately 25 km west of the Tchatamba field. We hold a 57.5% working interest in the Perenco operated field. The field was discovered in 2003 by Simba-1, and production started in January 2019. Our average working interest production from the Simba field was 3,500 bopd for the year ended December 31, 2020.

Our commercial reserves and contingent resources associated with the Simba field as of December 31, 2020 are shown in the following table.

	Oil (mmbbl)	Gas (bcf)	Total (mmboe)
Commercial Reserves (2P)..	4.8	—	4.8
Contingent Resources (2C)..	1.5	—	1.5
Total..	**6.3**	**—**	**6.3**

Source: TRACS Report.

Field technical background

The reservoir is good quality Cretaceous shoreface sandstone. The recovery mechanism is predominately through a strong aquifer drive.

Offtake and marketing

Simba is produced utilizing Simba-2, a single crestal oil producer, which was drilled and completed in December 2018 and came online in January 2019. The field currently produces from the Madiela A Upper reservoir. The well produces to a wellhead platform at 80m water depth. The wellhead platform is tied back to the Tchatamba MOPU-B via a 23km, 6-inch multiphase pipeline. In 2019, the Simba field tie-in the existing Tchatamba platform produced an additional 4,400 bopd net to the Group.

In August 2020, the Simba field was required to be shut-in to comply with the Government of Gabon's OPEC+ quota. The field was shut-in for a total of two months and had an annualized impact on our production of approximately 1,000 bopd.

We market our cargoes of Oguendjo Blend crude oil on a spot basis, generally selling at a fixed differential to the Dated Brent crude prices on dates related to the date of the bill of lading.

Future plans and outlook

Due to strong subsurface performance at Simba significantly exceeding expectations, field expansion is planned at the end of 2021 with an aim of improving production levels. This includes installation of a permanent power cable to power ESPs, a larger 10" multiphase pipeline and a second Simba production well equipped with an ESP. Furthermore, work is ongoing with our joint venture partners to mature a significant portfolio of near-field exploration targets on the license for drilling from 2022 onwards. If successful, we believe these near-field exploration targets have the potential to deliver significant new development resources that can be tied back via the Simba Becuna facility to Tchatamba and brought onstream within a short timeframe.

Côte d'Ivoire

Espoir field

In Côte d'Ivoire, we have a development and production interest in one producing field, the offshore Espoir field. We first established interests in Côte d'Ivoire during 1997, and in 2002, we began producing from the Espoir field which is located in license CI-26 Special Area "E".

Overview

Location:..	Offshore Côte d'Ivoire
Production Facility:	FPSO Espoir Ivoirien
Tullow Working Interest:..	21.33%
Operator:...	CNR
Field Partners:	CNR and Petroci Holding
Average production for the year ended December 31, 2020:	Gross: 9,800 boepd / Tullow Net: 2,100 boepd
Crude Oil Grade:..	API gravity 31.0 degrees

The Espoir field lies 19 kilometers offshore south of Jacqueville in water depths ranging from 100 meters to 600 meters.

Under the operatorship of CNR, the field has been re-developed in phases. The field has experienced declining production levels and in the year ended December 31, 2020, the East and West Espoir fields averaged net production of 2,100 boepd. In January 2021, following a major incident aboard the Espoir FPSO forced a production shut in for approximately four weeks before returning to full production capacity.

Our commercial reserves and contingent resources associated with the Espoir field as of December 31, 2020 are shown in the following table.

	Oil (mmbbl)	**Gas (bcf)**	**Total (mmboe)**
Commercial Reserves (2P)..	6.5	11.1	8.4
Contingent Resources (2C)...	1.7	0.4	1.8
Total..	**8.2**	**11.5**	**10.2**

Source: TRACS Report.

Field technical background and development

The re-development of the Espoir field was centered on a wellhead tower covering the eastern part of the reservoir and an FPSO. The second phase of re-development involved an additional wellhead tower and drilling in the western lobe of the reservoir. The wellhead tower at West Espoir was installed in November 2005 and the first production began in mid-2006 with development drilling completed in 2008. In 2019, we completed 2D seismic planning and stakeholder engagement in relation to the Espoir fields.

Oil produced from the east and west reservoirs is processed, stored, and offloaded from a dedicated FPSO, the Espoir Ivoirien, which is located between the two wellhead towers. Oil is exported by shuttle tanker and gas is taken to shore via a 19 kilometers subsea pipeline.

The FPSO is owned and operated by BW Offshore under contract to the field operator.

Offtake and marketing

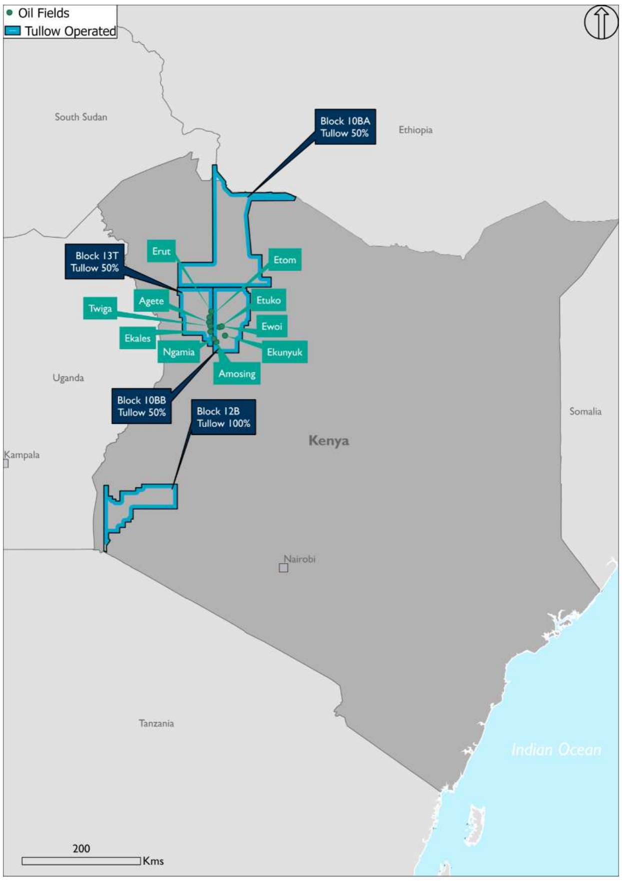
During 2020, we marketed our share of oil entitlement from the Espoir field. The delivery arrangements involve the use of the Espoir Ivoirien FPSO, loading to third-party tankers regularly. Our sales are generally on a spot FOB basis at a fixed differential to the Dated Brent crude prices on dates related to the date of the bill of lading. Since March 2021, we have pooled our lifting entitled with the operator, CNR. This provides more regular liftings, as Espoir production is now moderate and limited liftings are available.

Future plans and outlook

In mid-January 2021, following a major incident aboard the CNR operated Espoir field FPSO, production was shut for approximately four weeks. Production is now returning to full capacity. As part of the Espoir Phase IV infill campaign, we and our joint venture partners aim to drill additional wells in 2022.

Main development assets

Kenya (South Lokichar Basin)



Exploration drilling in the Kenya Rift Basins began in the South Lokichar Basin in January 2012 with the drilling of the Ngamia-1 wildcat well in Block 10BB, and with the drilling of the Twiga South-1 well in Block 13T taking place in August 2012. Flow tests at both wells indicated a cumulative constrained rate of approximately 3,000 bopd gross sweet waxy oil in the order of 27 to 42 degree API with no indication of pressure depletion. Following the completion of the Etuko-1 well in Block 10BB and the Ekales-1 and Agete-1 wells in Block 13T, we commenced preliminary appraisal and development studies. The Amosing-1 and Ewoi-1 oil discoveries, our seventh and eighth successful wild-cat exploration wells in the South Lokichar Basin, further supported the decision to commence appraisal and development studies.

Due to the scale of the resources discovered in the South Lokichar Basin, we and our joint venture partners initiated discussions with the Government of Kenya and other relevant stakeholders to consider development options.

To facilitate these development activities while engaging in our ongoing exploration and appraisal activities, in February 2013 the Government of Kenya agreed to our proposal to carry out an exploration and evaluation program over a defined "Area of Interest" falling within Blocks 10BB and 13T. This agreement encompasses the basin discoveries and further prospects in Blocks 10BB and 13T. This agreement allows integrated development of the resources within the two blocks, while permitting a continued focus on exploration to increase the resource base and concurrently appraising discoveries.

In 2014, we began an accelerated exploration and appraisal program in the South Lokichar Basin in Blocks 10BB and 13T. Key results included net oil pays at the Ngamia-5, Ngamia-6 and Amosing-3 appraisal wells, as well as flow tests at Twiga-South-2A and exploration success at Etom-1 that extended the known oil accumulation northwards in the basin. In parallel, we continued development studies and conceptual engineering work.

In 2015, a 952 square kilometers 3D seismic survey was completed over the discoveries in the South Lokichar Basin and activities focused primarily on the appraisal of the South Lokichar Basin to test the extent of previous discoveries and gain important reservoir data for the field development plans. The 3D seismic survey used to locate the Etom-2 well, which encountered the high-quality oil reservoir units to date, indicated significant remaining exploration potential within the greater Etom area.

In 2018, the EOPS led to the transfer of stored crude oil from Turkana to Mombasa by road and in 2019 EOPS production reached 2,000 bopd. Also, in 2019, the first export of oil from East Africa, a cargo of 240,000 barrels, was flagged off from the port of Mombasa. In the fourth quarter of 2019, following adverse weather which caused severe damage to the roads used by the trucks transporting crude oil, the EOPS was suspended until the roads are repaired to a safe standard. During the years ended December 31, 2018 and 2019 we completed technical projects, such as upstream and midstream front-end engineering and design ("**FEED**"), and tendered on the Lockichar to Lamu pipeline. All of the land required for such upstream and midstream projects has been published in the official gazette.

During 2020, the EOPS successfully completed two years of production, and all the required reservoir and production data gathering was completed as planned. Along with our joint venture partners, we then closed down the EOPS and completed the demobilization of all rental equipment. The EOPS produced more than 350,000 barrels of oil from the Ngamia and Amosing fields, which provided crucial six months' sustained rate and pressure data.

As of December 31, 2020, our drilling of exploration and appraisal wells in the South Lokichar basin has delivered ten discoveries and enabled oil field delineation. We also conducted extended well tests, water injection tests, well interference tests and water-flood trials, all of which firmed up our resource estimates and provided information for planning the development of the oil fields. Following a full assessment of all the exploration and appraisal data, based on management estimates, we believe that the South Lokichar basin contains gross recoverable 2C resources of 433.0 mmbbl from a gross STOIIP of approximately 1.7 bnbbl. We believe that further exploration upside remains across the South Lokichar Basin. See "*Summary Reserves, Resources, Production and Operating Data.*"

Based on TRACS reports, our commercial reserves and contingent resources associated with Kenya as of December 31, 2020 were as shown in the following table.

	Oil (mmbbl)	Gas (bcf)	Total (mmboe)
Commercial Reserves (2P)	—	—	—
Contingent Resources (2C)	170.8	—	170.8
Total	**170.8**	—	**170.8**

The management estimates above are our estimates of reserves and resources that incorporate the latest appraisal information acquired since December 31 2020, which was the date at which TRACS last conducted an audit of the Kenya assets.

During 2020, a potential farm-down process was suspended to allow time for joint venture partners to complete a comprehensive review of the development concept and take into consideration the EOPS production data, which we believe has the potential to significantly improve and de-risk the value proposition. An agreement was reached with the Government of Kenya to extend the 10BB and 13T licenses until December 31, 2021. Prior to December 31, 2020, we and our joint venture partners will prepare a technically and commercially compliant field development plan and will reconsider plans to farm-down the equity interests in the asset.

Following the completion of appraisal activities in 2020 and ongoing additional data acquisition activities, TRACS plan to conduct a full assessment of the Kenya assets in line with our internal policy. We are also engaged extensively with our joint venture partners and the government of Kenya on the redefinition of the development concept and are reconsidering the potential monetization options for the asset.

Exploration and appraisal

Since 2006, our efforts have resulted in major basins and plays opening discoveries in Ghana (2007) and Kenya (2012). Just in the last ten years, our exploration activities around the globe have resulted in the addition of approximately 1,100 mmboe of net discovered resources.

In 2020, we undertook a review of our portfolio and corporate strategy and developed a new business plan and operating strategy, which is focused on short-cycle, high-return opportunities and the substantial potential associated with our producing assets within our existing resource base. This led us to exit a number of exploration licenses and countries. See "—*Recent Developments*." See also "—*Disposals*."

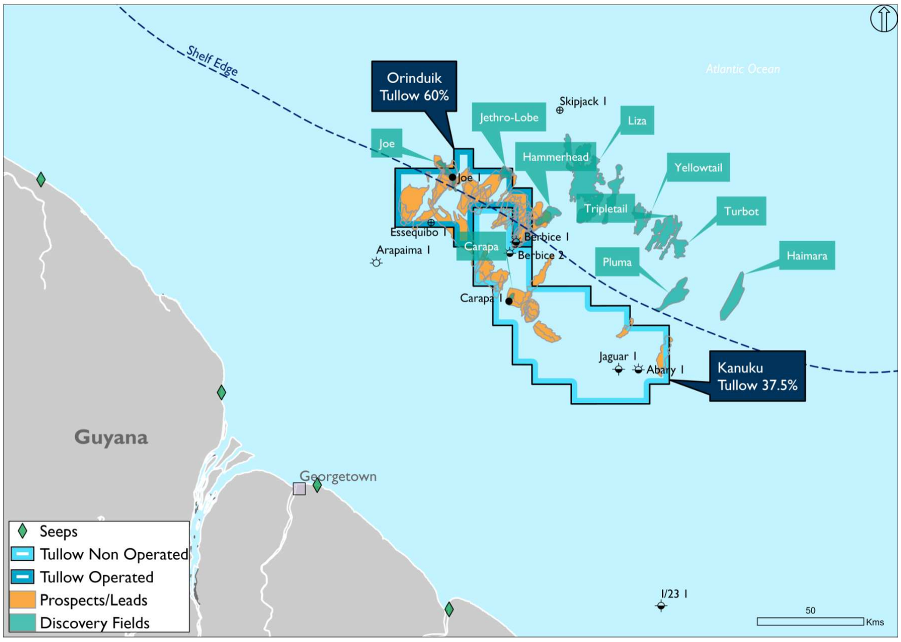
Our exploration strategy is to explore for high-margin light oil in commercial quantities in conventional geological plays. A proven explorer, our efforts have resulted in multiple basin opening discoveries including Ghana (in 2007) and Kenya (in 2012). Following our success in Africa, we have more recently focused on exploring various geological plays in South America, including exploration in Guyana, Suriname, Argentina and Peru and the appraisal of results from our Guyana exploration. As part of the refocused strategy, our core plays are deep water turbidite systems (e.g., Ghana, Namibia, Suriname and Guyana), while we continue heritage appraisals in Kenya's oil-prone rift basins and in Gabon's prolific salt basins leveraging our access to infrastructure in Non-Operated assets. In response to the change in industry conditions and a drive towards a more efficient exploration business, we effectively explore these plays through high grading our license portfolio, proactive license management including timely partnering for partial funding of our exploration program, and quick exits where early indications provide negative results. As part of this process, through the years we have exited Jamaica, Comoros, Greenland, Madagascar, Mauritania, Ethiopia, Norway, Mozambique, Uganda, the United Kingdom, Uruguay, Pakistan and Zambia, as well as exited non-prospective blocks in Peru and Côte d'Ivoire onshore.

We enter licenses at a variety of equity shares through competitive license rounds, direct negotiation with host governments and farm-downs from joint venture partners. For example, we secured new licenses in Côte d'Ivoire and Suriname in the year ended December 31, 2018 and Argentina in the year ended December 31, 2019. We often choose to enter an exploration license at a high equity position before drilling. This allows us to undertake extensive technical studies which typically require modest investment, before deciding what equity level, if any, to retain in the license and what model of joint venture is appropriate for the more costly drilling phase. Partnering with other companies allows us to share our costs and risks, and often leverage our initial equity to secure partial funding for seismic or drilling programs from incoming partners. Once discoveries have been delineated, appraised and tested for hydrocarbons, we then decide whether to divest further or develop the asset through to production.

We believe that focusing on oil rather than gas delivers a higher value reward, although the chance of success in oil exploration is lower due to oil being harder to identify in seismic data. In addition to working with strategic partners, we attempt to mitigate risks through the use of innovative exploration technologies including high end seismic visualization and sophisticated processing, FTG, Controlled Source Electro-Magnetics ("**CSEM**"), and seismic, as well as by analyzing advanced geoscience models prior to commencing drilling. More generally, we try to balance portfolio risk by running selected campaigns across multiple basins and countries and at different stages of the exploration process.

Exploration and appraisal campaigns

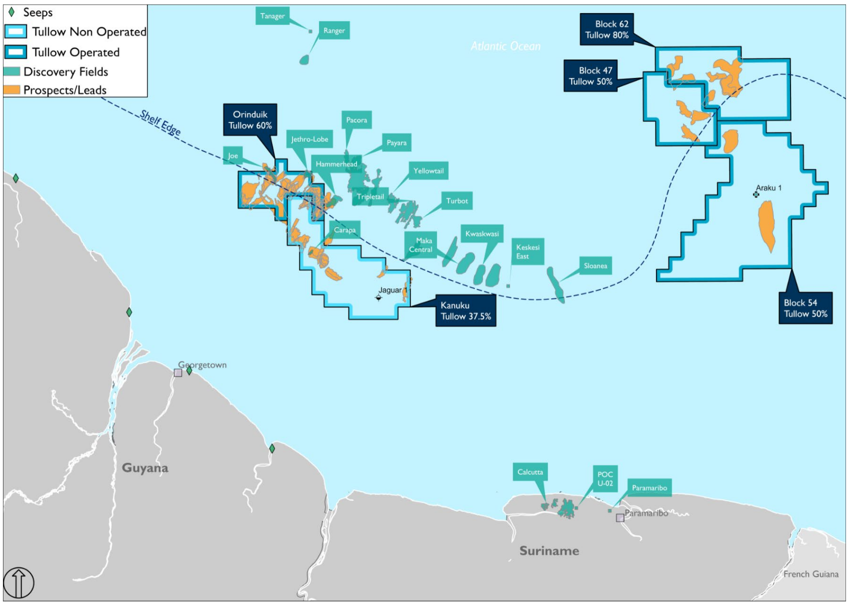
Guyana



We have held licenses in Guyana since 2008. At present we hold a 37.5% interest in the Kanuku block, operated by Repsol and 60% interest in the Orinduik block which we operate. The Orinduik block was awarded in January 2016. Both blocks are highly prospective, with several leads identified, and are located directly up-dip of the Starbroek license where ExxonMobil and its joint venture partners Hess Corporation and CNOOC Nexen have confirmed a series of world class discoveries with a recoverable resource in excess of 8 Bboe. In 2017, we acquired 6,500 square kilometers of 3D seismic survey data on the Kanuku and Orinduik licenses and used the data to mature and rank the identified prospects previously mapped on existing 2D seismic data.

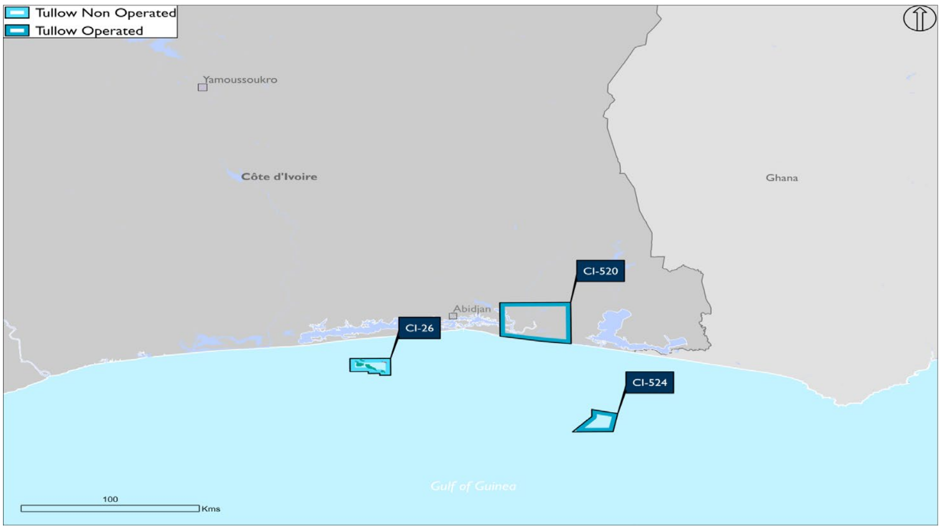
In 2019, we tested a new, Tertiary play in the Joe and Jethro discoveries in Guyana, which found lower quality oil than originally anticipated. The Carapa-1 well, which was also drilled in 2019 and 2020 found good quality hydrocarbons, confirming the extension of the Cretaceous play from the Exxon-operated Stabroek license on both the adjacent Kanuku and Orinduik licenses. Guyana presents a large portfolio of prospects, totaling over 2 billion boe net recoverable, and with the benefit of recently reprocessed “state of the art” seismic data, where we are high grading drill candidates for Kanuku in 2022 and Orinduik in 2022 and beyond.

Suriname



We have held licenses in Suriname since 2007 and operate the Block 47 license (50%), Block 62 license (80%) and Block 54 license (100%). This project illustrates how we were able to leverage initial high equity to explore new, high-reward plays in a high-risk area limiting our capital exposure. In September 2016, we carried out a drop core survey to identify the presence of shallow hydrocarbon leakage. In October 2017, we and our joint venture partners, Equinor (formerly Statoil) and Noble drilled the Araku-1 well in Block 54 (gross cost of $37.0 million; net: $11.0 million). The well was unsuccessful, but did prove the presence of a new petroleum system in the Demerara plateau which is now being followed by other operators. In 2017, we completed the farm-out of a 20% equity interest in Block 47 to Ratio Petroleum and in 2018 we completed the farm-down of 30% equity to Pluspetrol, both providing funding for the recently completed exploration well (Tullow 36% paying interest, while holding 50% equity). The outcome of the GVN-1 exploration well offshore Suriname, while failing to find commercial hydrocarbons, has provided key information to assess the potential value of remaining prospects in the basin. This data will allow us to either de-risk and pursue the remaining prospects, or detect a potential "fatal flaw" in the area so we can exit and avoid further expenditures.

Côte d'Ivoire



CI-524:

This license is strategically located across the Ghana border from our producing TEN field, supporting the strategy of extending exploration near our owned infrastructure. We acquired the block in March 2018 . The block is covered by 3D seismic data, calibrated to the multiple penetrations in TEN. The prolific section in Ghana clearly extends into our CDI block, and we are maturing prospects with the intention to select drill candidates. The development scenario for these prospects would allow production through incremental new subsea infrastructure into the existing TEN FPSO, which provides a significant economic uplift with respect to a new, stand-alone development. Our work on this license illustrates our strategy to leverage access to existing infrastructure to obtain higher returns.

CDI Onshore:

In October 2017 we acquired a large position of seven licenses onshore CDI, at 90% equity, with partner PetroCI. The initial commitment included a low cost full tensor gravity gradiometry survey covering 8,600 sq. km, completed in May of 2018. With this data, we were able to significantly reduce our exposure by completing the farm-in by Cairn Energy to our seven onshore licenses. The deal included a sizeable contribution towards a seismic data acquisition program. In the first and second quarters of 2020, we acquired 500 km of 2D seismic data over the most prospective areas. Early processing showed limited benefit from the acquisition, which was then halted, resulting in a reduced cost to us. Following the data acquisition, we exited six of the seven blocks, maintaining a 60% interest in the most prospective block, CI-520, which we operate. CDI onshore illustrates proactive management of the work program, early evaluation of benefits and quick decision making on halting investment, as well as the ability to swiftly exit non-prospective areas.

Namibia

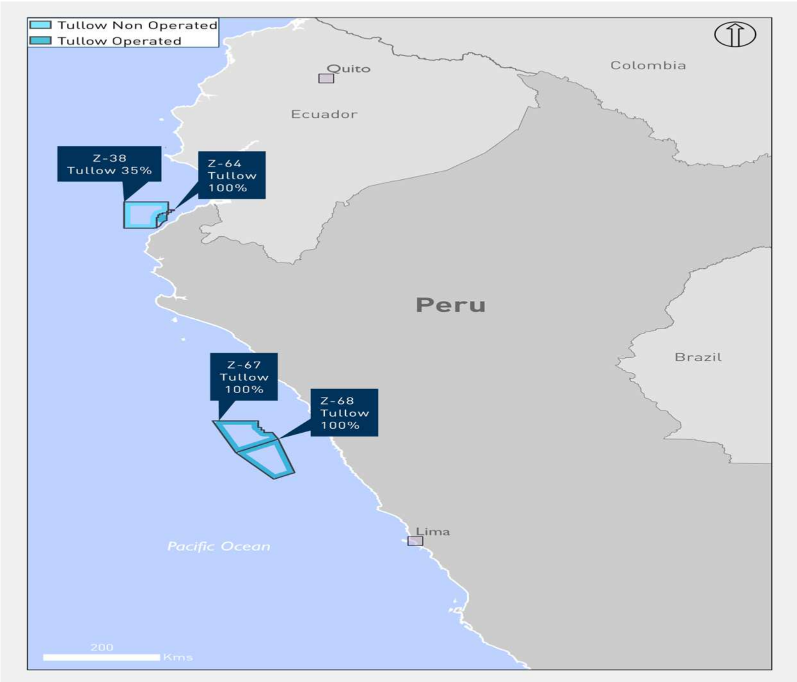
We currently have exploration interests in Namibia through one offshore license, having previously held two other exploration licenses.

In September 2013, we farmed-in to the PEL-0037 license, which covers an extensive area in the Walvis Basin offshore northern Namibia. In October 2014, we increased our position by completing a farm-in to an adjacent offshore exploration license, PEL-0030, which covers Block 2012A and is operated by Eco Oil and Gas (Namibia) (PTY) Ltd.

Interpretation of the 3D survey that was shot in the fourth quarter of 2014 across the PEL-0030 and PEL-0037 licenses was initially thought to have yielded significant potential in shallow water in close proximity to the Wingat well in the adjacent license. We therefore shifted our attention to shelf-edge plays. Specifically, we focused on cretaceous turbidites located in shallow water in offshore blocks PEL-0037. We have identified a number of leads and prospects in PEL-0037 including Cormorant, Albatross, Seagull North and South and Osprey, with further leads unnamed. In September of 2018, we drilled the Cormorant-1 well offshore. The well encountered non-commercial hydrocarbons and was plugged and abandoned; however gas signatures, indicative of oil, were encountered in the overlying shale section. Also in 2018, we decided to exit block PEL-0030. We exited the PEL-0037 license in March 2021 and booked an exploration write off with respect to this asset in the year ended December 31, 2019.

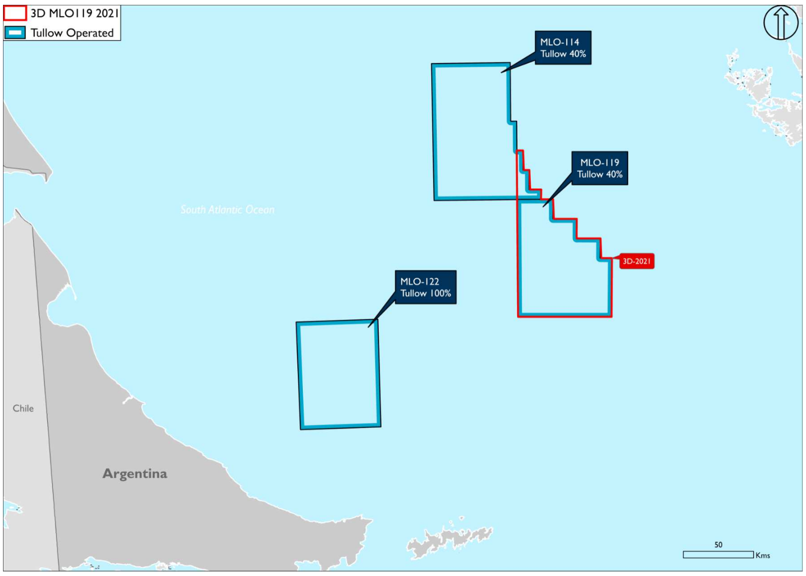
In June 2019, we acquired a 56% operated interest in PEL-90 offshore Namibia, which we operate. This was a strategic, low-cost acquisition with no drilling commitments adjacent to the acreage where the Venus-1 wildcat will be drilled in the third quarter of 2021. This positions us favorably to leverage the potential increase in valuation to PEL-90 if there is a discovery on the same play in the adjacent block.

Peru



In January 2018, we announced that we had agreed terms to add six new licenses covering 28,000 square kilometers, offshore Peru, to our portfolio. We agreed to acquire a 100% stake in Blocks Z-64, Z-65, Z-66, Z67 and Z-68. We also agreed to acquire a 35% interest in the Z-38 license through a farm-down from Karoon Gas Australia. In February 2020, we drilled the unsuccessful Marina-1 well in the Z-38 license, which encountered only light gas shows. This was the first well in the underexplored Tumbes basin and we and our joint venture partners gathered important data that was integrated into geological models to update the prospect inventory for Blocks Z-38 and the neighboring Z-64 license, which we operate. After evaluating the results, we concluded that the new data condemned the remaining prospects in the area, leading to write-offs of the well costs. We are currently in the process of exiting the Z-38 license. The quick decision exemplifies our disciplined approach to portfolio management, to avoid protracted costs.

Argentina



In April 2019, we were awarded the three blocks in the Malvinas West Basin, offshore Argentina, in a competitive bidding round that attracted many of the major oil companies (ExxonMobil, Shell, Eni, Total). We obtained an operated 40% interest in Blocks 114 and 119 and a 100% interest in Block 122. These operated blocks include shallow water Tertiary and Cetaceous turbidite plays. The contracts were formally ratified in October 2019. Geological studies and 2D seismic reprocessing were completed in 2019 and a 10,500 sq. km 3D multi-client seismic survey covering Blocks 114 and 119 commenced in December 2019. This program was suspended in May 2020 but restarted in late 2020 and was completed in March 2021. Initial data from the early acquisition phase has been delivered and is being utilized to mature a prospect inventory. A further 3D seismic survey over Block 122 is planned to be completed in late 2021 or early 2022. We plan to leverage our high equity to reduce our exposure for the relatively costly acquisition program.

Disposals

During 2018 to 2020, we sold certain assets for cash inflows of $546.1 million.

In March 2018, we completed a farm-down of 20% of our 100% interest in the Walton Morant license in Jamaica to United Oil & Gas plc. The Walton-Morant license exploration period expired on July 31, 2020.

During October 2018, we disposed of our 9.9% ownership interest of Ikon Science for $6.2 million, resulting in a gain on disposal of $5.2 million.

During December 2018, we recorded a gain of $11.0 million in relation to amounts refunded to us in relation to the disposal of the Orwell field in the UK in a prior year.

In November of 2017, we completed the sale of our remaining Dutch assets. Under the terms of the agreement, a contingent deferred consideration is to be recognized over the course of four years and this resulted in a gain on disposal in contingent deferred consideration of $5.1 million and $9.5 million in the years ended December 31, 2018 and December 31, 2019 respectively and a loss on disposal of $3.4 million in the year ended December 31, 2020.

On November 10, 2020, Tullow Uganda closed the sale of our 33.33% interest in Blocks 1, 1A, 2 and 3A in the Lake Albert Development Project in Uganda and our interest in the proposed East African Crude Oil Pipeline System to Total Uganda for cash consideration of $500.0 million with a further $75.0 million due on final investment decision being taken by our counterparty in respect of the Lake Albert Development Project and additional contingent future payments linked to oil prices. This sale allowed us to realize value from the Lake Albert Development Project following the expiration of our previous farm-down agreement with Total Uganda and CNOOC Uganda in August 2019.

On March 31, 2021 we completed the sale of the entire issued share capital of Tullow EG to a subsidiary of Panoro Energy ASA (Equatorial Guinea Disposal) in exchange for upfront cash consideration of $88.8 million and additional contingent consideration payments of up to $16.0 million in aggregate over a five year period determined by oil production thresholds and where daily average oil prices for each of the relevant years are greater than $60/bbl. Tullow EG holds an undivided 14.25% participating interest in and relating to the development and production interests in the offshore license encompassing the Ceiba field and the Okume Complex in Equatorial Guinea.

Also on February 9, 2021, we announced the Dussafu Disposal, a separate sale pursuant to which Tullow Oil Gabon SA agreed to transfer its entire 10% undivided legal and beneficial interest in the Dussafu Marin Permit Exploration and Production Sharing contract in Gabon to Pan Petroleum Gabon B.V. for cash consideration of $46.0 million (subject to adjustments) and additional contingent consideration of up to $24.0 million in aggregate payable over a five year period once production meets an agreed daily average rate and where average daily oil prices for each relevant year are greater than $55/bbl.

Deferred consideration of $5.0 million is payable within two business days of completion of the Dussafu Disposal.

Competition

The oil and natural gas industry is highly competitive, and we compete with a substantial number of other companies, many of which have greater resources than we do. Many of these companies explore for, produce and market oil and natural gas, perform refining operations and market the resulting products on a worldwide basis. Our competitors include national oil companies, major international oil and gas companies and independent oil and gas companies. The major national and international oil companies active in Africa and South America include, among others, Addax Sinopec, Anadarko, BP, Chevron, CNOOC, Eni, ExxonMobil, PTTEP, Sasol, Shell, Equinor and Total. The oil and gas business is highly competitive in the search for and acquisition of reserves, in the procurement of rigs and other production equipment, in the production and marketing of oil and gas and in the recruitment and employment of qualified personnel. We expect that the sustained decrease in oil prices may lead to reductions in activity and in the cost of some services and equipment. However, the need for operators to adjust costs to the lower oil price environment means that competition for resources at viable development costs will likely remain a factor.

The primary areas in which we encounter substantial competition are in locating and acquiring desirable acreage for our drilling and development operations, locating and acquiring attractive producing oil and gas assets and obtaining equipment for drilling operations. While actual prices for some assets may fall, this will most likely be commensurate with the need for companies in the sector to reduce costs in a lower oil price environment and competition to secure assets at viable development costs will likely remain. In addition, we compete with oil and gas companies in bidding for exploration and production licenses, PSCs, farm-ins and other contractual interests in licenses that are made available by governments or are for sale by third-parties. Competition for such assets is likely to come from companies already present in the region in which the exploration and production licenses are located as well as new entrants. License bid rounds globally have also become increasingly competitive, particularly in South America. Competition also exists between producers of oil and natural gas and other industries producing alternative energy and fuel, such as solar and wind.

Furthermore, competitive conditions may be affected substantially by various forms of energy legislation and/or regulation considered from time to time by the governments of the jurisdictions in which we operate. It is not possible to predict the nature of any such legislation or regulation that may ultimately be adopted or its effects upon our future operations. Such legislation and regulations may, however, substantially increase the costs of exploring for, developing, producing or marketing natural gas and oil and may prevent or delay the commencement or continuation of a given operation. The effect of these risks cannot be accurately predicted.

Marketing and offtake

In 2020, we made overall sales of oil to 17 buyers. In the years ended December 31, 2018, 2019 and 2020, we had oil sales of greater than 10% to individual customers, however, no purchaser accounted for more than 21% of our total revenues in those years. We respond to evolving market drivers by looking to the strongest buyers as they change with time. Buyers are vetted via a formal counterparty approval process which analyses performance, compliance and credit risk. In 2020, we made direct sales totaling over 92% of oil sales volumes in the spot market.

Sales of crude oil from the Jubilee field contributed approximately 38% of our total oil and gas revenues in 2020, 40% in 2019, and 36% in 2018. Sales of TEN crude oil contributed approximately 32% of our total oil and gas revenues in 2020, 36% in 2019, and 41% in 2018. Jubilee cargos lifted in 2019 and 2020 were sold to 12 different buyers with destinations including China, South Africa, Taiwan, Thailand, the United States and Europe. Our TEN cargoes lifted in 2020 were sold to 5 different buyers with intended destinations of China and the United States. We therefore do not consider there to be any individual buyer concentration risk for buyers of Jubilee and TEN cargos across our other producing assets, due to both marketing dynamics and our marketing track record.

Commodity hedging

As part of our prudent risk management program, we actively hedge our exposure to oil prices on a graduated rolling basis to provide strong price protection and support consistent cash flows for our business. Our current hedging policy aims to provide market leading downside oil and gas price protection for the next three years by ensuring that 75% of our expected production for the period from the Issue Date to the second anniversary of Issue Date and 50% of our expected production for the period from the second anniversary of the Issue Date to the third anniversary of the Issue Date is hedged. We continuously monitor commodity prices to ensure our hedging is efficient and, as a result of the prevailing low forward prices for Brent oil in February 2020, we paused entering into new hedging contracts until July 2020 when oil prices reached a level that we considered appropriate to resume hedging. As of the Issue Date, we will have hedged approximately 75% of our production entitlement for the remainder of 2021 with an average price floor of $46/bbl and approximately 18% of our production entitlement of 2022 with an average price floor of $41/bbl. We intend to add new hedges across 2022 to mid-year 2024, for approximately 75% of our production entitlement through to the second anniversary of the Issue Date and approximately 50% of our production entitlement from the second to the third anniversary of the Issue Date, targeting a price floor of $55/bbl for our new hedges while continuing to allow upside participation to oil prices. These hedges will protect approximately 41 mmbbls of our production entitlement through to the third anniversary of the Issue Date, and we believe this hedging program could protect up to approximately $2.0 billion of revenue calculated as 41 mmbbls hedged multiplied by an assumed price floor of $55/bbl, and assuming an oil price of zero.

Field and joint venture partners

The majority of our assets are held, explored and developed through joint venture partnerships with international and national oil and gas companies. When we evaluate whether to enter into a partnership or joint venture, we seek prospective joint venture partners who will complement our existing strengths. In particular, we seek joint venture partners with technical expertise in exploration, operations, refining or engineering that we do not possess or who own useful infrastructure such as pipelines. Additionally, we aim to work with joint venture partners who have strong, existing relationships with the government in the jurisdiction in which the development is planned. We conduct thorough business and financial diligence on all of our prospective joint venture partners and strive to ensure they will be able to finance their portion of the development.

During the life-cycle of the joint venture partnership or joint venture, we often have a very active role in the technical, financial and administrative management of operations including in situations in which we do not take on an official operator role. We typically maintain involvement with many aspects of operations and review required government submissions. We work closely with our joint venture partners to ensure that we remain in compliance with the ongoing obligations under the licenses or agreements pursuant to which we operate.

Seasonality

Seasonal weather conditions and lease stipulations can limit our drilling and producing activities and other oil and natural gas operations in certain areas. These seasonal anomalies can increase competition for equipment, supplies and personnel during the spring and summer months, which could lead to shortages and increase costs or delay our operations. See "*Risk factors—Risks relating to the oil and gas industry.*"

Environmental, Social and Governance and Sustainability

We have a committed corporate strategy to address Environmental, Social and Governance ("**ESG**") concerns. Our approach to sustainability is driven by our purpose to build a better future through responsible oil and gas development. Our strategy is based on the following four key pillars: (i) safe operations, (ii) shared prosperity, (iii) environmental stewardship and (iv) equality and transparency. Our approach to addressing ESG concerns considers the expectations of our key stakeholder groups, our host governments and communities, our shareholders and creditors and our employees, as well as the material issues facing the sector as reflected in the work of the International Petroleum Industry Environmental Conservation Association ("**IPIECA**") and the United Nations Sustainable Development Goals. The chart below provides an overview of our sustainability framework including the key themes we focus on and the material topics we seek to address with regard to our four strategic pillars.

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				

The Integrated Management System, assurance and risk management

We have a robust Integrated Management System ("**IMS**") which is core to how we run our business and how we approach corporate governance and risk management. The IMS sets out all mandatory policies, standards and controls necessary to manage our activities and associated risks. Robust risk, assurance and performance management processes enable us to manage the opportunities and risks in all of our activities and respond to our stakeholders' concerns.

Company culture and ethical behavior

As part of our commitment to managing the way we work ethically and legally, we continually look for ways to engage both internal and external stakeholders on our compliance standards as well as our Code of Ethical Conduct.

Safe operations

We believe keeping our wells and the related infrastructure safe and secure is critical to our business. We aim to achieve a safe and healthy work environment by upholding industry good practice and enforcing robust safety procedures at all of our operating sites. We have established safety cases for all operated production facilities and have robust emergency preparedness, incident management and business continuity plans in place.

We use a range of performance measures, including the recognized industry metrics of Total Recordable Injury Rate ("**TRIR**") and Lost Time Injury Rate ("**LTIR**") to measure safety. We set annual targets for LTIR, which our board of directors agree to as part of the overall company objectives. We have rigorous incident reporting procedures in place and we investigate all near misses and accidents, as well as take action to prevent recurrence. Safety performance is also a component of our key performance indicators and we have a specific reduction target in 2021 for LTIR.

Our TRIR increased to 1.27 in 2020 (0.09) as a result of eight lost time injuries reported in the year. Our LTIR increased to 0.32 in 2020 (0.09 in 2019) as a result of 2 lost time injuries reported in the year. 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.

We develop and implement a consistent health strategy globally to help minimize health risks arising in the workplace and protect the health and safety of our people. In the countries in which we do business, we work with local medical services to ensure facilities and standards of care meet our requirements.

Shared prosperity

Shared prosperity is central to our approach to sustainability and we aspire for our operations to not only benefit our business, but also lead to lasting improvements in the quality of life and opportunities for the communities in which we operate. We measure this pillar across three main areas which are local content, skills and development and socio-economic investment.

Local content

We work to create business opportunities for local entrepreneurs and small business in our host countries, with the aim of supporting their long-term capacity and growth, expanding their participation in local economies and generating local value for people and suppliers. Our supply chain seeks to create opportunities for local companies and labor forces to participate in the oil and gas sector, both directly and indirectly, and helps to align our social investment strategy with the economic development and local capacity needs of the countries in which we do business. In many cases, because these countries are new to the oil and gas sector, local companies are not yet able to operate to industry standards and specifications. To help further the development of the industry, we run supplier development programs with the aim of further developing the local industry and explaining statutory requirements, safety and auditing standards and workshops to help them to understand our tender process.

We engage with local suppliers, vendors and entrepreneurs through initiatives such as supplier training workshops and Invest in Africa, a non-profit organization we helped establish in 2012 to improve access to markets, finance and skills for local suppliers in Ghana and Kenya. Over the past three years, approximately 20-30% of our supply chain expenditure in Ghana has been with indigenous companies. Between 2013 and 2020, we have spent approximately $1.7 billion with local suppliers in Ghana and in the year ended December 31, 2020 we provided $3.2 million in financing for local businesses through Invest in Africa.

Skills and development

We recognize that education and skills development are critical to emerging economies, such as those where we operate. We support our local colleagues and communities by providing science, technology, engineering and mathematics education to enhance employability and also offer vocational training to further the chances of gaining employment. In Ghana, we are a corporate partner and funder of Field Ready, a program launched in 2015 in conjunction with Takoradi Technical University, which is designed to produce highly employable technicians and engineers. To date, we have provided educational scholarships to over 500 individuals and approximately 3,000 bursaries. We have also committed $10.0 million over five years to the Government of Ghana’s flagship Free Senior High School initiative. Since 2017, in Kenya we have worked with TechnoServe, an international non-profit, to provide a three-month business and entrepreneurship course to local business owners in Turkana County.

We seek to train and bring on board employees who are nationals of the countries in which we do business. For the year ended December 31, 2020, we had a total of 473 employees and contractors. Approximately 76% of our employees were African nationals, with local nationals forming a significant portion of in-country workforces in Ghana and Kenya.

Socio-economic investment and social performance

One of our fundamental corporate values is to work with integrity and respect for people and the environments in which we do business. The quality of our relationships with host governments, local communities, civil society organizations and other stakeholders is vital to our long-term business success. These groups and individuals may be directly impacted by our activities, or may influence the execution of our growth strategy, and failure to manage our relationships with them can expose us to significant business risks. These risks can include project delays and disruption, more onerous regulatory requirements and potentially the loss of our license to operate. We proactively manage our social impacts by:

- endeavoring to develop strong community relationships across all phases of our operations;
- assessing and managing socio-economic impact directly associated with our operations and identified through ESIAs;
- delivering socio-economic investment projects to in an effort to leave a legacy of sustainable social and economic benefits in the countries where we operate; and
- Established grievance management processes in all of our operational areas and centrally tracked corporate key performance indicators on grievance closure.

We support a number of socio-economic investment initiatives focused on education, local business development and shared infrastructure and logistics. Within shared infrastructure and logistics, we invest in areas such as water, energy and waste, by adapting and leveraging existing infrastructure plans and projects to benefit local communities. In the year ended December 31, 2020, our total payments to all major stakeholder groups, including suppliers and communities, as well as governments was $542.0 million. In addition to payments to governments of $375.0 million, this included $162.0 million spent with local suppliers and $4.7 million in discretionary spend on social projects. Our total socio-economic contribution between 2018 and 2020 was approximately $2.0 billion.

Environmental stewardship

We continuously seek to enhance our environmental protection capacity, systems and processes. The Board has a dedicated Safety & Sustainability committee, which is responsible for instigating appropriate in-depth reviews of strategically important issues. It also reviews a wide range of leading and lagging indicators to gain insight into how relevant policies and standards and how we are implementing practices in the field.

In April 2020, we published our Climate Policy, which formalized our support of the goals of Article 2 of the Paris Agreement to hold the increase of global average temperature to below 2˚C. To underline our support, we have committed to a long-term target of achieving Net Zero for Scope 1 and Scope 2 emissions. Our Net Zero ambition is supported by an interim target to eliminate routine flaring by 2025, which we believe could help us reach our interim target of reducing our net equity emissions by 40% to 45% in the same year. Despite our stated commitment, our operational carbon emissions increased in 2020, with Scope 1 emissions of 2.03 million tonnes of CO_2, a 61% increase compared to 2019 due to elevated levels of flaring which were required for reservoir management and sustained production levels. During 2020, we formed a Net Zero Task Force to define an energy transition strategy to meet our Net Zero targets. In particular, we believe our long-term gas offtake options will support our Net Zero ambition. In conjunction with external experts, we evaluated ways to decarbonize our Ghanaian operations and elimination of routine flaring was identified as a key objective. Over the coming years, we aim reduce our current dependence on routine flaring, by debottlenecking gas systems at Jubilee and TEN and achieving increased has offtake from the Government of Ghana. To offset our residual hard-to-abate carbon emissions, we are in the process of identifying nature-based carbon removal projects, such as reforestation, afforestation and conservation. We have also begun reporting Scope 3 emissions from our non-operated portfolio across Gabon, Côte d'Ivoire and Equatorial Guinea.

Equality and transparency

We believe that the success of the oil and gas industry should bring long-term social and economic benefits to the communities and countries in which we operate. Over the next decade or so, many of the African countries in which we operate have the potential to become substantial exporters of oil and gas. We believe that, if well managed, the development of these non-renewable resources can create a unique window of opportunity to help each economy on the path to sustainable economic growth.

Furthermore, we believe that revenues from natural resources can and should have a transformative effect on the future of emerging economies. We publicly support contract transparency and disclosure as vital first steps in enabling governments, citizens and international opinion formers to participate in debate and the exchange of ideas on how wealth from oil resources should be managed sustainably and equitably.

Our Code of Ethical Conduct governs the way we work and clearly conveys to all staff and stakeholders our commitment to compliance with laws and regulations. The Code of Conduct makes clear that we have zero tolerance for bribery, corruption and other forms of financial crime, while also covering our position with regard 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 of Ethical Conduct and we incorporate business ethics and compliance clauses in service contracts.

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 labor conditions. Embedded in our Code of Ethical Conduct is our Human Rights Policy and we provide disclosure on modern slavery in transparency in the Supply Chain Report.

During 2020, we relaunched the annual eLearning on the Code of Ethical Conduct to all staff. This focused on raising awareness of key issues such as anti-bribery and corruption, anti-tax evasion, human rights, diversity and inclusion, as well as the importance of employee wellbeing. We achieved over 99% participation and completion of this process by the end of 2020. We also maintain a confidential speaking up line, Safecall. During 2020, we recorded 52 speaking up cases. We investigated all reported possible or actual breaches of the Code of Ethical Conduct and consequently two people left the Group or had their employment terminated.

Asset protection and security

From time to time, we operate in remote and challenging environments that pose additional security risks. We monitor global events and security incidents so that appropriate security controls are in place to safeguard our people and our operations. We also seek to develop community and security strategies that are sensitive to local concerns, creating a secure environment for both our operations and for local communities.

We are a signatory to the Voluntary Principles on Security and Human Rights (“**VPSHR**”), a human rights guideline designed specifically for oil, gas and mining companies, and began formal participation in the initiative in early 2013. Established in 2000, the VPSHR, an initiative by governments, non-governmental organizations and extractive and energy companies, provides guidance on maintaining the safety and security of operations and ensuring respect for human rights and fundamental freedoms.

In Ghana, for example, we contracted the Ghanaian navy to maintain the security of the Jubilee field and to safeguard seafaring vessels by enforcing several “no go” zones around the offshore rigs. We have provided a “train the trainer” program to Ghanaian navy representatives, which adhere to the guidelines of the VPSHR, and provide an introduction to offshore oil and gas operations.

Insurance

Our insurance coverage forms a part of our risk mitigation strategy for our operations. We believe that the extent of our insurance cover is appropriate based on the risks and exposures associated with our business, availability of insurance, cost of cover and oil and gas industry practice. We insure our oil and gas assets and liabilities either within an operational energy insurance package or specific asset policies. Coverage under the terms of these insurances includes physical damage, operators extra expense (well control, seepage, pollution clean-up and re-drill) and third-party liabilities. We place coverage in respect of worldwide oil and gas exploration and production activities. Limits and deductibles in force are in line with international oil industry insurance standards. Where necessary and in accordance with local legislation, we place our insurance policies with resident insurance companies for each relevant venture and reinsure into international insurance markets with lead reinsurers that have a minimum A- or equivalent S&P rating. We believe we have adequately provisioned for, or otherwise protected our operations against business interruption risks consistent with customary industry practices and in line with our internal risk management strategy. We procure hull and machinery insurance for the FPSOs and business interruption insurance to protect against loss of production from our material assets. Where applicable, we procure construction all risks insurance coverage in respect of development projects. Such coverage is generally for works executed anywhere in the world in performance of contracts wherein we are at risk including loss of, or damage to the construction work and the liabilities to third-parties arising therefrom.

Our philosophy is to arrange such other insurance from time to time in respect of our other operations as required and in accordance with industry practice and at levels which we feel adequately provide for our needs and the risks that we face.

We manage all our insurance claims internally, in conjunction with insurance brokers, insurers and external consultants (if appointed), to ensure that we manage the process effectively and in a timely manner.

Employees

As of December 31, 2018, 2019 and 2020, we had a workforce (comprising employees and contractors) of 990, 951 and 473 individuals, respectively. As of December 31, 2020, 33% of our board of directors was female.

The following table sets forth details about our workforce as of December 31, 2018, 2019 and 2020.

	As of December 31,		
	2018	**2019**	**2020**
Executive Directors	3	1	2
Administrative	444	446	204
Technical	446	432	204
Contractor	97	72	63
Total	**990**	**951**	**473**

We believe that we have satisfactory working relationships with our employees and have not experienced any significant labor disputes or work stoppages and our Workforce Advisory Panel regularly meets with our board of directors. The vast majority of our employees are not covered by collective bargaining agreements or members of labor unions.

Anti-corruption laws

We are committed to conducting our business ethically and legally, in compliance with anti-corruption laws. We are subject to the United Kingdom Bribery Act (2010) and we have implemented an anti-bribery and corruption program which is built on the six principles of the United Kingdom Ministry of Justice's Adequate Procedures Guidance, covering anti-corruption policy and procedures, commitment from top level management, risk assessment, communication and training, due diligence, and monitoring and review. Our Code of Ethical Conduct outlines our anti-bribery and corruption policy and controls and sets out compliance standards, procedures and guidelines commensurate with our risk exposure. We operate a "speaking up" process for reporting bribery and corruption issues, including via a confidential mechanism.

Our Ethics & Compliance Manager executes anti-corruption work in close collaboration with our Legal team. Our Ethics & Compliance Manager reports to our General Counsel, who is invited to report to the Audit Committee at least annually.

Legal and arbitration proceedings

We become involved from time to time in various claims and lawsuits arising in the ordinary course of our business. In addition, we may be affected by the various claims and lawsuits of other parties. Other than as discussed below, we are not, nor have we been during the past twelve months, involved in any governmental, legal or arbitration proceedings which, either individually or in the aggregate, have had, or are expected to have, a material adverse effect on our financial position or profitability, nor, so far as we are aware, are any such proceedings pending or threatened.

Potential High Court dispute and ICC arbitration with Vallourec

On behalf of the Group and our Jubilee field joint venture partners, TGL is claiming from the Vallourec Oil and Gas France ("**Vallourec**") losses of approximately $299.0 million, arising from the supply by Vallourec of damaged oil country tubular goods in 2009, together with an indemnity in relation to future remedial costs. The contacts under which the tubular goods were supplied were governed by English and French law. TGL issued a pre-action protocol letter in respect of each contract. In October 2015, TGL and Vallourec entered into standstill agreements which provide that neither party will proceed with a claim unless a party gives the other 28 days' notice to terminate the applicable standstill agreement. As of the date of this Offering Memorandum, the standstill agreements remain in place.

Ghana Revenue Authority tax assessments

In February 2018, TGL received an assessment from the GRA for additional oil entitlement ("**AOE**") totaling $64.0 million plus penalties, which the GRA originally withdrew and later re-submitted in June 2018. TGL considers that the assessment represents a misapplication of the net cash flow formula in the petroleum agreements, and that on a proper application of the formula it should not be subject to any assessment for AOE. TGL issued an objection notice to the GRA in August 2018. In November 2018, the GRA wrote to TGL maintaining the assessment for $64.0 million but without reference to the penalties. In November 2018, the Ministry of Finance of Ghana requested all parties to suspend all actions to enforce the AOE assessment until they determined the Government's position, which is still awaited.

In December 2019, TGL received final assessment (which are separate and distinct from the AOE assessments discussed above) from the GRA arising from its audit for the financial years from 2014 to 2016. Under the final assessments, the GRA sought an amount calculated by us as $406.0 million and required $398.0 million to be paid by January 13, 2020 (the "**GRA Assessments**").

The GRA originally issued assessments in August 2018. TGL issued its objection to the original assessments on December 21, 2018, on the basis that they breach it's rights under its petroleum agreements, applicable Ghanaian laws and double taxation treaties. The GRA considered the objection and ultimately issued the GRA Assessments. The GRA is seeking to apply branch profits remittance tax from a law which TGL considers is not applicable to it, since it falls outside the tax regime set out in its petroleum agreements and double taxation treaties. In addition, under the GRA Assessments, the GRA has also assessed TGL for: (i) unpaid withholding tax liabilities; and (ii) corporate income tax, the majority of which relates to interest expense disallowances. TGL considers that these assessments by the GRA also breach it's rights under its petroleum agreements, applicable Ghanaian law and double taxation treaties and, in some cases, have arisen as the result of certain miscalculations by the GRA.

On January 10, 2020, TGL issued a notice of dispute under the petroleum agreements which it considers suspended TGL's obligation to pay any tax under the GRA Assessments until the issues are resolved (amicably or by arbitration) (the "**Notice of Dispute**"). The Notice of Dispute triggers a minimum 30-day period of discussions, after either party has a right but not an obligation to commence arbitration. On January 30, 2020, the GRA and TGL agreed to extend this period by a further 30 days,

Following discussions throughout February 2020, on March 10, 2020, TGL attended a meeting with the GRA and the MoE at which a further 30-day negotiation period was recommended by mutual consent.

On April 22 and 23, 2020, the GRA issued two further letters stating the amounts claimed and asserting that interest is accruing on such amounts:

(a) $27,383,256.04 corporate income tax for the Deepwater Tano contract area for the 2014 to 2016 years of assessment (reduced from $60,069,618.27, which the GRA had demanded in previous correspondence); and

(b) $337,608,453.28 withholding tax and branch profits remittance tax liability.

TGL issued a letter on May 12, 2020 in response to the GRA disputing the amounts above and stating that any obligation to pay tax demanded by the GRA is suspended following the Notice of Dispute. The MoE has, in a letter of May 2020, indicated to the GRA a wish to settle these matters in dispute amicably and to see if arbitral proceedings brought against the State can be avoided. On June 15, 2020, TGL issued a further letter to the GRA, particularizing its case as to why the disputed amounts are not payable. On February 6, 2021 TGL received an invitation from the GRA to attend meetings to resolve these positions. Meetings between the MoE, the GRA and TGL took place during the week commencing March 15, 2021. Further discussions are expected following the review of the further information we provided to the MoE on March 30, 2021.

Arbitral proceedings in relation to the Wisting license

In January 2013, Tullow Overseas Holdings B.V. ("**TOH**") 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 "**Spring SPA**"), TOH undertook to make contingent bonus payments to Hitec and the Spring employee minority shareholders in the event of the discovery on or before December 31, 2016 of commercially viable reserves from four identified drilling prospects (including the Wisting prospect in license PL537 ("**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 December 31, 2016. Tullow disputes this position. An arbitration was commenced in Norway to determine if a bonus payment is payable in respect of the Wisting discovery. Given COVID-19 travel restrictions, the arbitration hearing, originally set for November 2020 has been deferred to later in 2021 and a decision is expected in early 2022. Hitec has claimed $95.0 million, which includes interest that is estimated to accrue until the end of the 2020 financial year (which TOH has disputed). This claim amount is based on a preliminary calculation that is subject to update.

In 2016, TOH sold its interest in PL537 to Equinor but TOH remains responsible for this dispute.

Bangladesh Tax Dispute

Tullow Oil International Limited ("**TOIL**") has conduct of a dispute between Tullow Bangladesh Limited ("**TBL**") and the National Board of Revenue ("**NBR**") of Bangladesh relating to certain taxes payable in Bangladesh relating to the assets of TBL in Block 9, Bangladesh. The dispute arose in respect of the disallowance of tax relief for $118.0 million of development costs. TBL was successful at the High Court of Bangladesh in 2013. The NBR then appealed to the Supreme Court of Bangladesh and in March 2017 the Supreme Court handed down its decision granting NBR's appeal and subsequently provided its written judgement in March 2018. The judgement found in favor of the NBR but was not conclusive as to the position or liability of TBL. In April 2018 TBL filed a civil review petition seeking a review of the Supreme Court's decision. In November 2019 the civil review hearing was held by the Supreme Court and TBL was unsuccessful. The NBR subsequently issued a payment demand to TBL in February 2020 for Taka 309,43,01,555.0 ($36,858,863.0) requesting payment by March 15, 2020 (the "**Payment Demand**").

Under the Production Sharing Contract for Block 9 the Government of the People's Republic of Bangladesh (the "**Bangladesh Government**") has given an indemnity to TBL for all taxes levied by any public authority, and the share of production paid to Petrobangla, Bangladesh's national oil company ("**PB**"), is deemed to include all taxes due which PB is then to pay to the NBR. TBL sent the Payment Demand to PB and Bangladesh Government requesting the payment or discharge of the Payment Demand under their respective PSC indemnities. TBL has secured several extensions from the NBR of the deadline to meet the Payment Demand to allow discussions with PB and the Bangladesh Government to take place. Such discussions have been delayed several times due to the COVID pandemic. The deadline for payment was extended most recently to April 15, 2021 and a further extension has been requested. TBL continues to engage with PB and the Bangladesh Government and is awaiting a response from the NBR to this extension request. If the Bangladesh Government or PB do not pay or discharge the Payment Demand, TBL has the option under the PSC to bring an arbitration to enforce the indemnities given by the Bangladesh Government and/or PB.

TBL was sold to Kris Energy Holdings B.V. ("**KrisEnergy**") in 2013. TOIL retains conduct of the case through TBL (now a wholly owned subsidiary of KrisEnergy) and as part of the sale Tullow agreed in a Tax Deed to indemnify Kris in relation to any Tax paid by TBL in respect of the dispute.

Material agreements relating to our assets

In this section, where a defined term is used in reference to various contracts, it has the meaning for the relevant sub-section in which it is defined. See "*Risk Factors—Risks relating to the countries in which we do business*" and "*—We are exposed to the risk of adverse sovereign action by governments in the countries in which we do business*" for risks associated with our material agreements in the jurisdictions in which we operate.

Ghana

In Ghana we have interests in two petroleum agreements, the West Cape Three Points petroleum agreement and the Deepwater Tano petroleum agreement. Since 2009, part of the area covered by each of the two agreements has been unitized. See "*Certain regulatory regimes—Ghana.*"

*West Cape Three Points ("***WCTP***")*

Petroleum agreement

The West Cape Three Points Petroleum Agreement ("**WCTP PA**") was entered into on July 22, 2004 between the Republic of Ghana, GNPC, Kosmos Energy Ghana HC ("**Kosmos**") and the EO Group ("**EO**" and together with Kosmos and their respective assignees, the "**Contractor**"). The WCTP PA has been amended from time to time to reflect various changes in parties and interests under the WCTP PA.

The term is 30 years commencing from the date of ratification by the Parliament of Ghana at the end of which the parties may negotiate a further agreement. The WCTP PA calls for the establishment of a joint management committee comprised of four members of whom two are required to be representatives of the GNPC with the other two being representatives of the Contractor. The chairperson is designated by GNPC from its members of the joint management committee. Decisions of the joint management committee require unanimity except that approvals in relation to work programs, budgets and day-to-day operational matters associated with appraisal, development or production operations which the Contractor is required to make payments on a 100% basis shall only require the approval of the Contractor.

The Ghanaian Government's royalty rate for crude oil is 7.5% of gross production delivered in kind, unless the Ghanaian Government elects to receive the cash equivalent. If any part of the crude oil accumulation is located at water depths of 200 meters or greater or if the API gravity of the crude oil is less than 20, then the royalty rate is 5%. The royalty rate for natural gas is 5%. The WCTP PA also calls for additional taxes, including income tax at a rate of 35%, payments for rental of government property or public lands, certain amounts for surface rentals and other minor taxes, duties, fees and imposts. The parties are required to supply crude oil to meet domestic supply requirements provided that crude oil available to the Ghanaian Government from its respective entitlements under petroleum agreements is insufficient to meet domestic demand. Such domestic supply obligation is capped at 25% of an individual party's total entitlement after deduction of royalties.

The Ghanaian Government is entitled to additional oil entitlements from the Contractor's share of crude oil on the basis of the after royalty, after tax, inflation adjusted rate of return achieved by the Contractor from a development and production area. The rate of return is calculated based on an agreed formula in the WCTP PA. The calculation of the value of crude oil is determined based on a variety of factors, including whether the crude oil was sold in an arm's length transaction, market prices and the quality of the crude oil sold.

GNPC holds a 10% participating interest in the WCTP PA (which is carried throughout the exploration and development phases and only becomes a paying interest during the production phase). GNPC also has the option to acquire an additional paying interest of 2.5% in a commercial discovery by paying its proportionate share of all future petroleum costs and is the sole and unconditional owner of all equipment and other assets used during petroleum operations for which the full cost has been recovered.

Joint operating agreement

The West Cape Three Points Joint Operating Agreement ("**WCTP JOA**") was entered into on July 22, 2004 between Kosmos and EO. The WCTP JOA has been amended from time to time to reflect the changes of parties and their interests under the WCTP PA. We are designated as operator.

The WCTP JOA establishes an operating committee comprised of one representative appointed by each party holding a participating interest. Decisions require an affirmative vote of at least two parties (with affiliates counted as one party) collectively holding at least 70% of the participating interests.

The WCTP JOA provides for non-consent rights where proposed operations do not relate to minimum work obligations so that if a party voted against a proposal approved by the operating committee it is entitled not to participate in the operation.

Any transfer of rights under the WCTP JOA (other than transfers between affiliates) is subject to the prior written consent of each party. Any transfer of the WCTP JOA interest is subject to the assignee obtaining necessary government approval.

The following table sets forth the current parties together with participating interests ("**PI**") and relevant carry obligations. The GNPC is not a party to the WCTP JOA.

Party	PI (Development Interest)	PI (Development Interest with GNPC carry)	PI (Production Interest with GNPC carry plus additional interest)
Tullow Ghana	28.5957%	29.3289%	25.6628%
Kosmos	33.4479%	34.3056%	30.0174%
Anadarko	33.4479%	34.3056%	30.0174%
Petro SA Ghana	2.0085%	2.0600%	1.80250%
GNPC	2.5000%	0.0000%	12.5000%
Total	**100.0000%**	**100.0000%**	**100.0000%**

*Deepwater Tano ("**DWT**")*

Petroleum agreement

We entered into the Deepwater Tano Petroleum Agreement ("**DWT PA**") on March 10, 2006 between the Republic of Ghana and GNPC, as well as Kosmos and Sabre (Kosmos and Sabre together with their assignees, the "**Contractor**"). The DWT PA has been amended from time to time to reflect various changes in parties and interests.

The term is 30 years commencing from the date of ratification by the Parliament of Ghana, at the end of which the parties may negotiate a further agreement. The DWT PA calls for the establishment of a joint management committee comprised of eight members of whom four are required to be representatives of the GNPC with the other four being representatives of the Contractor. The chairperson is designated by GNPC from its members of the joint management committee. Decisions of the joint management committee require unanimity, except that approvals in relation to budget and day-to-day operational matters associated with appraisal, development or production operations that the Contractor is required to fund in full shall only require the approval of the Contractor.

The Ghanaian Government's royalty rate for crude oil is 5% of gross production delivered in kind, unless the Ghanaian Government elects to receive the cash equivalent. If crude oil has an API gravity of less than 18 degrees, then the royalty rate is 4% of gross production. The royalty rate for natural gas is 3% of gross production, or the cash equivalent. The DWT PA also calls for an income tax rate of 35%, payments for rental of government property or public lands, certain amounts for surface rentals and other minor taxes, duties, fees and imposts. The parties are required to supply crude oil to meet domestic supply requirements provided that crude oil available to the Ghanaian Government from its respective entitlements under the petroleum agreements is insufficient to meet domestic demand. Such domestic supply obligation will not exceed an individual party's total entitlement of the gross production of crude oil after deduction of royalties.

The Ghanaian Government is entitled to additional oil entitlements from the Contractor on the basis of the after royalty, after tax, inflation adjusted rate of return achieved by the Contractor from a development and production area.

The rate of return is calculated based on a formula agreed in the DWT PA. The calculation of the value of crude oil is determined based on a variety of factors, including whether the crude oil was sold in an arm's length transaction, market prices and the quality of the crude oil sold.

GNPC holds a 10% participating interest (which is carried throughout the exploration and development phases and only becomes a paying interest during the production phase). GNPC also has the option to acquire an additional paying interest of 5% in a commercial discovery by paying its proportionate share of all future petroleum costs.

Joint operating agreement

We entered into the Deepwater Tano Joint Operating Agreement ("**DWT JOA**") on August 15, 2006 with Sabre and Kosmos. The DWT JOA has been amended from time to time to reflect the changes of parties and their interests under the DWT PA. We are designated as operator.

The DWT JOA establishes an operating committee comprised of one representative appointed by each party holding a participating interest. Decisions require an affirmative vote of two or more parties (with affiliates counted as one party) collectively holding more than 66% of the participating interest (apart from decisions which do not involve all parties or proposals to amend or terminate the DWT PA, which require a unanimous vote).

The DWT JOA provides for non-consent rights where proposed operations do not relate to minimum work obligations, so that if a party voted against a proposal approved by the operating committee it is entitled not to participate in the operation. The operator must notify the other parties with respect to any commitment or expenditure for the joint account in excess of $100,000 which applies to an exploration, appraisal, development or production work program and budget (but not including minimum work obligations, workovers of wells and general administrative costs which are listed separately in an approved work program and budget).

Transfers of all or part of a party's participating interest under the DWT JOA (including by way of indirect transfer) are subject to the rights of first refusal of the remaining parties, with the exception of transfers to affiliates.

The following table sets forth the current parties together with participating interests and relevant carry obligations. The GNPC is not a party to the DWT JOA:

Party	PI (Development Interest)	PI (Development Interest with GNPC carry)	PI (Production Interest with GNPC carry plus additional interest)
Tullow Ghana	52.7250%	55.5000%	47.1750%
Kosmos	19.0000%	20.0000%	17.000%
Anadarko	19.0000%	20.0000%	17.000%
Petro SA Ghana	4.2750%	4.5000%	3.8250%
GNPC	5.0000%	0.0000%	15.0000%
Total	**100.0000%**	**100.0000%**	**100.0000%**

Unitization and unit operating agreement

On July 13, 2009, the GNPC entered into a Unitization and Unit Operating Agreement, as amended from time to time, (the "**2009 Jubilee Agreement**") with Tullow Ghana Limited ("**TGL**"), Kosmos, Anadarko, Sabre and EO to develop, operate and exploit, as a single unit, the Jubilee Field which crosses the boundary between the WCTP and DWT contract areas. The 2009 Jubilee Agreement covers the Jubilee Field unit area, which, in 2017, was expanded to include the Mahogany and Teak development and production areas. Each party's interest in such unit area is based on its participating interest in the WCTP contract area, its participating interest in the DWT contract area and the portion of each of these contract areas that falls within the unit area, as may be re-determined from time to time.

Under this agreement, we are designated as unit operator but each party is responsible for all fees, taxes and other payments due to the Government of Ghana under the WCTP PA and DWT PA (as discussed above).

The 2009 Jubilee Agreement provides for the establishment of a unit operating committee which oversees unit operations and is comprised of one representative from each party. Decisions of the unit operating committee require the affirmative vote of two or more parties (who are not affiliates) holding collectively at least 80% of the unit interests. Certain key matters require the unanimous approval of the parties, including any decision to expand the unit area and voluntary termination of unit operations.

If a party transfers an interest in either of the WCTP PA or DWT PA and corresponding joint operating agreements, it must also transfer a corresponding interest in the 2009 Jubilee Agreement. Any transfer is subject to each party consenting in writing to the transfer.

The unit interest of the parties in the Jubilee Field may change following a redetermination. The 2009 Jubilee Agreement provides for periodic windows in which partners may call for redetermination, or allows parties holding at least a 10% unit interest to request a redetermination in certain circumstances. Following a redetermination, the participations of the WCTP contract area and the DWT contract area in the Jubilee Field may be adjusted to reflect additional or better data, which will lead to a corresponding change in the unit interests of the parties and correction to their shares of costs incurred and entitlement. On October 18, 2011, each party's interest in the Jubilee field was re-determined (the "**Jubilee Re-determination**"). The following table sets out the allocation of both entitlement to production and percentage share of unit costs for each party with respect to the portion of each of the WCTP and DWT contract areas that fall within the unit area and their aggregate unit interest in the Jubilee field as a result of the Jubilee Redetermination. The Jubilee interests are based on the current tract split between the WCTP and DWT contract areas of 54.3666% (WCTP) and 45.6334% (DWT). The next window in which partners may call for redetermination is in 2021-22. The last such window was in December 2017 and no redetermination was called. Since the redetermination in 2011, participants have elected to not trigger redetermination.

Party	DWT PI	WCTP PI	Unit PI in Jubilee
Tullow Ghana	47.1750%	25.66278%	35.47952%
Kosmos	17.0000%	30.01736%	24.07710%
Anadarko	17.0000%	30.01736%	24.07710%
Petro SA Ghana	3.8250%	1.80250%	2.72544%
GNPC	15.0000%	12.5000%	13.64084%
Total	**100.0000%**	**100.0000%**	**100.0000%**

The following table sets forth each party's responsibility with respect to development expenses under the Jubilee Redetermination:

Party	DWT Development Expenses Responsibility	WCTP Development Expenses Responsibility	Aggregate Development Expenses Responsibility
Tullow Ghana	52.7250%	28.59566%	39.60670%
Kosmos	19.0000%	33.44792%	26.85484%
Anadarko	19.0000%	33.44792%	26.85484%
Petro SA Ghana	4.2750%	2.00850%	3.04278%
GNPC	5.0000%	2.50000%	3.64084%
Total	**100.0000%**	**100.0000%**	**100.0000%**

Capital lease agreement—floating production storage and offloading unit

On August 14, 2013, Tullow Ghana Limited ("**TGL**") entered into an engineering, procurement, installation, commissioning and bareboat charter agreement (the "**TEN FPSO Contract**") with T.E.N. Ghana MV25 B.V. (the "**TEN FPSO Contractor**"), a subsidiary of MODEC Inc., in respect of an FPSO for use at the TEN fields (the "**TEN FPSO**"). TGL, as operator of the TEN fields, entered into the agreement on behalf of itself and its joint venture partners.

The TEN FPSO Contractor agreed to design, procure, construct, install and commission the TEN FPSO. TGL will charter and lease the TEN FPSO from the TEN FPSO Contractor for an initial term of ten years commencing on the date on which the TEN FPSO's offshore completion certificate is issued. Upon the expiration of the initial term, TGL has the option to extend the charter period for ten additional and consecutive one year extension periods, provided it gives six months' written notice to the TEN FPSO Contractor prior to the expiration of the initial term or any extension thereto (as the case may be). TGL is responsible for paying the hire cost during the charter period (which costs include a mobilization fee, compensation for demobilization and a specified daily rate).

TGL may terminate the TEN FPSO Contract on not less than 30 days' written notice to the Contractor, provided TGL pays the Contractor hire costs up to the date of termination and, if applicable, interest rate hedging unwinding costs. If the termination occurs during the initial ten year charter period, TGL will also be required to pay demobilization costs and an early termination fee which will be equal to the value of the remaining initial hire period (less 5% Ghanaian withholding tax) discounted using a discount rate of 6.5% per annum on a 360 days per year basis grossed up by 25% in relation to Ghanaian corporate income tax. An early termination payment is also due by TGL in the event that there is an unauthorized requisitioning or taking of the TEN FPSO or TGL terminates the agreement for continuing force majeure. No early termination fee is incurred in the event that termination occurs as a result of other conditions, including the actual or constructive total loss of the TEN FPSO or breach of the Contractor's material obligations under the TEN FPSO Contract. The Contractor is also entitled to terminate the contract during the charter period under certain circumstances, including a breach of TGL's obligations to pay undisputed amounts under the TEN FPSO Contract when they fall due.

TGL has the option to purchase the TEN FPSO at any time during the charter period, provided that 180 days' written notice is given to the TEN FPSO Contractor. In addition, if the TEN FPSO Contractor wishes to sell the TEN FPSO to a non-affiliated third party during the charter period, TGL has a right of first refusal to purchase the TEN FPSO at the same price and on substantially the same terms as those offered by such third party, and has 60 days within which to exercise such right. Upon any purchase of the TEN FPSO, the TEN FPSO Contract will terminate automatically. The TEN FPSO Contractor may grant a mortgage over the TEN FPSO.

The present value of the future minimum lease payments payable under the TEN FPSO Contract total, in aggregate, $1.1 billion calculated on a gross basis (as TGL has contracted on behalf of its joint venture partners). The payments due under the TEN FPSO Contract include a mobilization fee, compensation for demobilization and a specified daily rate.

In addition, on August 14, 2013, TGL entered into an operation and maintenance services contract (the "**TEN O&M Contract**") with the TEN FPSO Contractor pursuant to which the TEN FPSO Contractor will provide certain operation and maintenance services in connection with the TEN FPSO during the initial ten year charter period (the "**O&M Period**"). Upon the expiration of the O&M Period, TGL has the option to extend the TEN O&M Contract for ten additional and consecutive one year extension periods. Provided that TGL has terminated the charter of the TEN FPSO, TGL may terminate the TEN O&M Contract for convenience on giving at least 30 days' notice. In such event, TGL must pay the TEN FPSO Contractor for the services provided to the date of termination and any other amounts owing under the TEN O&M Contract, together with any other cancellation costs incurred by the TEN FPSO Contractor as a result of such termination (including in relation to the demobilization of personnel and equipment). In addition, the parties to the TEN O&M Contract have termination rights typical for a contract of this nature, including as a result of the occurrence of insolvency events or a material breach by the other party of the terms of the TEN O&M Contract. If the TEN FPSO Contract is terminated, the TEN O&M Contract terminates automatically.

Côte d'Ivoire

Espoir

Production sharing contract

On December 20, 1995, the Government of Côte d'Ivoire entered into a production sharing contract with respect to offshore Block CI-26 with Addax Petroleum Côte d'Ivoire Limited ("**Addax**") and Société Nationale d'Opérations Pétrolières de la Côte d'Ivoire ("**Petroci**") as the contractor (the "**Espoir PSC**"). The Espoir PSC has been amended from time to time to revise certain provisions and also reflect various changes in parties and interests within the contractor group which is now comprised of three entities (Petroci, CNR and Tullow Côte d'Ivoire Limited). CNR is the operator. In the event of a commercial discovery, the contractor is entitled to an exclusive exploitation permit, such permit will have a 25 year term, which shall be extended by ten years at the request of the contractor depending on production levels and may be extended by ten years further thereafter depending on the prevailing production levels.

The contract area is divided into Special Zone "E" and the area Outside of Special Zone "E." Special Zone "E" was designated as such because it contains the Espoir Field.

Petroci has a 20% participating interest under the Espoir PSC in Special Zone "E" and pays no petroleum costs with respect to half of such interest. Under the Espoir PSC, the contractor is entitled to recover annually costs incurred in petroleum operations (which includes exploration, appraisal, development and exploitation costs) as follows: (i) in Special Zone "E," it can use up to 80% of crude oil production in a year from a field to cover petroleum costs and (ii) in the area outside of Special Zone "E," it can use between 60% and 80% of crude oil production in a year to cover petroleum costs, subject to the water depths from which the crude oil is obtained. If the field operating costs recovery cap is reached in a year, additional costs can be rolled over for recovery in subsequent years. After the deduction of petroleum costs, the remaining crude oil is profit oil and is distributed between the Government of Côte d'Ivoire and the contractor. The Government of Côte d'Ivoire receives a minimum of 50% of such profit oil and can receive a higher percentage as production volumes increase, up to a maximum of 75% (subject to the water depths from which production is obtained).

The same percentages apply for the sharing of gas production, using a conversion rate of one-barrel to either 5,000 cubic feet or 7,500 cubic feet, depending on the water depths from which the gas is obtained. The contractor's percentage share of the profit oil reduces as production increases and it is proportionately higher in greater water depths.

The government's share of petroleum includes an amount required to cover the contractor's tax obligation in Côte d'Ivoire. The value of the amount of the government's share of petroleum needed to cover such tax is determined using the market value of the petroleum.

The contractor (excluding Petroci) must pay the government bonus amounts when cumulative production in an exploitation area reaches certain levels. Bonus amounts, which range from $2 million to $3 million, are not cost recoverable.

Each year the contractor is required to sell to the Government of Côte d'Ivoire up to 10% of its crude oil and natural gas production to meet domestic supply requirements. The sale price is determined to be equal to 75% of the market value of such production (with the 25% differential being cost recoverable).

Joint operating agreement

The Espoir Joint Operating Agreement ("**Espoir JOA**") was entered into on October 24, 1997 between Petroci, Ranger Oil Côte D'Ivoire S.A.R.L. (now CNR International Côte d'Ivoire S.A.R.L.), Addax Petroleum Côte D'Ivoire Limited and Tullow Côte D'Ivoire Limited. The Espoir JOA has been amended from time to time to reflect the changes of parties and their interests under the Espoir PSC and consequently the Espoir JOA and currently CNR is the operator.

The Espoir JOA establishes an operating committee comprised of one representative and one alternative representative appointed by each party holding a participating interest. Decisions require an affirmative vote of three or more parties collectively holding at least 51% of the participating interests. The surrender of all or part of an area where such surrender is not a mandatory requirement under the Espoir PSC requires the unanimous vote of the partners.

Any transfer of rights under the Espoir JOA to an entity that is neither an affiliate nor an entity that has an interest under the Petroci PSC is subject to receipt of co-venturer consent (which shall not be unreasonably withheld). Any transfer of rights under the Espoir JOA is subject to receipt of any government consents. Where the proposed assignment of an interest is to an entity which is neither an existing Espoir JOA party nor an affiliate (nor an entity to which Petroci is instructed to transfer an interest by the Government of Côte d'Ivoire), it is subject to the pre-emption rights of the other Espoir JOA parties.

The following table sets forth the current parties to the Espoir JOA together with their participating interests:

Party	PI inside Special Area "E"	PI outside Special Area "E"
Tullow Côte d'Ivoire	21.3333%	24.0000%
CNR	58.6666%	66.0000%
Petroci	20.0000%	10.0000%
Total	**100.0000%**	**100.0000%**

Kenya

Block 10BB

Production sharing contract

On October 25, 2007, the Government of Kenya and Africa Oil Turkana Limited (formerly the Turkana Drilling Consortium (Kenya) Limited) entered into a production sharing contract for Block 10BB ("**10BB PSC**").

Tullow Kenya B.V. ("**Tullow Kenya**") became a party to the 10BB PSC with an effective date of July 1, 2010 after acquiring a 50% interest in the rights and obligations of the Contractor from Africa Oil Turkana Limited pursuant to a farm-out agreement. In 2015, Total E&P International K2 Ltd (formerly Maersk Oil Exploration International K2 Limited) became a party to the 10BB PSC pursuant to a farm-out agreement with Africa Oil Turkana Limited dated November 6, 2015. Africa Oil Turkana Limited, Tullow Kenya and Total E&P International K2 Ltd together currently constitute the "**Contractor**" for the purposes of the 10BB PSC.

The 10BB PSC, effective on January 25, 2008, provided for an initial exploration period of three years, which was then extended pursuant to (i) a 12-month extension dated July 13, 2009; and (ii) a further six month extension dated November 30, 2011, until July 2012. The 10BB PSC provides for a first additional exploration period of two years, which the Contractor entered into upon expiry of the extension of the initial exploration period. The first additional exploration period was extended for one year pursuant to an extension dated July 11, 2014, until July 25, 2015. The 10BB PSC also provides for a second additional period of two years, which the Contractor entered into in July 2015 upon expiry of the extension of the first additional extension period. The second additional exploration period was further extended to December 31, 2021, when we are required to submit a technically and commercially compliant field development plan.

Once a commercial discovery is made, the 10BB PSC will, with respect to a development area, continue for a 25-year term from the date a development plan has been adopted by the Government of Kenya.

The 10BB PSC requires the Contractor to comply with all income tax laws in Kenya, although the Government of Kenya agrees to pay and discharge such taxes on behalf of the Contractor. The Contractor is also obliged to pay annual surface fees ranging from $5 per square kilometers to $30 per square kilometers depending on the phase of exploration and/or development and production, with the highest fee being charged during the development and production period in relation to the development and production area specified.

The Contractor surrendered 30% of the original contract area at the end of the initial exploration period, as required under the 10BB PSC, and surrendered a further 30% of the remaining contract area at the end of the first additional exploration period.

During the exploration periods, the Contractor is obliged to furnish the Government of Kenya with a 15% bank guarantee and 85% parent company guarantee in respect of the minimum exploration and work obligations. The minimum work program for the second additional exploration period is $25,000,000. The Contractor has fulfilled the minimum work obligation and is now required to submit a technically and commercially compliant field development plan by December 31, 2021.

Domestic supply obligations apply in respect of the Contractor's share of crude oil. The quantity of crude oil which the Contractor is obliged to supply to the domestic market in Kenya is determined quarterly by reference to the portion that the Contractor's production bears to overall crude oil production in Kenya.

The Government of Kenya is required to pay the Contractor the average for arm's length sales of crude oil produce for the same area during that time or if no sales at that time fair market price for crude oil purchased for domestic consumption.

The Government of Kenya has a participation/back-in right of up to a 20% participating interest during exploration (where such interest is carried by the Contractor) and development (where costs applicable to such interest will be funded by the Government of Kenya).

The Contractor is obliged, where possible, to employ Kenyan citizens, and give preference to Kenyan goods and services, in the context of its petroleum operations subject to the local content being comparable with non-Kenyan materials and services in terms of price and quality. The Contractor is further obliged to contribute specified amounts of between $100,000 and $1,000,000 per year depending on the phase of exploration and/or development and production, with the highest fee being charged during the development and production period to a Government of Kenya-established industry training fund.

The Contractor is entitled to recover its petroleum costs (i.e., costs and expenditures incurred by the Contractor in exploration, development and production) up to an annual cap of 55% of all crude oil produced and saved from the development area(s) in the applicable fiscal year. Capital expenditure incurred in a development area is recoverable at a rate of 20% per annum. Following cost recovery, the remainder of production is then shared between the Government of Kenya and the Contractor based on percentage splits determined by reference to the average daily production (with the Government of Kenya percentage share increasing at higher production rates and the Contractor receiving between 45% and 22% of total production). Where the value of crude oil exceeds $50/bbl (calculated on certain FOB delivery terms), the Contractor is required to pay the Government of Kenya a "**Second Tier Amount**." Such amount is calculated in accordance with a formula based on the value of the crude oil and the Contractor's share of profit oil.

The Contractor is required to submit a decommissioning plan as part of their submission of a development plan and to book sufficient accruals for future abandonment and decommissioning operations to cover the expenses which are expected to be incurred under the decommissioning plan. The estimated costs of abandonment and decommissioning operations shall be reviewed on an annual basis and revised, if appropriate.

The 10BB PSC provides that in the event there is a change in law which substantially affects the economic benefits of the parties under the contract, the parties are required to make necessary adjustments to the relevant contractual provisions.

Joint operating agreement

Effective July 1, 2010, Africa Oil Turkana Limited assigned a 50% participating interest in Block 10BB to Tullow Kenya and Tullow Kenya became a party to the Joint Operating Agreement for Block 10BB, such agreement being effective as of December 9, 2009 (the "**10BB JOA**") alongside Africa Oil Turkana Limited (30%) and Lion Energy Kenya (10BB) N.V. (20%). On July 29, 2010, Lion Energy Kenya (10BB) N.V. and Africa Oil Turkana Limited entered into an amending agreement in respect of an existing farm out agreement in order to have the effect of reducing Lion Energy Kenya (10BB) N.V.'s interest in Block 10BB from 20% to 10%. On June 24, 2011, Africa Oil Corp acquired Lion Energy Ltd and Lion Energy Kenya (10BB) N.V. assigned its 10% participating interest in Block 10BB to Africa Oil Turkana Limited. In 2015, Africa Oil Turkana Limited assigned 25% of its interest to Total E&P International K2 Ltd. ("**Total K2**"), pursuant to a farm-out agreement dated November 6, 2015 and thus Maersk K2 became a party to the 10BB JOA.

The parties' current participating interests under the Block 10BB JOA effective March 31, 2015 are as follows:

Party	PI in 10BB
Tullow Kenya	50.00%
Africa Oil Turkana Limited	25.00%
Total E&P International K2 Ltd.	25.00%
Total	**100.00%**

All rights and interests, as well as obligations and liabilities, in the PSCs, as well as joint property, are owned by the parties in accordance with their participating interests.

Under the 10BB JOA, Tullow Kenya is designated as the operator.

The 10BB JOA establishes an operating committee to supervise and direct the joint operations conducted by the operator. The operating committee is comprised of one representative and one alternate representative appointed by each party holding a participating interest.

The parties indemnify the operator from all liabilities incurred by the operator in the conduct of the joint operations save for gross negligence or willful misconduct by senior supervisory personnel of the operator.

The 10BB JOA requires the operating committee to approve Authorizations for Expenditure ("**AFEs**") for line items in excess of $0.5 million (in an exploration/appraised phase) or $5.0 million (in a development and production phase). It also requires approval of contract awards to affiliates, where the contract sum exceeds $100,000,000 in any 12 month period.

Restrictions apply to transfers of participating interests (including indirect transfers such as changes in control of licensee), including the requirement to obtain any necessary approval from the Government of Kenya. A transfer resulting in a party holding less than a 10% participating interest is not permitted. Further, any proposed transfer to a third party requires the prior written consent of the non-transferring parties (such consent only to be denied on financial or technical capability grounds) and the non-transferring parties will have a right of first negotiation (both at asset level and on a change of control) in respect of such transfer.

Block 13T

Production sharing contract

On September 17, 2008, the Government of Kenya and Platform Resources Inc. ("**Platform**") entered into a production sharing contract for Block 13T ("**13T PSC**").

Tullow Kenya became a party to the 13T PSC on February 16, 2011 after acquiring a 50% interest in the rights and obligations of the Contractor from Africa Oil Kenya B.V. pursuant to a farm-out agreement. In 2015, Total E&P International K3 Ltd. (formerly Maersk Oil Exploration International K3 Limited) became a party to the 13T PSC pursuant to a farm-out agreement with Africa Oil Kenya B.V. dated November 6, 2015. Africa Oil Kenya B.V., Tullow Kenya and Total E&P International K3 Limited together currently constitute the "**Contractor**" for purposes of the 13T PSC.

The 13T PSC, effective on December 17, 2008, provided for an initial exploration period of three years, which was extended by nine months until September 17, 2012 pursuant to a letter dated July 27, 2011. The 13T PSC provides for a first additional exploration period of two years, which the Contractor entered into, upon expiry of the extension of the initial exploration period. The first additional exploration period was extended pursuant to an extension dated July 11, 2014, until September 18, 2015. The PSC also provides for a second additional exploration period of two years, which the Contractor entered into in September 2015 upon expiry of the first additional exploration period. We secured a four years and three months extension to the second additional exploration period which will expire on December 31, 2021.

The 13T PSC contemplates a 25 year development and production period once a commercial discovery is made and the Government of Kenya has adopted a development plan.

The 13T PSC requires the Contractor to comply with all income tax laws in Kenya, although the Government of Kenya agrees to pay and discharge such taxes on behalf of the Contractor. The Contractor is also obliged to pay annual surface fees ranging from $2 per square kilometers to $50 per square kilometers depending on the phase of exploration and/or development and production.

The Contractor surrendered 25% of the original contract area at the end of the initial exploration period, and is obliged to surrender a further 25% of the remaining contract area at the end of the first additional exploration period.

During the exploration periods, the Contractor is obliged to furnish the Government of Kenya with bank and parent company guarantees in respect of the minimum exploration and work obligations. The minimum work program for the second additional exploration period is $21,000,000. The Contractor has fulfilled the minimum work obligation and is now required to submit a technically and commercially sound field development plan by December 31, 2021.

Domestic supply obligations apply in respect of the Contractor's share of crude oil, with the Government of Kenya to pay the Contractor full market price for such domestic supplies. The quantity of crude oil which the Contractor is obliged to supply to the domestic market in Kenya is determined quarterly by reference to the portion that the Contractor's production bears to overall production of all contractors in Kenya.

The Government of Kenya, either itself or through a nominee (including the National Oil Company of Kenya), has a participation/back-in right of up to 22.5% during exploration (carried by the Contractor until such time as the government elects to convert its participating interest to a full working interest in accordance with the 13T PSC then the parties shall agree to make the necessary adjustments to the 13T PSC, observing the principle of the mutual economic benefits of the parties) and development (to be funded by the Government of Kenya).

The Contractor is obliged to employ Kenyan citizens, and give preference to Kenyan goods and services, in the conduct of its petroleum operations subject to the local content being comparable in terms of price and quality. The Contractor is further obliged to contribute specified amounts to a Government of Kenya-established industry training fund of between \$40,000 to \$100,000 depending on the phase of exploration and/or development and production, with the highest fee being charged during the development and production period.

The Contractor is entitled to recover its petroleum costs (i.e., costs and expenditures incurred by the Contractor in exploration, development and production) up to an annual cap of 65% of all crude oil produced and saved from the development area(s) in the applicable fiscal year. Capital expenditure incurred in a development area is recoverable at a rate of 20% per annum. Following cost recovery, the remainder of production is then shared between the Government of Kenya and the Contractor based on percentage splits determined by reference to the average daily production (with the Government of Kenya percentage share increasing at higher production rates and the Contractor recovering between 50% and 25% of total profit oil). When the value of crude oil exceeds \$50/bbl (calculated on certain FOB delivery terms), the Contractor is required to pay the Government of Kenya a "Second Tier Amount." Such amount is calculated in accordance with a formula based on the value of the crude oil and the Contractor's share of profit oil.

The Contractor is required to submit a decommissioning plan as part of their submission of a development plan and to book sufficient accruals for future abandonment and decommissioning operations to cover the expenses which are expected to be incurred under the decommissioning plan. The estimated costs of abandonment and decommissioning operations shall be reviewed on an annual basis and revised, if appropriate.

The 13T PSC provides that in the event there is a change in law which substantially affects the economic benefits of the parties under the contract, the parties are required to make necessary adjustments to the relevant contractual provisions.

Joint operating agreement

A Joint Operating Agreement for Block 13T (the "**13T JOA**") was entered into on January 26, 2011 between Africa Oil Kenya B.V. and Tullow Kenya. In 2015, Africa Oil Turkana Limited assigned 25% of its interest to Total E&P International K3 Ltd ("**Total K3**"), pursuant to a farm-out agreement dated November 6, 2015 and Maersk K3 became a party to the 13T JOA.

The parties' current participating interest in the 13T JOA are as follows:

Party	PI in 13T
Tullow Kenya	50.00%
Africa Oil Kenya B.V.	25.00%
Total E&P International K3 Ltd.	25.00%
Total	**100.00%**

All rights and interests, as well as obligations and liabilities, in the PSCs, as well as joint property, are owned by the parties in accordance with their participating interests.

Under the 13T JOA, Tullow Kenya is designated as operator.

The 13T JOA establishes an operating committee to supervise and direct the joint operations. The operating committee is comprised of one representative and one alternative representative appointed by each party holding a participating interest. Decisions, approvals and actions of the operating committee require the affirmative vote of representatives of the parties holding collectively at least 70% of the participating interests while others require unanimity.

The parties indemnify, to the extent of their participating interest, the operator from all liabilities incurred by the operator in the conduct of the joint operations save for gross negligence or willful misconduct by senior supervisory personnel of the operator.

The 13T JOA requires the operating committee to approve authorizations for expenditure for line items in excess of $0.5 million to $5.0 million depending on the particular phase of exploration, appraisal, development and production. The 13T JOA also requires approval of contract awards to affiliates, where the contract sum exceeds $500,000 in any 12 months.

Restrictions apply to transfers of participating interests (including indirect transfers such as changes in control of licensee), including the requirement to obtain any necessary approval from the Government of Kenya. A transfer resulting in a party holding less than a 10% participating interest is not permitted. Further, any proposed transfer to a third party requires the prior written consent of the non-transferring parties (such consent only to be denied on financial or technical capability grounds) and the non-transferring parties will have a right of first negotiation (both at asset level and on a change of control) in respect of such transfer.

Certain regulatory regimes

Ghana

As with most of the country's extractive industrial sectors, Ghana has numerous laws that govern the oil and gas industry, with some laws being industry specific and others being of general application which impact the industry.

Specific laws and regulations impacting the oil and gas industry

There are a variety of laws governing the oil and gas industry in Ghana. The Ghana National Petroleum Corporation Law, 1983 (PNDCL 64) gives the Ghana National Petroleum Corporation (the "**GNPC**") the right to the development of the oil sector, oil exploration and production and to do promotional work to attract foreign investors. The Petroleum (Exploration and Production) Act, 2016 (Act 919) ("**Act 919**") provides for the safe, secure, sustainable and efficient conduct of petroleum activities and places the overall authority of the hydrocarbons sector with the Ministry of Petroleum. Act 919 further provides the Minister of Petroleum with the power to grant and revoke licenses and approve operators before the execution of petroleum agreement, among other powers. The Petroleum Commission Act, 2011 (Act 821) establishes a petroleum commission (as described below) as the upstream petroleum regulatory authority in Ghana.

Additionally, the National Petroleum Authority Act, 2005 (Act 691) establishes the National Petroleum Authority to regulate, oversee and monitor activities in the downstream petroleum industry and the Energy Commission Act, 1997 (Act 541) establishes the Energy Commission. The object of the Energy Commission is to regulate and manage the energy resources in Ghana and coordinate energy policies. The Energy Commission aids in establishing, and enforcing, standards of performance for public utilities engaged in the transmission, wholesale supply, distribution and sale of electricity and natural gas, and promotes and ensures uniform rules of practice for the transmission, wholesale supply, distribution and sale of electricity and natural gas.

On November 19, 2013, the Ghanaian Parliament passed the Petroleum (Local Content and Local Participation) Regulations (L.I. 2204). The legislation was publicly reported in local media as being designed to create jobs, maintain a degree of control for Ghanaians and increase the use of local businesses, goods, services, and financing in the Ghanaian oil sector. In particular, L.I. 2204 requires a minimum 5% local equity ownership in Ghanaian petroleum agreements and licenses and a minimum 10% local equity ownership in any non—Ghanaian company providing goods and services to oil companies. In addition, it creates a minimum quota for Ghanaian participation by specifying that a percentage of managerial and technical employees must be Ghanaian and further requires Ghanaian companies to receive first consideration and preference in supplying goods and services to operators in the Ghanaian oil sector, subject to factors such as the capacity of the Ghanaian company to supply the needed good or service. Requirements under this legislation are scheduled to apply in phases. The legislation specifies percentage levels of compliance to be achieved from the effective date of the license or petroleum agreement, as well as further percentage levels of compliance to be achieved within five years and ten years from such effective date. Penalties for non-compliance include personal liability for fines and/or imprisonment. Oil companies are required to provide a local content plan and an annual performance report and submit a quarterly forecast on all sole-sourced contracts or contracts over $100,000. The Petroleum Commission may in certain instances request to review such contracts. The Petroleum Commission has also passed the Petroleum Commission (Fees and Charges) Regulation, 2015 (LI 2221) which sets out a variety of fees for undertaking specified activities in the oil and gas sector in Ghana.

Several regulations have been passed pursuant to Act 919 and include the Petroleum (Exploration and Production) (Measurement) Regulations, 2016 (LI 2246) Petroleum (Exploration and Production) (Data Management) Regulations, 2017 (LI 2257), Petroleum (Exploration and Production) (Health, Safety and Environment) Regulations, 2018 (LI 2258), the Petroleum (Exploration and Production) (General) Regulations, 2018 (LI 2359). These regulations have been passed to facilitate the effective implementation of Act 919.

Other relevant legislation includes the Ghana Investment Promotion Centre Act 2013 (Act 865) which establishes the Ghana Investment Promotion Centre ("**GIPC**") to actively encourage, promote and facilitate investments into and within Ghana. The GIPC Act affects companies engaged in the oil and gas sector, particularly oil and gas service companies. It stipulates minimum capital requirements for non-Ghanaian investors as well as a minimum equity threshold for Ghanaians of 10%. The Act also entitles companies registered with the GIPC to certain fiscal benefits, reliefs and incentives such as exemption from import duties for non-zero-rated plants and machinery.

Roles of various government agencies

The Ghanaian Ministry of Energy (the "**Ministry**") has the overall responsibility for providing policy direction for the energy sector. It is also responsible for creating and implementing general policies for the energy sector. While day to day operating, management and regulation of the petroleum sector is mainly delegated to the GNPC, Ghana National Gas Company Limited and the Petroleum Commission respectively, certain matters are reserved for the Ministry such as entry into petroleum agreements (subject to parliamentary ratification) and approval of plans of development and unitization.

The GNPC was established in 1983 as a national oil company to undertake exploration, development and production activities and to manage the upstream petroleum sector in Ghana. In recent years, the GNPC has become a commercial entity and has adopted an upstream policy and strategy of not directly engaging in exploration activities. The focus of the GNPC is to promote Ghana's exploration potential to attract foreign capital and expertise, evaluate potential investors, negotiate agreements, support direct investment from foreign investors, approve development plans and monitor activities in the industry while still retaining the right to participate as a shareholder in commercially viable fields.

The Petroleum Commission was established by the Petroleum Commission Act 2011 (Act 821) as the regulatory body for the upstream petroleum sector in Ghana in 2011 and began functioning in 2012. The Petroleum Commission took over day to day regulation of the sector from the GNPC. The Petroleum Commission regulates and monitors the management and utilization of Ghana's upstream petroleum resources on behalf of the government. Its role is to ensure optimal utilization of existing and planned petroleum infrastructure and to ensure that contractors, subcontractors and other persons involved in petroleum activities comply with the applicable laws and regulations. The Petroleum Commission also has a mandate to assess and approve appraisal programs and to advise the Ministry on matters related to petroleum activities, including plans of development, plans for the development of petroleum infrastructure and decommissioning plans for petroleum fields and petroleum infrastructure.

Ghana National Gas Company Limited is a mid-stream gas company, which is wholly owned by the Government of Ghana, and was set up to build, own and operate the infrastructure required for the gathering, processing, transporting and marketing of natural gas resources in the country. The National Petroleum Authority was established in 2005 and is responsible for the regulation of the downstream oil and gas sector in Ghana to ensure efficiency, growth and stakeholder satisfaction.

Tax regime

The Petroleum Income Tax Act, 1984 (PNDC Law 188) ("**PITA**") established the tax system for petroleum production in Ghana. PITA has been repealed by the Revenue Administration Act, 2016 (Act 915) and replaced with the Income Tax Act 2015 (Act 896) ("**ITA**"); however its provisions continue to apply to accrued rights. The ITA provides that income tax shall be assessed on gross income after deductions of certain expenses incurred in petroleum operations.

The petroleum agreements entered into by contractor entities with the Government of Ghana (based on a model petroleum agreement) provide that contractors are subject to the taxes specifically provided in the petroleum agreement and are exempt from any others except for taxes, duties, fees or other imposts of a minor nature. However, such agreements do not generally define the term "minor nature" and, in some cases, this has led to disputes regarding certain contractor's total tax liabilities.

Licensing and contractual framework

Contractors often enter into farm-out agreements to acquire an interest in another contractor's petroleum agreement mainly with the aim of diversifying risk. These transactions may have various tax implications such as VAT, corporate income tax and capital gains tax. However, each farm-out agreement needs to be analyzed against the framework of the applicable joint venture accounting standards in order to determine which (if any) specific taxes apply.

Companies in Ghana, including those in the oil and gas sector, are required by law to file their annual returns with the Companies Registry four months after their year end. The annual returns should be filed with the audited accounts of the company. Returns are required to be filed even if no activities are conducted during a year of assessment or production has not commenced. Penalties may apply for non-compliance. In addition to this, quarterly returns and annual returns on income are required by the PITA and the ITA to be filed with the Ghana Revenue Authority (GRA), respectively, within thirty days from the end of each fiscal quarter and within four months from the fiscal year-end.

Foreign exchange controls

On February 5, 2014, the Ghanaian central bank introduced a series of foreign exchange controls, including revised regulations on foreign exchange accounts, foreign currency accounts and repatriation of export proceeds. The Bank of Ghana provided for foreign exchange controls to stabilize the Ghanaian cedi and strengthen it against major foreign currencies by, among other things, prohibiting commercial banks and other financial institutions from issuing checks and check books on foreign exchange accounts ("**FEAs**") and foreign currency accounts ("**FCAs**"). The Bank of Ghana also directed that banks in the country should not grant a foreign currency denominated loan or a foreign currency linked facility to a customer who is not a foreign exchange earner.

Subsequent revisions to the rules on foreign exchange operations have been made including: (a) a limit of $1,000 on over the counter foreign exchange cash withdrawal has been removed; (b) exporters are required to continue to repatriate in full export proceeds in accordance with the terms agreed between trading parties (such proceeds to be credited to their FEAs and converted on an as needs basis); (c) FEAs and FCAs shall be operated as they were prior to February 2014; (d) except for the prohibition on transfers between FEAs and FCAs, all other transfers between accounts shall be permitted; (e) FCAs shall be fed only with unrequited transfers from abroad for investment or embassy transfers and FEAs shall be fed with foreign exchange generated from activities in Ghana such as proceeds from exports of goods and services; (f) the threshold for transfers abroad without initial documentation remains at $50,000, however, where documentation in respect of a transfer remains outstanding, any subsequent import transaction by an importer, irrespective of value, shall only be made on following provision of the documentation required for the current import transaction; (g) importers who use non-cash transfers may continue to accumulate balances of up to $50,000 to meet their legitimate needs abroad subject to the necessary documentation requirements; (h) foreign currency denominated loans may be granted by resident banks to their customers subject to their own internal procedures and processes and in compliance with the risk management guidelines of the Bank of Ghana; and (i) cheques and cheque books may be issued by banks to holders of FEAs and FCAs.

The Bank of Ghana has reiterated that the Ghanaian cedi remains the sole legal tender in Ghana and that any pricing, advertising, invoicing and receiving and making payments for goods and services should be done in Ghanaian cedi, unless otherwise authorized by the Bank of Ghana.

Environmental regime

The Environmental Protection Agency ("**EPA**") is responsible for the enforcement of the environmental laws of Ghana. In enforcing these laws, the EPA ensures that the exploration and development of oil is undertaken in an environmentally friendly manner. The primary environmental laws governing Tullow's operations in Ghana are the Environmental Protection Agency Act 1994 (Act 490) and the Environmental Assessment Regulations 1992 (L.I. 1652), as amended.

Under these laws, Tullow is required to conduct an environmental impact assessment and receive an environmental permit before commencing any activity likely to have an adverse effect on the environment. Amongst other things, the assessment takes account of technology intended to be used, land use, the concerns of the general public, the environmental, health and safety impact of the undertaking and a commitment to avoid any adverse environmental effects upon the implementation of a project. Other aspects of Tullow's operations which require compliance with environmental laws, and which are regularly monitored by the EPA, include levels of flaring, discharge of waste into the seabed and treatment of waste.

The Factories, Offices and Shops Act 1970 (Act 328) aims to protect the health of employees and to ensure safety of workplaces. Amongst other things, this Act regulates removal of dust or fumes, the level of noise and vibrations and the notification of accidents and dangerous occurrences to the appropriate authorities.

The Fisheries Act, 2002 (Act 625) prohibits the pollution of fishery waters and imposes a penalty for non-compliance.

The Oil in Navigable Waters Act, 1964 (Act 235) (the "**1964 Act**") sets out the regime for the pollution of Ghanaian waters by oil. It also codifies provisions of the International Convention for the Prevention of Pollution of the Sea by Oil of 1954 into Ghanaian law. While the 1964 Act has been repealed by the Marine Pollution Act, 2016 (Act 932) (the "**2016 Act**"), any rights accrued under the 1964 Act may remain enforceable against a defaulting party. The 2016 Act empowers the Ghana Maritime Authority to regulate marine pollution. The 2016 Act consolidates the previous legislation in this area and incorporates major international marine pollution conventions that Ghana has ratified and/or adheres to. The 2016 Act addresses regulations for the prevention of pollution by oil, noxious liquid substances in bulk, harmful substances carried by the sea, sewage, and garbage and air pollution from ships. It also includes requirements for the inspection of ships, including tankers and other supply vessels, to ensure that their operations are safe and will not pollute the marine environment.

Act 919 and the Petroleum (Exploration and Production) (Health, Safety and Environment) Regulations, 2017 (L.I. 2258) ("**HSE Regulations**") contain further provisions regulating petroleum operations.

Prior to the passing of the HSE Regulations, the EPA issued the Guidelines for the Environmental Assessment and Management in Offshore Oil and Gas Development in 2011 (the "**EPA Offshore Guidelines**"). The EPA Offshore Guidelines provided systematic environmental impact assessment procedures specific to the upstream petroleum sector as well as requirements for operators to ensure that their activities are conducted in a safe and responsible manner. Most of the requirements under the EPA Offshore Guidelines have since been incorporated into the HSE Regulations.

Back-in Rights

All petroleum agreements grant the GNPC an initial carried interest in all petroleum operations carried out under the agreement. Act 919 guarantees the GNPC a minimum 15% initial carried interest in petroleum operations. The GNPC carried interest threshold was previously subject to negotiation. This initial interest is carried for exploration and development operations, but is a paying interest for production operations. Any petroleum agreement must give the GNPC an option, within a specified number of days of a commercial discovery being declared, to acquire a further percentage interest in the discovery from the contractor. This further percentage is subject to negotiation. The GNPC is required to fund its share of costs relating to its additional interest in respect of development and production operations.

Decommissioning

Act 919 requires a contractor to, unless otherwise directed by the Minister, submit a decommissioning plan to the Minister for approval not earlier than 5 years and not later than 2 years before (i) the cessation of the use of a petroleum facility to which the decommissioning plan relates, or (ii) the expiry date of the petroleum agreement to which the decommissioning plan relates. Act 919 imposes an obligation on corporations or contractors to restore areas affected by their petroleum operations after they terminate those operations. They are expected to remove any causes of damage or danger to the environment in accordance with regulations and to carry out decommissioning in accordance with the approved development and decommissioning plan. Act 919 provides that a contractor or a licensee who is under an obligation to implement an approved decommissioning plan is subject to strict liability towards the Republic for any loss or damage caused in connection with the decommissioning of the facility or other implementation of the decommissioning plan.

Contractors are expected to establish a decommissioning fund. The fund must contain sufficient funds for decommissioning and must not be disbursed for any purpose that is not in connection with decommissioning. There is, however, no distinction between decommissioning and abandonment.

Additionally, the Petroleum (Exploration and Production) Act, 1984 (P.N.D.C.L. 84) requires that, after the termination of petroleum operations, steps are taken to restore any affected areas, remove all unnecessary equipment that could be the cause of damage or danger to the environment, plug or close off abandoned wells and conserve and protect natural resources. This law was repealed by Act 919 but its provisions continue to apply due to Tullow's accrued rights.

Kenya

The legal framework and regulation for the licensing, negotiation and conclusion of oil exploration and production in Kenya is principally set out in the Constitution of Kenya (adopted in 2010) (the "**Kenyan Constitution**") the Petroleum Act 2019 (the "**Petroleum Act**"), the Energy Act, 2019 (the "**Energy Act**"), the Natural Resources (Classes of Transactions Subject to Ratification) Act, 2016 (the " **Ratification Act**") and the Ninth Schedule to the Income Tax Act, Chapter 470, Laws of Kenya(**Income Tax Act**).

Specific laws and regulations impacting the oil and gas industry

Under the Kenyan Constitution, the Kenyan Government must ensure that there is sustainable exploitation, utilization and management of the environment and natural resources and also ensure an equitable sharing of any accruing benefits. The Kenyan Constitution also requires that all minerals and mineral oils vest in the national Government in trust for the people of Kenya. The Kenyan Government is also obliged to put the environment and any natural resources to use for the benefit of the people of Kenya.

Pursuant to Article 71 of the Kenyan Constitution, the grant of any rights or concessions by or on behalf of any person, including the Kenyan Government, to another person for the exploitation of any natural resource of Kenya is subject to ratification by Parliament. The Ratification Act was enacted to give effect to the provisions of Article 71. The Ratification Act prescribes the classes of transactions requiring parliamentary ratification as well as the process to be followed by Parliament in ratifying the prescribed transactions. The Ratification Act applies to any transaction entered into after 4 October 2016. The Ratification Act sets out the overall framework for the ratification by Parliament of the classes of transactions requiring parliamentary ratification and is supplemented by the provisions of the Petroleum Act with respect to the ratification of petroleum agreements and the corresponding field development plans.

The Petroleum Act is the primary legislation governing contracting, exploration, development and production of oil and gas in Kenya. Subsidiary legislation under the Petroleum Act includes (a) the Petroleum (Exploration and Production) Regulations 1984, and (b) Petroleum (Exploration and Production) (Training Fund) Regulations 2006. The existing contractual rights, rights and obligations in the Production Sharing Contracts ("**PSCs**") between the Government of Kenya and international oil companies entered into under the repealed Petroleum (Exploration and Production) Act, chapter 308 are preserved under the Petroleum Act pursuant to the Petroleum Act's savings and transitional provisions.

The Petroleum (Exploration and Production) Regulations, 1984 set out the process for negotiation of petroleum agreements, registration of contractors and issuance of exploration permits for carrying out geological and geophysical surveys on the declared blocks and access to land for exploration activities. The process of negotiation was however amended by the Petroleum Act to the extent that there is now a competitive bidding process and a clear process set out in the case of direct negotiation. However, the Cabinet Secretary responsible for Petroleum will make regulations on procedures to be followed during bidding rounds and the awarding of contracts.

The Petroleum (Exploration and Production) (Training Fund) Regulations 2006 provide, amongst other things, for the establishment, purposes and administration of a training fund (a **Training Fund**) comprised of monies paid by contractors as required under the Petroleum Act. The Training Fund contribution for contractor parties is usually specified in each petroleum agreement.

Under the National Energy and Petroleum Policy, 2015 (the "**Policy**"), the Government undertakes upstream petroleum operations through petroleum agreements which may include, production sharing contracts, concession agreements, and service contracts. In addition, the Policy provides that amongst other responsibilities, the Government must establish a regulatory agency for the upstream petroleum operations, develop mechanisms for the sharing of benefits between the national and county governments as well the local communities in accordance with the Kenyan Constitution, and undertake the required process in order to comply with the global standards set by the Extractive Industries Transparency Initiative. In addition, the Policy states that the Government shall restructure the national oil company to separate its midstream and downstream business from its upstream business with the aim of enhancing the capacity of the upstream business.

In March 2019 the Petroleum Act came into force in Kenya, repealing the Petroleum (Exploration and Production) Act, Chapter 308. The Petroleum Act applies to upstream, midstream and downstream petroleum operations carried out in Kenya and provides a framework for the contracting, exploration, development and production of petroleum. Other key issues addressed under the Petroleum Act include:

- the Petroleum Act appoints the Energy and Petroleum Regulatory Authority (the "**EPRA**") established under the Energy Act to regulate upstream petroleum operations in Kenya;
- the establishment of the ratification of petroleum agreements and future field development plans, revenue sharing between the government, the county government, local communities and operators;
- the Cabinet Secretary for petroleum must publish a national policy on upstream petroleum operations which should be reviewed every five years;
- companies engaging in upstream petroleum activities must obtain the permission of the Cabinet Secretary and obtain a non-exclusive exploration permit from EPRA;
- the Cabinet Secretary for Petroleum and Mining must also develop an upstream petroleum strategic plan to serve as a guide on the implementation of the national policy on petroleum;
- companies engaging in petroleum operations must also act in accordance with a petroleum agreement;
- the Cabinet Secretary will also review and approve budgets and supervise upstream operations; and
- the Petroleum Act also makes provisions for matters such as unitization and joint operating agreements that are currently only addressed under PSCs.

With respect to local content, the Petroleum Act defines local content as *"the added value brought into the Kenyan economy from petroleum related activities through systematic development of national capacity and capabilities and investment in developing and procuring locally available work force, services and supplies, for the sharing of accruing benefits."* The Petroleum Act requires a person carrying out any undertaking or works to give priority to services provided and goods manufactured in Kenya where the goods meet the specifications of the petroleum industry as prescribed by the Kenya Bureau of Standards and ensure that priority is given for the employment or engagement of qualified and skilled Kenyans at all levels of the value chain provided that the cost of local content shall be at the prevailing market rate. The mandate to oversee, coordinate and manage the development of local content under the Petroleum Act, 2019, is granted to the EPRA.

In addition to the Petroleum Act, the Energy Act consolidates laws relating to coal, geothermal energy, electrical energy and renewable energy. The Energy Act establishes the EPRA as the regulator for the upstream petroleum sector operations and makes provisions for midstream and downstream petroleum. EPRA has the power to issue, renew, modify, suspend and revoke licenses and permits for all activities in the energy section, including the petroleum sector.

The Energy Act also establishes the Energy and Petroleum Tribunal with original civil jurisdiction on any dispute arising out of the bidding rounds carried out for purposes of awarding a contractor and appellate jurisdiction over any decisions of EPRA in undertaking its mandate.

Fiscal regime

The Kenya Revenue Authority is responsible for administering taxes in Kenya.

The ninth schedule of the Income Tax Act (Chapter 470, Laws of Kenya) 1974 contains specific provisions that deal with taxation of upstream activities. The provisions give guidance as to the treatment of depreciation of capital expenditure, capitalization and loss and carry back. Timelines for filing returns and the payment of taxes are also stipulated and it is an offense not to file returns, to file inaccurate returns or to fail to make any payment or contribution by the stipulated due date. The Tax Procedures Act, 2015, harmonizes and consolidates the procedural rules for the administration of tax laws in Kenya.

Additionally, Kenya operates a value added tax ("**VAT**") regime. The current VAT rate is 16%. At present, exports are generally zero rated whereas imports will typically attract a VAT charge at the rate of 8% for refined and unrefined petroleum and petroleum products.

The First Schedule to the Excise Duty Act (Act No. 23 of 2015) contains specific provisions specifying the excisable goods and services. Excise duty is payable on import or export of excisable goods.

The East African Community Customs Management Act, 2004, as amended from time to time, provides for the management and administration of the customs departments of Kenya, Uganda, Tanzania, Rwanda and Burundi (the "**East African Community Partner States**").

The Miscellaneous Fees & Levies Act, 2016, provides for the imposition of duties, fees and levies on imported or exported goods and predominantly deals with the imposition of (a) export levies; (b) import declaration fees; and (c) the railway development levy. Additionally, it provides exemptions for the East African Community Partner States.

Stamp duty is payable at variable rates on qualifying chargeable instruments. There are also various exemption provisions in the various legislations and the Stamp Duty Act.

Environmental regime

The Environmental Management and Coordination Act, 1999 and its subsidiary regulations set out requirements and procedures for conducting environmental impact assessments, auditing and environmental monitoring in Kenya. Furthermore, they establish environmental standards for water quality, air quality, noise, fossil fuel emission, and waste management and also regulate activities impacting wetlands, river banks, lake/sea shores, and the conservation of biological diversity.

The Environmental Management and Co-ordination Act, 1999, (Revised Edition 2015) (the "**EMCA**") establishes the National Environment Management Authority ("**NEMA**"), the National Environmental Complaints Committee (the "**NECC**"), County Environmental Committees (the "**Committees**"), and the National Environment Tribunal (the "**NET**"). NEMA exercises general supervision and co-ordination over all matters relating to the environment and is the principal government department for the implementation and management of all policies relating to the environment.

NEMA is the administrative body that is responsible for the coordination of the various environmental management activities in Kenya. NEMA is also the principal government authority for implementing all environmental policies. NEMA is also responsible for granting EIA approvals and for monitoring and assessing activities in order to ensure that the environment is not degraded by such project activities.

The NECC functions are to investigate any allegations or complaints against any person or against NEMA in relation to the condition of the environment in Kenya. NECC may also on its own motion investigate any suspected case of environmental degradation and to make a report of its findings together with its recommendations to the Cabinet Secretary.

The Committees are responsible for the proper management of the environment within the county for which it is appointed. The Committees also develop county strategic environmental action plan for five years.

The NET'S functions include to hear and determine appeals from NEMA's decisions and other actions relating to issuance, revocation or denial of Environmental Impact Assessment (EIA) licenses or amount of money to be paid under the Act and imposition of restoration orders; to give direction to NEMA on any matter of complex nature referred to it by the Director General; and in accordance with the Forest Conservation and Management Act, No. 34 of 2016, NET is mandated to make determination on any matter that remains unresolved after reference to the lowest structure of devolved system set out in the County Government Act, 2012 under section 70.

Land regime

Generally, land in Kenya is governed by the Constitution, the Land Act, 2012 (the "**Land Act"**), the National Land Commission Act 2012 (the "**NLC Act"**), the Land Registration Act (Act No. 3 of 2012) (the "**LRA"**) and the Community Land Act, 2016 (the "**CLA"**) as well as the relevant regulations enacted under each of the statutes.
Article 62 of the Constitution states that all land in Kenya belongs to the people of Kenya collectively as a nation, as communities and as individuals. Land in Kenya is classified in three broad categories:

a) Public Land – land vested in the national government or a county government which shall hold the land in trust for the people of Kenya. Public land is to be administered on behalf of the people of the relevant county or the people of Kenya by the National Land Commission ("**NLC"**);

b) Private Land - land that is held by a private individual or a corporate entity; and

c) Community Land – land vested in and held by communities identified on the basis of ethnicity, culture or similar community interest.

Section 7 of the Land Act provides that title to land may be acquired through allocation, land adjudication process, compulsory acquisition, prescription, settlement programs, transmissions, transfers, long term leases exceeding twenty one (21) years created out of private land or in any other manner prescribed in an Act of Parliament.

The Land Act also provides that any type of land can be converted from one category to another in accordance with the provisions of the Act or any other applicable law.

Article 63 (1) of the Constitution of Kenya states that any unregistered community land shall be held in trust by County Governments on behalf of the communities. Article 63(4) requires that community land shall not be disposed of or otherwise used except in terms of legislation specifying the nature and extent of the rights of members of each community, individually and collectively. The legislation to implement this requirement is the Community Land Act, 2016.

The Community Land Act, 2016, provides for the recognition, protection and registration of community land rights, management and administration of community land. The Community Land Act, 2016, mandates county governments to hold unregistered community land in trust for the community. County governments shall not dispose of community land, unless it is acquired for a public purpose through compulsory acquisition and prompt payment of compensation to the persons entitled to the land.

Additionally, Section 108 of the Petroleum Act, 2019, states that "*The Government may, at the request of the contractor, make available to the contractor such land as the contractor may reasonably require for the conduct of upstream petroleum operations in accordance with Chapter Five (5) of the Constitution and, the relevant land laws*." Section 108 also states that "*The contractor shall pay or reimburse the Government any reasonable compensation that may be required for the setting apart, use or acquisition of any land for the upstream petroleum operations*."

Water regime

The national authority responsible for granting water permits for water abstraction from surface and ground sources is the Water Resources Authority ("**WRA**") established under the Water Act, 2016.

Any application for water permits will be conducted in accordance with the requirement of the Environmental Management and Coordination Act 1999, and the Water Act, 2016.

Decommissioning

The Petroleum Act sets out decommissioning obligations. A contractor must submit a field decommissioning plan to EPRA and deposit into a decommissioning fund, an amount to be charged as operating cost subject to the cost recoverable limitations stipulated in the petroleum agreement or as may be provided by regulations.

The contractor is required to notify EPRA of date and time of intended termination of use of a facility if the said use is expected to terminate permanently before the expiry of the production permit. Decommissioning shall be scheduled to occur after a producing field reaches its economic limit. Decommissioning shall be carried out as provided for in the Petroleum Act, the petroleum agreement and the decommissioning plan.

The existing PSCs between Tullow Kenya B.V. and the Government of Kenya require that the international oil companies submit a decommissioning plan as part of their submission of a development plan. International oil companies are required to book sufficient accruals for future abandonment and decommissioning operations to cover the expenses which are expected to be incurred under the decommissioning plan. The estimated costs of abandonment and decommissioning operations shall be reviewed on an annual basis and revised, if appropriate.

Management

Board of directors and senior management

The persons set forth below are our current members of the board of directors and our members of senior management. The address for each of our directors and executive officers is Tullow Oil plc, 9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom.

Name	Age	Position
Dorothy Thompson	60	Non-Executive Chair
Rahul Dhir...	55	Chief Executive Officer
Les Wood...	58	Chief Financial Officer
Jeremy Wilson	56	Senior Independent Director
Dr. Michael Daly	67	Non-Executive Director
Sheila Khama	63	Non-Executive Director
Genevieve Sangudi	44	Non-Executive Director
Martin Greenslade	55	Non-Executive Director
Mitchell Ingram	58	Non-Executive Director

Ms. Dorothy Thompson was appointed as a non-executive director in April 2018 and in July 2019 Ms. Thompson took over as Chair of the board of directors. Ms. Thompson spent 12 years as the chief executive officer for Drax Group plc. Before joining Drax Group plc, Ms. Thompson 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. In addition, Ms. Thompson spent nine years as a non-executive director of Johnson Matthey plc. Ms. Thompson 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. Ms. Thompson also currently serves a non-executive director of Eaton Corporation plc and a director of the Court of the Bank of England.

Mr. Rahul Dhir is our Chief Executive Officer and was appointed to this role with effect from July 1, 2020. He joined Tullow from his role as CEO of Delonex Energy, an Africa-focused oil and gas company that he founded in 2013. Prior to establishing Delonex, Mr. Dhir served as Managing Director and CEO of Cairn India from 2006-2012. Mr. Dhir 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. Mr. Dhir was educated at the Indian Institute of Technology (BTech), the University of Texas (MSc) and the Wharton School (MBA).

Mr. Les Wood is our Chief Financial Officer and was appointed to this role and to our board of directors in June 2017 after acting as interim Chief Financial Officer for six months. Mr. Wood joined us in 2014 as Vice-President for Commercial and Finance. Before joining us, Mr. Wood worked for BP plc for 28 years in various positions including regional CFO roles in Canada and the Middle East. Mr. Wood has an MSc in Inorganic Chemistry from the University of Aberdeen and a BSc in Chemistry from Heriot-Watt University.

Mr. Jeremy Wilson was appointed as a non-executive director in October 2013 and as our Senior Independent Director in April 2017. Mr. Wilson had a 26 year career at J.P. Morgan, where he held a number of senior positions, most recently as vice chairman of the Energy Group. Mr. Wilson is also the founder, owner and chair of the Lakeland Climbing Center. He holds a degree in engineering from the University of Cambridge.

Dr. Michael Daly was appointed as a non-executive director in June 2014. Mr. Daly 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. Dr. Daly was a member of the World Economic Forum's Global Agenda Council on the Arctic and was on the board of the British Geological Survey. He remains a visiting Professor at the Department of Earth Sciences, Oxford University. He holds a BSc in Geology from Aberystwyth University and PhD in Geology from Leeds University. Dr. Daly 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. Dr. Daly also currently serves as a non-executive director of Compagnie Générale de Géophysique and as president of the Geological Society of London, a registered charity.

Ms. Sheila Khama was appointed as a non-executive director in April 2019. Ms. Khama brings experience from a 40-year career in high-profile business and advisory roles. Ms. Khama spent eight years as a group secretary at Anglo American, Botswana, before joining the First National Bank of Botswana as a marketing and communications executive. In 2005, Ms. Khama returned to the Anglo American–De Beers Group to become chief executive officer of De Beers, Botswana. From 2010, Ms. Khama moved to Accra, Ghana, to spend three years as director of the extractives advisory programmer at the African Centre for Economic Transformation, an economic policy unit that supports the long-term growth and transformation of African countries. In 2013, Ms. Khama took up a position as director of the Natural Resources Centre at the African Development Bank, Abidjan, Côte d'Ivoire, before becoming a policy adviser at the World Bank in Washington in 2016. In both roles Ms. Khama advised host governments on sustainable development polices 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. Ms. Khama holds a BA from the University of Botswana and an MBA from the Edinburgh University Business School.

Ms. Genevieve Sangudi was appointed as a non-executive director in April 2019. Ms. Sangudi brings marketing, investment and fund management experience from a 22-year career in the financial sector in the US and across Africa. Ms. Sangudi 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 Ms. Sangudi served on the boards of portfolio companies working closely with the executive teams and set up the company's operations in Nigeria. Since 2011, Ms. Sangudi 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 MBA from the Columbia Business School, Columbia University.

Mr. Martin Greenslade was appointed as a non-executive director in November 2019. Mr. Greenslade is a chartered accountant, and brings extensive corporate financial experience from a 32-year career in the property, engineering and financial sectors in the UK and across Africa, Scandinavia and Europe. Since 2005 Mr. Greenslade 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 defense and engineering company. Mr. Greenslade holds an MA in Computer and Natural Sciences from Cambridge University and is also a graduate of the Stanford Executive Program, Stanford University, California.

Mr. Mitchell Ingram was appointed as a non-executive director in September 2020. Mr. Ingram has had a distinguished career with senior positions at Occidental Petroleum, BG Group and, most recently, at Anardarko where he was a member of the Group's Executive Committee. As Anadarko's Executive Vice-President International, Deepwater and Exploration, Mr. Ingram took Anadarko's significant LNG asset in Mozambique to FID for the first part of the project, which will create a global LNG hub in Southern Africa. Concurrently, Mr. Ingram had responsibility for Anadarko's Project Management, HSE, Gulf of Mexico Deepwater Operations, Exploration, and assets in Algeria and Ghana, including the Tullow-operated Jubilee and TEN fields. At BG Group, Mr. Ingram was Development Director and then Asset General Manager for the Karachaganack field in Kazakhstan before working in Australia as Managing Director of QGC Australia on the world's first coal seam gas to LNG project.

Board Committees

The board has established an Audit Committee, a Remuneration Committee, a Nominations Committee and a Safety & Sustainability Committee.

Audit Committee

The purpose of the Audit Committee is to assist the board of directors in fulfilling its responsibilities of oversight and supervision of, among other things:

- the integrity of our financial statements including annual and half-yearly reports, interim management statements and any other formal announcement or disclosure of material financial information relating to its financial performance;
- significant financial reporting issues and judgements, including among others, the going concern and viability statements;
- the adequacy and effectiveness of our internal financial controls and accountancy standards, assessment, clarity and completeness of disclosure as well as the review of information presented with the financial statements, such as the business review and corporate governance statements relating to audit and risk management;
- the annual internal audit plan, its alignment with key risks of the business and coordination with other assurance providers and review of a report on the results of the audit engagement, and findings of the audit;
- the adequacy and effectiveness of the company's internal controls and risk management systems;
- the content of the annual report and accounts, advising the board of directors 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;
- the adequacy of our whistle-blowing system and procedures for detecting fraud;
- the relationship with our external auditor, including appointment, remuneration, terms of engagement, assessing independence and objectivity, ultimately reviewing the findings and assessing the standard and effectiveness of the external audit; and
- the transition period applied under the CMA Order, and ensuring the audit services contract is put out to tender at least every ten years.

The Audit Committee considers annually how our internal audit requirements shall be satisfied and makes recommendations to the board of directors accordingly, as well as on any area it deems needs improvement or action. The Audit Committee meets at least four times a year at appropriate times in our reporting and audit cycle and more frequently if required.

The following table sets out the current members of the Audit Committee.

Name	Position	Type
Martin Greenslade	Chairperson	Non-Executive Director
Jeremy Wilson	Member	Senior Independent Non-Executive Director
Dr. Michael Daly	Member	Non-Executive Director

Remuneration Committee

The main responsibilities of the Remuneration Committee are:

- within the terms of the agreed policy, determining and agreeing with the board the remuneration policy for the Chief Executive Officer, the Chairman, Executive Directors and senior management (including pension rights and any compensation payments);
- monitoring the level and structure of remuneration for senior management;

- reviewing the design of share incentive plans and any performance related remuneration scheme for executive directors and designated senior managers for approval by the board and shareholders (as required);

- reviewing the design of share incentive plans for approval by the board and shareholders and determining the policy on annual awards to Executive Directors and Senior Executives under existing plans;

- reviewing and approving calculations of corporate performance measures used in the calculation of awards made under any performance-related remuneration scheme and approving performance-related remuneration awards made to executive directors and designated senior managers;

- reviewing and noting the remuneration trends across our group; and

- agreeing the policy for authorizing claims for expenses.

The remuneration of the non-executive directors is determined by the chairman and the other executive directors outside the framework of the Remuneration Committee.

The following table sets out the current members of the Remuneration Committee.

Name	Position	Type
Jeremy Wilson	Chairperson	Senior Independent Non-Executive Director
Genevieve Sangudi	Member	Non-Executive Director
Mitchell Ingram	Member	Non-Executive Director

Nominations Committee

The Nominations Committee reviews the size, composition and balance of the board of directors on a regular basis to ensure that the board has the right structure, skills and experience to support the company's current and future activities. This analysis is reviewed and discussed with the board of directors, with the aim of scheduling a progressive refreshment of the board of directors. It is the Nomination Committee's policy, when conducting a search for a new executive or a non-executive director, to appoint external search consultants to provide the Nomination Committee with a list of possible candidates against an agreed role and experience specification, 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 also continues to focus 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 primary duties are:

- reviewing the structure, size and composition of the board of directors (including the skills, knowledge, experience and diversity) and making recommendations to the board of directors with regard to any changes required;

- identifying and nominating, for the approval of the board of directors, candidates to fill board of directors vacancies as and when they arise;

- succession planning for directors and other senior executives;

- reviewing annually the time commitment required of non-executive directors; and

- making recommendations to the board of directors regarding membership of the Audit, Remuneration and other committees in consultation with the Chair of each Committee.

The following table sets out the current members of the Nominations Committee.

Name	Position	Type
Dorothy Thompson	Chairperson	Non-Executive Chairman
Jeremy Wilson	Member	Senior Independent Non-Executive Director
Dr. Michael Daly	Member	Non-Executive Director

Safety & Sustainability Committee

The main duties of the Committee are:

- reviewing and providing advice regarding our environmental, health, security and asset protection, and safety policies;

- to monitor our performance, including regulatory compliance, in the progressive implementation of our environmental, health, security and asset protection, and safety policies, including process safety management;

- receiving reports covering matters relating to material environmental, health, security and asset protection, and safety risks; and

- considering material regulatory and technical developments in the fields of environmental, health, security and asset protection, and safety management.

The following table sets out the current members of the Committee.

Name	Position	Type
Mitchell Ingram	Chairperson	Non-Executive Director
Sheila Khama	Member	Non-Executive Director
Dr. Michael Daly	Member	Non-Executive Director
Genevieve Sangudi	Member	Non-Executive Director
Dorothy Thompson	Member	Non-Executive Chairman

Code of ethical conduct and anti-bribery and corruption program

We aim to ensure that our day-to-day business activities are conducted in a fair, honest and ethical manner. Every person connected with us has individual responsibility for maintaining an ethical workplace. Our managers and leaders are additionally responsible for developing a working environment which encourages compliance and the confidence to openly raise any issues or concerns. The board of directors approved a revised company code of conduct in 2018 (the "**Ethical Code**") which sets out mandatory requirements and guidance on a range of topics. The Ethical Code is reviewed every three years and consequently the next review of the Ethical Code is scheduled to take place during 2021. The Ethical Code has been issued to all staff and it is our policy to provide it to our suppliers via our supply chain processes.

We continually review and enhance our anti-bribery and corruption program. The program is designed to demonstrate that we have implemented adequate procedures to prevent bribery in line with the UK Ministry of Justice Adequate Procedures Guidance and recognized good practice.

Our comprehensive Ethical Code awareness program includes e-learning training. This aims to ensure that all staff are aware of our zero tolerance approach to corruption, the requirements of its Ethical Code and associated policies and standards. There are a number of ongoing initiatives in support of this program, including an annual certification process for all staff.

Corporate governance

The directors support high standards of corporate governance. As a London Stock Exchange listed company, we are required to state whether we have complied with the provisions of the Corporate Governance Code (the "**Code**") throughout the year and, where the provisions have not been complied with, to provide an explanation as to the reasons for non-compliance. We are also required to explain how we have applied the main principles of the Code.

Save as otherwise disclosed, the directors consider that we complied with the provisions of the Code during the financial years ended December 31, 2018, 2019 and 2020. It is the Board's view that the Company has complied with all of the provisions of the Code during the year ended December 31, 2020, save for the two provisions set out below.

Provision 38 of the new Code (which came into effect during 2018) requires that Executive Director Pension contributions be aligned with those available to the workforce. The Directors' Remuneration Policy, approved by shareholders in 2020, provides that the 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 downward so they are aligned (as a percentage of salary) with those available to the workforce by January 1, 2023. While this does not comply with Provision 38 of the new Code, this is reflective of Provision 143 of the FRC's Guidance on Board Effectiveness, which acknowledges that it may not be practicable to alter exiting contractual arrangements. The Board has confirmed that pension contributions for the recently appointed Chief Executive Officer are aligned (as a percentage of salary) with those available to the workforce.

Provision 9 of the Code requires that the roles of chair and chief executive should not be exercised by the same individual. During the year ended December 31, 2020, the roles of Chair and 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 of July 1, 2020.

It is the Board's view that the Company complied with all of the provisions of the Code during the year ended December 31, 2019, with the following exceptions:

i. The Directors' Remuneration Policy, approved by shareholders in 2017, provided for Executive Director pension contributions, or payments in lieu, of up to 25% of basic salary. Although this was compliant with the old Code, this did not comply with Provision 38 of the new Code which requires these contributions to be aligned with those available to the workforce. Provision 143 of the FRC's Guidance on Board Effectiveness acknowledges that it may not have been practical to alter existing contractual arrangements (to align with the requirements of the new Code) and therefore the Remuneration Committee proposed, in a revised Remuneration Policy for new Directors presented at the Annual General Meeting in April 2020, that these arrangements be brought into line with those available to the workforce. For existing Executive Directors contributions will be adjusted so that they are in line with those available to the workforce by January 1, 2023. This was approved by the shareholders at the Annual General Meeting in April 2020.

ii. The Directors' Remuneration Policy did not contain any formal policy for Directors' post-employment shareholding requirements as set out in Provision 36 of the new Code. However, the revised Remuneration Policy presented at the Annual General Meeting in April 2020 contained such provisions.

iii. In contravention to Provision 9 of the Code, the roles of Chair and the Chief Executive Officer were performed by Dorothy Thompson on an interim basis while the search for a new Chief Executive Officer was conducted.

As of the date of this Offering Memorandum, the directors expect that the Company will comply with the relevant provisions of the Code in respect of its current financial year, save for Provision 38 as described above.

The board of directors comprises a non-executive chairwoman, two executive directors, five non-executive directors and a senior independent director. We view all of the non-executive directors as independent within the meaning of "independent" as defined in the Code.

The board of directors has established an Audit Committee, a Remuneration Committee, a Nominations Committee, and a Safety & Sustainability Committee, each of which have defined terms of reference which are summarized above. Each committee and each Director has the authority to seek independent professional advice where necessary to discharge their respective duties in each case at our expense.

Compensation paid to our board of directors and committee members

The Chairman of the Board receives a chair fee, which was £300,000 in 2020. From January 1, 2020 through September 8, 2020, during which Dorothy Thompson performed the role of Executive Chair, she received an increased annual fee of £600,000 that reverted to an annual fee of £300,000 when she stepped back to a non-executive role in September 2020. The other non-executive members of our board of directors receive a base fee, which was £65,000 in 2020. In addition, the senior independent director receives an additional fee of £15,000 per year, the chair of the Audit Committee received an additional fee of £20,000 per year, and the chairs of the Remuneration Committee and Safety & Sustainability Committee received an additional fee of £15,000 per year each.

Compensation paid to senior management

The aggregate cash compensation (including cash bonuses relating to performance for the year ended December 31, 2020) paid to our executive directors for the year ended December 31, 2020, excluding the non-cash long-term incentive plans described below, pension, retirement and similar benefits, was £1,620,031, including £506,560 of fees payable to Dorothy Thompson for the year ended December 31, 2020 who performed the role of Executive Chair from January 1, 2020 through September 8, 2020 and returned to her position as Non-Executive Chair on September 9, 2020.

Tullow Incentive Plan

The Tullow Incentive Plan (the "**TIP**") is the primary senior executive incentive arrangement. The TIP has been designed to align executive and shareholder interests and ensure our remuneration arrangements are simple. Participants in the TIP do not generally participate in the ESAP (as defined below) other than in certain exceptional circumstances or on hiring a new employee to facilitate a buy-out of awards forfeited at a previous employer. As of December 31, 2020, there were 28,209,034 awards outstanding under the TIP.

The aggregate value of cash and deferred share awards that an individual can receive or be awarded in respect of their participation in the TIP for any financial year must not exceed 400% of their salary at the beginning of the following financial year. TIP awards up to 200% of salary are 50% payable in cash and 50% payable in deferred shares that do not vest for up to five years; and any part of a TIP award in excess of 200% of salary is awarded in deferred shares that do not vest for up to five years, as such the maximum cash award under the TIP is 100% of salary.

The value of a participant's cash bonus and deferred share awards under the TIP for any financial year will depend on the satisfaction in the period prior to grant of performance conditions set by the Remuneration Committee.

As of December 31, 2020, under the TIP outstanding awards were to: Mr. Wood (449,109).

Tullow employee share award plan

The Tullow Employee Share Award Plan (the "**ESAP**") is our primary non tax-advantaged all employee incentive arrangement. The first awards were made in February 2014. Participants in the ESAP do not participate in the Tullow TIP. Awards of conditional shares and options will not confer any shareholder rights until the awards have vested or the options have been exercised and the participants have received their shares. Holders of awards of forfeitable shares will have shareholder rights from when the awards are made, except they may be required to waive their rights to receive dividends.

Any of our employees are eligible to participate in the ESAP, generally subject to their continued employment and employees must normally remain in employment for three years from grant for the share to vest. An employee must not receive awards in any financial year over shares having a market value in excess of 50% of their annual base salary in that financial year.

As of December 31, 2020 there were 30,115,890 awards outstanding under the ESAP and the weighted average remaining contractual life for ESAP awards outstanding at December 31, 2020 was 5.8 years.

U.K. Share Incentive Plan

Our executive directors are eligible to participate in our U.K. Share Incentive Plan (the "**UK SIP**") on the same basis as other U.K. employees. The UK SIP is comprised of three elements, free shares, partnership shares and matching shares, and the Board may decide which of these to offer to eligible employees.

- "**Free shares**" are shares in Tullow Oil plc allocated to an employee for nil consideration. The market value of free shares allocated to any employee in any UK tax year may not exceed £3,600 and are allocated to employees equally or on the basis of salary, length of service or hours worked, as well as on the basis of performance.

- "**Partnership shares**" are shares an employee may purchase out of their pre-tax earnings. The market value of partnership shares which an employee can buy in any tax year may not exceed £1,800 (or 10% of the employee's salary, if lower), or such other limit as may be permitted by relevant legislation. Salary deductions may be accumulated over a period of three months and then used to buy shares at the lower of the market value of the shares at either the start of the accumulation period or the purchase date.

- "**Matching shares**" are free shares which may be allocated to an employee who buys partnership shares. The Board may allocate up to two matching shares for every partnership share purchased (or such other maximum ratio as may be permitted by the relevant legislation).

As of December 31, 2020, there were 3,922,930 Tullow Oil plc shares held pursuant to the trust established in connection with the UK SIP.

Irish Share Incentive Plan

The Tullow Oil Irish Share Incentive Plan (the "**Irish SIP**") is similar to the SIP, with certain differences to comply with Irish legislation. As of December 31, 2020, there were 363,706 Tullow Oil plc shares held pursuant to the trust established in connection with the Irish SIP. The final appropriation of our shares under the plan was made on October 5, 2020. The shares will be held in trust until October 5, 2023 at the latest, though participants can remove the shares prior to this date should they wish to do so.

2000 Executive Share Option Scheme

The 2000 Executive Share Option Scheme (the "**2000 Scheme**") was a scheme under which our executive directors were granted options. with an exercise price equal to market value shortly before grant. All subsisting options under the 2000 Scheme are fully exercisable. Our executive directors are not eligible to receive options under later plans that replaced the 2000 Scheme, the 2010 Share Option Plan and the Employee Share Award Plan (the "**2010 SOP**").

As of December 31, 2020 there were no ESOS options remaining. Outstanding options under the SOP at December 21, 2020 had exercise prices of 900p to 1,294p and the remaining contractual lives between 75 days and 2.6 years.

As of December 31, 2020 the number of options outstanding was 5,943,263, which are exercisable until 2023.

Principal shareholders

As of March 31, 2021, we have an issued share capital of £142,355,760.7 comprised of 1,423,557,607 ordinary shares with a par value of 10 pence, each being fully paid up. The following table sets forth certain information concerning the significant shareholders with a notifiable interest of our ordinary shares as notified to us pursuant to the UK Listing Authority's Disclosure and Transparency Rules. We do not have any information other than publicly available information that would confirm the below shareholdings. The actual shareholdings of our shareholders may differ from the below based upon information not disclosed to the public or us.

Name of shareholder[(1)]	**Number of Tullow shares**	**Percentage of existing issued share capital as at March 31, 2021**[(2)]
Petrolin Group (Samuel Dossou-Aworet)	184,391,890	12.95%
Azvalor Asset Management S.G.I.I.C., S.A.	113,133,059	7.95%
RWC Asset Management LLP	106,758,664	7.50%
Hargreaves Lansdown, stockbrokers (EO)	88,114,547	6.19%
M&G Plc	61,177,121	4.30%

(1) Each group of entities and/or affiliated funds is treated as one shareholder for the purposes of this table, and the names set out in certain cases reflect the name of the relevant parent entity or investment advisor (as applicable).

Following March 31, 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 March 31, 2021. We do not have any information other than publicly available information that would confirm the below shareholdings. The actual shareholdings of our shareholders may differ from the below based upon information not disclosed to the public or us.

Name of shareholder[(1)]	**Number of Tullow shares**	**Percentage of existing issued share capital as at April 21, 2021**[(2)]
The Goldman Sachs Group, Inc.	47,633,818	3.35%

(1) Each group of entities and/or affiliated funds is treated as one shareholder for the purposes of this table, and the names set out in certain cases reflect the name of the relevant parent entity or investment advisor (as applicable).

(2) Percentages based on the issued ordinary share capital as at the time of notification.

Certain relationships and related party transactions

In the course of our ordinary business activities, we may from time to time enter into agreements with or render services to related parties. In turn, such related parties may render services or deliver goods to us as part of their business. Purchase and supply agreements between subsidiaries and affiliated companies and with associated companies or shareholders of such associated companies are entered into from time to time within the ordinary course of business.

We believe that all transactions with affiliated companies are negotiated and conducted on a basis equivalent to those that would have been achievable on an arm's length basis, and that the terms of these transactions are comparable to those currently contracted with unrelated third-party-suppliers, manufacturers and service providers.

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[1]	2.7	3.1
Post-employment benefits[2]	0.2	0.5
Share-based payments[3]	2.3	3.2
Total	**5.2**	**6.8**

1. 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.
2. These amounts comprise amounts paid in to the pension schemes of Directors.
3. This is the cost the Group of Directors' participation in share-based payment plans, as measured by the fair value of the options and shares granted, accounted for in accordance with IFRS 2 Share-based Payment.

There are no other related party transactions.

Description of certain financing arrangements

The following summary of the material terms of certain financing arrangements to which we and certain of our subsidiaries are a party does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents. For further information regarding our existing indebtedness, see "*Use of proceeds,*" "*Capitalization,*" and "*Management's discussion and analysis of financial condition and results of operations.*"

We and certain of our subsidiaries have entered into financing arrangements which are summarized below.

Senior secured revolving credit facilities

We are party to a multicurrency revolving credit facility and a multicurrency letter of credit facility, which are summarized below.

Senior secured revolving credit facilities

We will enter into a senior secured revolving credit facility agreement on or prior to the Issue Date, as amended, amended and restated or acceded to, from time to time, with, among others, with J.P. Morgan AG as agent and GLAS Trust Corporation Limited as security trustee (the "**Senior Secured Revolving Credit Facility Agreement**").

Pursuant to the Senior Secured Revolving Credit Facility Agreement, a revolving facility (the "**Senior Secured Revolving Credit Facility**") and a letter of credit facility (the "**Senior Secured L/C Facility**" and, together with the Senior Secured Revolving Credit Facilities, the "**RCF Facilities**") have been made available to us and certain of our subsidiaries as borrowers. The Senior Secured Revolving Credit Facility may be utilized in U.S. dollars, pounds sterling or euro by drawing of cash advances and the issue of letters of credit. Borrowings may be used for the purposes of, among other things, financing general corporate purposes, working capital needs and letter of credit exposure of the Group and, in the case of any letter of credit issued under the Senior Secured Revolving Credit Facility Agreement, towards, among other things, providing security, credit enhancement or financial assurance for the performance of (i) any of our exploration, development or production obligations, (ii) any of our obligations under any production sharing, joint operating or similar agreement, (iii) any of our abandonment obligations, (iv) any of our obligations to any tax or customs authorities in respect of unpaid taxes (including VAT) or custom duties or (v) any of our obligations to any environmental agencies.

Borrowers and guarantors

We, Tullow Oil SK Limited, Tullow Côte d'Ivoire Limited, Tullow Oil SPE Limited, Tullow Ghana Limited and Tullow Oil International Limited are the original borrowers under the Senior Secured Revolving Credit Facility Agreement. The same entities, as well as Tullow Oil Gabon S.A., Tullow Overseas Holdings BV, Tullow Kenya BV, Tullow Gabon Holdings Limited and Tullow Gabon Limited are original guarantors under the Senior Secured Revolving Credit Facility Agreement. A mechanism is included in the Senior Secured Revolving Credit Facility Agreement to enable certain of our subsidiaries to accede as additional borrowers or additional guarantors with respect to the Senior Secured Revolving Credit Facility, subject to certain conditions.

Guarantees

Each guarantor listed above has (among other things) provided a guarantee of all amounts payable to each Finance Party (as defined in the Senior Secured Revolving Credit Facility Agreement) by any other borrower or guarantor in connection with the Senior Secured Revolving Credit Facility Agreement.

Security

On the Issue Date, the Senior Secured Revolving Credit Facility Agreement will be secured by contractual first priority Liens over the following assets (together, the "**Initial Collateral**"): (i) the capital stock of Tullow Overseas Holdings BV, Tullow Oil SK Limited and Tullow Oil SPE Limited, (ii) charges over certain accounts of Tullow Oil plc, (iii) assignments of certain hedging agreements and insurance policies of Tullow Oil plc and (iv) a floating charge over all assets of Tullow Oil plc.

Within 90 days of the Issue Date, the Senior Secured Revolving Credit Facility Agreement will be secured by contractual first priority Liens over the following assets: (i) the capital stock of Tullow Côte d'Ivoire Limited, Tullow Oil International Limited, Tullow Oil Gabon S.A., Tullow Kenya BV, Tullow Gabon Holdings Limited and Tullow Gabon Limited; (ii) certain material intercompany subordinated debt owing by certain Guarantors; (iii) fixed charges and bank account pledge agreements over certain accounts, assignments of certain agreements and floating charges over all other assets of Tullow Oil SK Limited and Tullow Oil SPE Limited; and (iv) charges over accounts of Tullow Overseas Holdings BV, Tullow Oil Gabon S.A., Tullow Ghana Limited, and Tullow Côte d'Ivoire Limited (together, the "**Post-Closing Collateral**" and, together with the Initial Collateral, the "**Collateral**"), provided that the requirement that the Senior Secured Revolving Credit Facility Agreement be secured by contractual first priority Liens in respect of capital stock held by Tullow Gabon Limited in Tullow Oil Gabon S.A. may be automatically extended to the date falling 120 days after the Issue Date, subject to certain conditions. *See "—Intercreditor Agreement"* regarding enforcement of this security.

Commitments and additional commitments

The Senior Secured Revolving Credit Facility Agreement provides for a multicurrency revolving credit facility and a multicurrency letter of credit facility in an aggregate amount not exceeding the total commitments from time to time. On or about the Issue Date, the total commitments under the Senior Secured Revolving Credit Facility were $500 million and the total commitments under the Senior Secured L/C Facility were $100 million.

The total amount that may be drawn is limited by a borrowing base amount which is re-determined on an annual basis on January 31 (to review the previous 12 month period ending December 31). The borrowing base amount is determined using a formula equating to our Present Value of the 2P Reserves and the Present Value of the 2P Reserves of each of our restricted subsidiaries (other than any Excluded NPV Subsidiary) divided by 1.1 *less* any Senior Secured Indebtedness (other than under the Senior Secured Revolving Credit Facility) then outstanding (in each case subject to certain exclusions calculated consistently with the Notes).

There may also be an interim recalculation of the borrowing base amount in certain specified circumstances. The making of loans is also subject to customary drawstop events.

Reduction and repayment

The total commitments under the Senior Secured Revolving Credit Facility Agreement must be reduced to zero by the final maturity date, being December 1, 2024. Subject to certain exceptions, each loan must be repaid on the last day of the relevant interest period relating thereto (which, subject to certain exceptions, may be one, three or six months or any other period agreed between us and the agent), subject to a netting mechanism against amounts drawn on such date. Amounts repaid by a borrower may be re-borrowed, subject to certain exceptions.

Mandatory prepayment

If it becomes unlawful in any applicable jurisdiction for a lender to perform its obligations under the Senior Secured Revolving Credit Facility Agreement or to fund or maintain its participation in a loan, the commitment of that lender will be immediately canceled once that lender has notified us (through the agent) of that unlawfulness and, if applicable, all obligations under such commitment will be payable on the last day of the relevant interest period(s) or earlier if required by the lender concerned in certain circumstances.

If we experience certain change of control events, we are obliged to promptly notify the agent, following which the agent shall promptly notify the lenders. Unless we elect to voluntarily prepay and cancel the commitments in full prior to or substantially concurrently with such change of control event, within the 30 days' period of being notified by the agent, any lender may by notice to us and the global senior agent cancel its commitments (which cancellation shall take place immediately upon notification by the lender). Thereafter, the borrowers must, by no later than 30 days of the end of such 30 business days' notice period, repay such lender's participation in all outstanding loans, together with accrued interest and all other amounts due to that lender under the finance documents, and, in the case of any letter of credit, provide full cash cover in respect of that lender's participation in any outstanding letter of credit. The borrowers must repay and cash cover the participations of all lenders requiring such repayment at the same time.

The Senior Secured Revolving Credit Facility Agreement also includes customary prepayment events and rights related to defaulting lenders, taxes and increased costs and will require mandatory prepayment in full or in part in certain circumstances from certain of our and our restricted subsidiaries' available cash, to the extent not otherwise applied for a permitted purpose under the Senior Secured Revolving Credit Facility Agreement and subject to a de minimis amount and other customary carve outs, if the ratio of our Present Value and the Present Value of each of our restricted subsidiaries to any Senior Secured Indebtedness then outstanding (in each case subject to certain exclusions calculated consistently with the Notes) is lower than 1.10:1.00.

Voluntary prepayment and cancellation

Subject to payment of break costs (if any), we may voluntarily cancel the available commitments or a borrower may prepay amounts outstanding under the Senior Secured Revolving Credit Facility Agreement without penalty or premium, at any time in whole or in part, subject to a minimum cancellation or prepayment of $10 million, on not less than five business days' (or such shorter period as a two-thirds majority of senior lenders may agree) prior notice to the agent.

Interest and fees

The rate of interest payable on loans under the Senior Secured Revolving Credit Facility is the rate per annum equal to the aggregate of the applicable margin plus LIBOR (in the case of loans in U.S. dollars), EURIBOR (in the case of loans in euros) or SONIA (in the case of loans in pounds sterling). The margin is fixed at (w) 4.50% per annum in respect of the Senior Secured Revolving Credit Facility, (x) 4.50% per annum in respect of any loans under the Senior Secured L/C Facility, (y) 0.50% per annum in respect of any exposure under a letter of credit under the Senior Secured L/C Facility in respect of which a borrower has provided cash cover and (z) 2.25% per annum in respect of any other letter of credit exposure under the Senior Secured L/C Facility. Default interest is also payable, at a rate of 2% per annum higher than the standard rate of interest payable on loans under the RCF Facilities, on overdue amounts. The borrowers are required to pay a commitment fee, quarterly in arrears, based on:

(a) the daily amount (if any) by which the aggregate commitments under the Senior Secured Revolving Credit Facility exceed the lower of (i) the aggregate commitments under the Senior Secured Revolving Credit Facility and (ii) the borrowing base amount (the "**Maximum Available Amount**"), at a rate equal to 20% of the then applicable margin; and

(b) the daily amount (if any) by which the Maximum Available Amount exceeds the sum of the outstanding loans under the Senior Secured Revolving Credit Facility, at a rate equal to 40% of the then applicable margin.

Each borrower that has requested a letter of credit under the Senior Secured Revolving Credit Facility is also required to pay a commission quarterly in arrears based on the outstanding amount which is counter-indemnified by the other lenders of each letter of credit requested by it for the period from the issue of that letter of credit until its expiry date.

Representations and warranties

The Senior Secured Revolving Credit Facility Agreement includes certain customary representations and warranties, given by each borrower and each guarantor (and where expressly provided, certain other key group companies) subject to certain exceptions and appropriate materiality qualifications including (but not limited to) representations with respect to:

(a) status;

(b) binding obligations;

(c) non-conflict with other obligations;

(d) power and authority;

(e) validity and admissibility in evidence;

(f) governing law and enforcement of finance documents;

(g) insolvency;

(h) no filing or stamp taxes;

(i) no default;

(j) authorizations in respect of borrowing base assets;

(k) no misleading information;

(l) accuracy of most recently delivered financial statements;

(m) no proceedings pending or threatened;

(n) no breach of laws;

(o) taxation;

(p) pari passu ranking;

(q) title to assets;

(r) legal and beneficial ownership;

(s) group structure chart;

(t) anti-corruption and sanctions;

(u) COMI;

(v) environmental matters;

(w) borrowing base assets;

(x) insurances;

(y) intellectual property; and

(z) deduction of tax.

Negative covenants

The Senior Secured Revolving Credit Facility Agreement contains certain of the incurrence covenants that are substantially the same as under the Notes, information undertakings and related definitions (with, in each case, certain adjustments), including (i) limitations on indebtedness; (ii) limitations on restricted payments; (iii) limitations on liens; (iv) limitations on sale of assets; and (vi) limitations on affiliate transactions.

In addition, the Senior Secured Revolving Credit Facility Agreement also requires the Company and certain of its restricted subsidiaries to observe certain other customary positive and negative covenants, subject to certain exceptions and grace periods, including covenants relating to: (i) authorizations and consents; (ii) compliance with laws; (iii) taxation; (iv) pari passu ranking; (vi) guarantors and security; (vii) note purchase conditions; (viii) further assurance; (ix) project documents; (x) borrowing base assets; (xi) anti-corruption laws and sanctions; (xii) insurance; (xiii) center of main interests; (xvi) limitation on capital expenditure; and (xv) certain post-closing undertakings.

Events of default

The Senior Secured Revolving Credit Facility Agreement sets out certain events of default, the occurrence of which would allow the senior lenders (if a two-thirds majority of the senior lenders so direct) to cancel their commitments and/or declare that all or part of the loans, together with accrued interest and other amounts outstanding are immediately due and payable and/or payable immediately on demand and/or declare that full cash cover in respect of each letter of credit is immediately due and payable and/or exercise or direct the security trustee to exercise any rights available under the finance documents. The Senior Secured Revolving Credit Facility Agreement provides for substantially the same events of default as under the Notes. In addition, the Senior Secured Revolving Credit Facility Agreement provides for additional events of default, subject to customary materiality qualifications and grace periods, including:

- non-payment of amounts due and payable under a finance document;
- non-compliance with other obligations under the finance documents;
- inaccuracy of a representation in any material respect when made or deemed to be repeated;
- invalidity of the finance documents or certain project documents;
- breach of the Intercreditor Agreement or the bank guarantee subordination agreement.

Governing law

The Senior Secured Revolving Credit Facility Agreement is governed by English law although the information undertakings, restrictive covenants, events of default and related definitions scheduled to the Senior Facilities Agreement will be interpreted in accordance with New York law (without prejudice to the fact that the Senior Facilities Agreement is governed by English law).

Intercreditor Agreement

In connection with the entry into the Revolving Credit Facility and the Indenture, the Company and the Guarantors will enter into the Intercreditor Agreement to govern the relationships and relative priorities between, among others: (i) the lenders under the Revolving Credit Facility; (ii) any persons who execute or accede to the Intercreditor Agreement as counterparties to certain hedging agreements (collectively, the "**Hedging Agreements**"; the liabilities under such Hedging Agreements, the "**Hedging Liabilities**"; and any persons that accede to the Intercreditor Agreement as counterparties to such Hedging Agreements being referred to in such capacity as the "**Hedge Counterparties**"); (iii) the Trustee (the "**Notes Trustee**"), on its own behalf and on behalf of the holders of the Notes (for the purpose of this "*Description of other indebtedness—Intercreditor Agreement*," the "**Noteholders**"); and (iv) the intragroup creditors and debtors.

In this description where a capitalized term is not defined it will bear the same meaning as set out in the Intercreditor Agreement unless the context otherwise requires. Additionally:

"**Group**" refers to the Company and its subsidiaries from time to time that are not Unrestricted Subsidiaries.

"**Finance Documents**" refers to the Revolving Credit Facility, any loan agreement, notes indenture or other equivalent document evidencing any other Credit Facility (as defined below) and the Indenture.

Each member of the Group that incurs any liability or provides any guarantee or security under the Revolving Credit Facility, in respect of the Notes or under any other Debt Document (as defined below) is referred to as a "**Debtor**" and are collectively referred to as the "**Debtors.**"

The Intercreditor Agreement will set forth:

- the relative ranking of certain indebtedness of the Debtors;
- the relative ranking of certain security granted by the Debtors;
- when payments can be made in respect of certain indebtedness of the Debtors;
- when enforcement actions can be taken in respect of that indebtedness;

- the terms pursuant to which that indebtedness will be subordinated upon the occurrence of certain insolvency events;
- turnover provisions; and
- when security and guarantees will be released to permit (i) a sale of any assets subject to transaction security (such assets, the "**Collateral**"; such security, the "**Transaction Security**"; and the documents constituting such Transaction Security, the "**Transaction Security Documents**"); and (ii) other activities or transactions (including, without limitation, reorganizations and the incurrence of incremental facilities) permitted by the Credit Facility Documents and the Senior Secured Notes Documents (each as defined below and such documents or instruments together with the Intra Group Debt Documents, Transaction Security Documents and the Hedging Agreements, being referred to collectively as the "**Debt Documents**").

The Intercreditor Agreement will also provide for the incurrence of any credit facility constituting a "**Credit Facility**" under the Indenture, the creditors of which are entitled under the terms of the Finance Documents to receive priority in respect of the proceeds of the enforcement against the Collateral (each such facility being a "**Credit Facility**" and, together with the Revolving Credit Facility, the "**Credit Facilities**" and each finance document relating thereto (but excluding any Hedging Agreement) and which has been designated as such by the Issuer and the Credit Facility Agent, a "**Credit Facility Document**"). Each lender under a Credit Facility is a "**Credit Facility Lender**" and excluding any Super Senior Hedging Liabilities, the liabilities of the Debtors to the Credit Facility Lenders are referred to as the "**Credit Facility Lender Liabilities.**"

Unless expressly stated otherwise in the Intercreditor Agreement, in the event of a conflict between the terms of a Debt Document and the Intercreditor Agreement, the provisions of the Intercreditor Agreement will prevail (save to the extent that to do so would result in or have the effect of any member of the Group contravening any applicable law or regulation, or present a material risk of liability for any member of the Group and/or its directors or officers, or give rise to a material risk of breach of fiduciary or statutory duties).

Any reference in this "*Description of other indebtedness—Intercreditor Agreement*" (and in the Intercreditor Agreement) to any matter being "permitted" under one or more Debt Document shall include reference to such matters not being prohibited under such Debt Documents.

By purchasing a Note, the relevant noteholders (as applicable) shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement and to have authorized the Notes Trustee to enter into the Intercreditor Agreement on their behalf.

The following description is a summary of certain provisions in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety.

Ranking and Priority

The Intercreditor Agreement will provide, subject to the provisions in respect of permitted payments described below, that (i) the Credit Facility Lender Liabilities; (ii) the liabilities of the Debtors with respect to Hedging Agreements entered into between a Debtor and a Hedge Counterparty that is a lender under the Senior Secured Revolving Credit Facility, or the affiliate of a lender under the Revolving Credit Facility, or is not a lender under the Revolving Credit Facility but is otherwise specifically permitted as a super senior hedge counterparty in respect of certain Hedging Agreements executed between that party and a Debtor (the "**Super Senior Hedging Liabilities**" and the creditors of the Super Senior Hedging Liabilities being the "**Super Senior Hedge Counterparties**", together with the Credit Facility Lender Liabilities and the Agent Liabilities (as defined below) owed to the Credit Facility Agent, the "Super Senior Liabilities" and the creditors of the Super Senior Liabilities, the "Super Senior Creditors"); (iii) the liabilities of the Debtors with respect to any Hedging Agreements that do not constitute Super Senior Hedging Liabilities (the "Non-Super Senior Hedging Liabilities" and the creditors of the Non-Super Senior Hedging Liabilities, the "Non-Super Senior Hedge Counterparties"); (iv) the liabilities of the Issuer and the Debtors in respect of the Notes (the "Senior Secured Notes Liabilities" and the creditors of the Senior Secured Notes Liabilities including the Noteholders and the Notes Trustee, the "Senior Secured Notes Creditors")(the Senior Secured Notes Liabilities and the Non-Super Senior Hedging Liabilities, together, the "Senior Secured Liabilities" and the creditors of the Senior Secured Liabilities, the "Senior Secured Creditors"); (v) the liabilities of any Debtor to an arranger under the Credit Facilities (the "Arranger Liabilities"); (vi) the Agent

Liabilities; and (vii) the liabilities of any Debtor owed to the Security Agent (the "Security Agent Liabilities"), will rank pari passu in right and priority of payment without any preference between them.

The intercompany obligations (the "**Intra Group Liabilities**" and the documents creating or evidencing such Intra Group Liabilities being "**Intra Group Debt Documents**") of any member of the Group to any other member of the Group (each an "**Intra Group Lender**" and collectively the "**Intra Group Lenders**") are postponed and subordinated to the liabilities owed by the Debtors to the Primary Creditors (as defined below).

In this section the Intra Group Liabilities are also referred to as the "**Subordinated Liabilities.**"

The parties to the Intercreditor Agreement will agree in the Intercreditor Agreement that the Transaction Security ranks and secures the Credit Facility Lender Liabilities, the Agent Liabilities, the Arranger Liabilities, the Senior Secured Notes Liabilities, the Hedging Liabilities and the Security Agent Liabilities *pari passu* and without preference between them:

The Subordinated Liabilities will not be secured by any of the Transaction Security unless permitted by the prior ranking Finance Documents or if not permitted, the consent of the requisite number of Creditors (or their Agent, acting on their behalf, if applicable) has been obtained.

Under the Intercreditor Agreement, all Proceeds from Enforcement of the Collateral and certain other recoveries will be applied as provided under "*—Application of Proceeds from Enforcement of Transaction Security*."

Hedging Liabilities

The Intercreditor Agreement will provide for Hedging Liabilities, which will consist of (a) Super Senior Hedging Liabilities and (b) Non-Super Senior Hedging Liabilities.

Super Senior Hedging Liabilities

Any Debtor and a Super Senior Hedge Counterparty may enter into Hedging Agreements for the purposes of hedging (i) any floating interest rate exposures or foreign exchange exposures in respect of any Credit Facility or Notes or (ii) commodities exposures, on a super senior basis (the liabilities of the Debtors thereunder being the Super Senior Hedging Liabilities (as defined above)) and in accordance with the order of application provided under "*—Application of Proceeds from Enforcement of Transaction Security*" as Super Senior Hedging Liabilities.

Non-Super Senior Hedging Liabilities

Non-Super Senior Hedging Liabilities are those Hedging Liabilities which do not constitute Super Senior Hedging Liabilities. Recoveries made in respect of Non-Super Senior Hedging Liabilities will be allocated in accordance with the order of application provided under "*—Application of Proceeds from Enforcement of Transaction Security*" as Non-Super Senior Hedging Liabilities.

Further Security, Incremental and Replacement Liabilities

The creditors in respect of the Super Senior Liabilities and the Senior Secured Liabilities (the Super Senior Liabilities, the Agent Liabilities, the Arranger Liabilities and the Senior Secured Liabilities, together, the "**Secured Liabilities,**" and the creditors thereof, the "**Secured Parties**" and the documents evidencing the Secured Liabilities, the "**Secured Debt Documents**") may take, accept or receive the benefit of additional security and additional guarantees, indemnities or other assurance against loss from any member of the Group in respect of the Secured Liabilities, provided that, if and to the extent legally possible, such security, guarantee, indemnity or other assurance against loss is also granted to the Security Agent as agent and trustee of the other Secured Parties. Any such additional security, guarantee, indemnity or other assurance against loss will rank in the same order of priority as referred to above and the proceeds of the enforcement of any such security will be applied as provided under "*—Application of Proceeds from Enforcement of Transaction Security*," provided that, in each case, the grant of such security or the giving of such guarantee, indemnity or other assurance against loss is permitted by any prior ranking Finance Documents or consent of the requisite number of Creditors (or their Agent on their behalf) has been obtained.

The Intercreditor Agreement provides that the Debtors (or any of them) shall be permitted to (to the extent permitted or not prohibited to be incurred (or to have the relative ranking or security) under the Debt Documents): (i) incur, assume or establish incremental borrowing liabilities and/or guarantee liabilities; or (ii) refinance, replace or otherwise restructure (in whole or in part from time to time) the borrowing liabilities and/or guarantee liabilities (or any other liabilities and obligations subject to the terms of the Intercreditor Agreement from time to time), including by way of refinancing, replacement, exchange, set-off, discharge or increase of any new, existing, additional, supplemental or new financing or debt arrangement, including arrangements existing at the time a person becomes a member of the Group or is assumed in connection with the acquisition of assets, merger, consolidation or combination or otherwise; including by way of any loan, note, bond or otherwise; issued or incurred, and together with any guarantee, security or other credit support by any member of the Group ("**New Debt Financings**") which, in any such case, is intended to rank *pari passu* with or in priority to any existing liabilities and/or share *pari passu* with or in priority to any Transaction Security and/or to rank behind any existing liabilities and/or to share in any existing Transaction Security behind such existing Liabilities.

Notwithstanding any other term, condition or restriction in any other Debt Document, in connection with any New Debt Financings, each Agent and the Security Agent (and any other Creditor party to a Transaction Security Document) are authorized and instructed by all Creditors (and in each case are obliged at the request of the Issuer) to promptly enter into any new Transaction Security Document, promptly amend or waive any terms of an existing Transaction Security Document and/or promptly release any asset from Transaction Security subject to the following conditions: (a) any new Transaction Security shall be: (i) subject to the Agreed Security Principles, Guarantee Limitations, applicable law and the other terms of the Intercreditor Agreement, granted in favor of the Security Agent for and on behalf of the providers and/or agents and/or trustees of a New Debt Financing and the then existing Secured Parties; (ii) on terms substantially the same (except that it shall also secure any New Debt Financing) as the terms of the existing Transaction Security over equivalent asset(s); and (iii) for the purposes of the Intercreditor Agreement, be considered as having secured the relevant liabilities *pari passu* with the then existing Transaction Security; (b) any amendment or waiver of a Transaction Security Document or release and re-grant of Transaction Security shall only be undertaken if required by the terms of the New Debt Financing or to the extent necessary under applicable law to give effect to the ranking set out in "*—Ranking and Priority*" and, where legally possible and in the opinion of the Issuer (acting reasonably) commercially feasible, where the Transaction Security is intended to secure any relevant Liabilities, second or further priority (if applicable) Transaction Security (the "**Additional Transaction Security Documents**") will be taken instead of releasing and re-granting the existing Transaction Security but will nonetheless be deemed and treated for the purposes of the Intercreditor Agreement as secured by the existing Transaction Security Documents and the Additional Transaction Security Documents *pari passu* with other Liabilities which would otherwise have the same ranking as contemplated by such New Debt Financing; (c) if any asset is to be released from Transaction Security, promptly upon giving effect to that release, replacement Transaction Security is, subject to agreed security principles, guarantee limitations and applicable law, granted in favor of the Security Agent for and on behalf of the providers and/or agents and/or trustees of the New Debt Financing and the existing Secured Parties benefitting from the Security (except that it shall also secure any New Debt Financing); and (d) to the extent customary, legal opinions as to due capacity, authority, execution and enforceability (together with customary supporting legal documentation, certificates and resolutions) and solvency certificates are required to be issued under the relevant Finance Documents are issued in relation to re-taken, new or amended Transaction Security Documents in connection with a New Debt Financing, the Security Agent shall be entitled to rely on such legal opinions and solvency certificates and shall receive documentary evidence of such reliance.

Permitted Payments—General

The Intercreditor Agreement will permit, prior to the occurrence of an acceleration event in respect of a Credit Facility or the Senior Secured Notes Liabilities (a "**Acceleration Event**"), payments to be made by the Debtors under a Credit Facility (including the New Credit Facilities) and the Senior Secured Notes Documents, in accordance therewith or with the consent of the relevant Agents (as defined below) under each document (acting on the instructions of the requisite level of creditors under such documents) in each case in accordance with the terms of the relevant Credit Facility Agreement and Senior Secured Notes Documents.

Following the occurrence of an Acceleration Event, subject to certain exceptions, payments can only be made by the Debtors applying the amounts received by the relevant Debtor under the process described under "—*Application of Proceeds from Enforcement of Transaction Security*." The restriction in the foregoing sentence shall not apply (i) where, provided that the Majority Super Senior Creditors constitute the Instructing Group in accordance with "—*Enforcement Decision*," a payment block suspension notice has been delivered by the Credit Facility Agent to the Security Agent in accordance with the terms of the Intercreditor Agreement, (ii) to the extent that such Acceleration Event has subsequently been cancelled and/or irrevocably revoked in writing by each relevant Agent or (iii) (in the case of payments of the Senior Secured Notes Liabilities) where the Noteholders have acquired all the rights and obligations of the Credit Facility Lenders.

Permitted Payments—Intra Group Liabilities

The Intercreditor Agreement will also permit payments to be made from time to time when due to lenders owed any Intra Group Liabilities ("**Intra Group Liabilities Payments**") if at the time of payment no acceleration event has occurred and is continuing under the Debt Documents (together an "**Acceleration Event**").

The Intercreditor Agreement will permit Intra Group Liabilities Payments if:

(a) an Acceleration Event has occurred prior to the date on which the Super Senior Liabilities are discharged in full (the "**Super Senior Discharge Date**"), with the consent of the Instructing Group (as defined, and further described, in "—*Enforcement Decision*");

(b) an Acceleration Event has occurred on or after the Super Senior Discharge Date but prior to the date on which the Senior Secured Liabilities are discharged in full (the "**Senior Secured Discharge Date**"), with the consent of the Notes/Non-Super Senior Hedging Required Holders (as defined below) (acting through their Agents); or

(c) that payment is made to facilitate payment of the Super Senior Liabilities or Senior Secured Liabilities.

At any time prior to an Acceleration Event, each Debtor may set off or convert its Intra-Group Liabilities into equity, provided that if the existing shares of the relevant Debtor are subject to Transaction Security, subject to any new shares issued as a result thereof automatically falling within the scope of the existing Transaction Security or equivalent Transaction Security is granted in accordance with the terms of the Debt Documents over any such new shares.

Agent

Under the Intercreditor Agreement, the parties will appoint various creditor representatives or agents. "**Agent**" means:

(a) in relation to the lenders under the Revolving Credit Facility, the facility agent under the Revolving Credit Facility;

(b) in relation to the Credit Facility Lenders under any other Credit Facility, the facility agent in respect of that Credit Facility (an "**Additional Credit Facility Agent,**" and, together with the facility agent under the Revolving Credit Facility, a "**Credit Facility Agent**"); and

(c) in relation to the Noteholders, the Notes Trustee.

"**Agent Liabilities**" means the liabilities and obligations owed by the Debtors to any Agent under or in connection with the Secured Debt Documents (other than a Hedging Agreement), together with certain related additional liabilities. For the avoidance of doubt, Agent Liabilities does not include any amount in respect of principal, interest in respect of redemption, prepayment premium, premium or similar amounts.

Enforcement Instructions

The Security Agent may refrain from enforcing the Transaction Security or taking any other enforcement action unless instructed or authorized by a provision of the Intercreditor Agreement or otherwise instructed by the relevant Instructing Group (as further described in "—*Enforcement Decision*").

The Secured Parties may not give instructions to the Security Agent as to the enforcement of the Transaction Security other than in accordance with the Intercreditor Agreement.

Subject to the Transaction Security having become enforceable in accordance with its terms and subject to the terms of the Intercreditor Agreement the relevant Instructing Group may give instructions to the Security Agent as to the enforcement of the Transaction Security as they see fit provided that the instructions as to enforcement given by the Instructing Group are consistent with the Security Enforcement Principles (as defined below) and the other provisions of the Intercreditor Agreement.

Enforcement Decision

Subject to certain conditions with respect to the make-up of the relevant instructing group set out in the Intercreditor Agreement, if either the Majority Super Senior Creditors or the Notes/Non-Super Senior Hedging Required Holders, (in each case acting through their Agents, if applicable) (the relevant "**Instructing Group**") wish to instruct the Security Agent to commence enforcement of any Transaction Security, such group of creditors must deliver a copy of the proposed instructions as to enforcement (the "**Proposed Enforcement Instructions**") to the Security Agent and the Agent for each of the Super Senior Creditors and the Notes Trustee (as appropriate).

The Security Agent shall promptly notify each Agent of the Super Senior Creditors and the Notes Trustee upon receipt of such Proposed Enforcement Instructions.

Instructing Group—General

Prior to the Super Senior Discharge Date and subject to the three paragraphs immediately below, if the Security Agent has received any Proposed Enforcement Instructions, then the Security Agent shall either enforce or refrain from enforcing the Transaction Security in accordance with the instructions of the Notes/Non-Super Senior Hedging Required Holders (and the Notes/Non-Super Senior Hedging Required Holders shall be the Instructing Group for the purpose of "*—Enforcement Instructions*," in each case, acting through their respective Agent, if applicable) provided that such instructions are consistent with certain Security Enforcement Principles (as referred to below) and failure to give instructions will be deemed to be an instruction not to take Enforcement steps.

In the event that:

(a) from the date that is three months after the date upon which the first Proposed Enforcement Instructions (including such instructions not to take enforcement steps) are delivered, the Security Agent (acting on the instructions of the Notes/Non-Super Senior Hedging Required Holders) has not taken any Enforcement Action of the Transaction Security; or

(b) the Super Senior Liabilities have not been fully discharged in cash within six (6) months of the date upon which the first such Proposed Enforcement Instructions (including any such instructions not to take Enforcement steps) are delivered,

then (with effect from the date of the earlier to occur of such events), the Majority Super Senior Creditors shall become the Instructing Group for the purposes of "*—Enforcement Instructions*."

If at any time the Security Agent has not taken any Relevant Enforcement Action of the Transaction Security notwithstanding the Transaction Security having become enforceable in accordance with its terms, an Agent acting on behalf of the Majority Super Senior Creditors or the Notes/Non-Super Senior Hedging Required Holders, as the case may be, may at any time provide immediate instructions as to enforcement to the Security Agent, notwithstanding any instructions delivered in accordance with the above, if the Majority Super Senior Creditors or the Notes/Non-Super Senior Hedging Required Holders determine in good faith (and notify the Agents of the other Super Senior Creditors, the Senior Secured Creditors and the Security Agent) the delay in taking enforcement action of the Transaction Security could reasonably be expected to have a material adverse effect on:

(i) the Security Agent's ability to enforce the Transaction Security; or

(ii) the realization proceeds of any enforcement of the Transaction Security,

and the Security Agent shall only act with respect to the relevant asset or Debtor that is the subject of the determination pursuant to (i) or (ii) above, in accordance with the first such notice of determination and instructions as to enforcement received by the Security Agent (provided in each case that such instructions are consistent with certain Security Enforcement Principles (referred to below)).

If at any time an insolvency event has occurred with respect to any Debtor or any person (which is not a Debtor) which grants any Transaction Security in favor of the Secured Parties (in respect of the obligations of the Debtors) (a "**Security Provider**") (other than an insolvency event which is the direct result of any action taken by the Security Agent acting on the instructions of the Majority Super Senior Creditors or the Notes/Non-Super Senior Hedging Required Holders), the Security Agent shall act, to the extent the Majority Super Senior Creditors have provided such instructions, in accordance with the instructions received from such Majority Super Senior Creditors, provided that in the event the Security Agent has received Proposed Enforcement Instructions from the Agent for the Notes/Non-Super Senior Hedging Required Holders and has commenced Relevant Enforcement Action pursuant to such instructions, the Security Agent shall continue to act in accordance with the instructions of the Agent for the Notes/Non-Super Senior Hedging Required Holders, until such time as the Agents for the Majority Super Senior Creditors acting through their Agents, if applicable, issue enforcement instructions to the Security Agent and such instructions shall override and supersede any such prior instructions given by the Agent for the Senior Secured Notes Required Holders.

Other than where the preceding two paragraphs apply, if prior to the Super Senior Discharge Date, the Majority Super Senior Creditors or the Senior Secured Notes Required Holders (in each case acting reasonably) consider that the Security Agent is enforcing the Security in a manner which is not consistent with the Security Enforcement Principles, the Agents for the Super Senior Creditors or the Noteholders shall give notice to the Agents for the other Super Senior Creditors or the Noteholders (as appropriate) after which Agents for the other Super Senior Creditors or the Noteholders shall consult with the Security Agent for a period of 15 days (or such lesser period as the relevant Agents may agree) with a view to agreeing the manner of enforcement provided that such Agents shall not be obliged to consult in the manner set out in this paragraph more than once in relation to each enforcement action.

After the Super Senior Discharge Date but prior to the Senior Secured Discharge Date, the Security Agent shall either enforce or refrain from enforcing the Transaction Security in accordance with the instructions provided by the Notes/Non-Super Senior Hedging Required Holders.

Limitation on Enforcement of Intra Group Liabilities

Subject to the below, Intra-Group Lenders will not be permitted to take any enforcement action (other than rights of set-off to enable permitted intra-group payments) in respect of any of the Intra-Group Liabilities at any time prior to the Final Discharge Date unless:

(a) such enforcement action is to demand any payment, set-off, account combination or payment netting in relation to any permitted intra-group payments; or

(b) otherwise directed by the Security Agent.

After the occurrence of an insolvency event in relation to any member of the Group or any Security Provider, an Intra Group Lender may only (unless otherwise directed by the Security Agent or unless the Security Agent has taken, or has given notice that it intends to take, action on behalf of that Intra Group Lender in accordance with the Intercreditor Agreement) and shall, if so directed by the Security Agent, exercise any right it may otherwise have against that member of the Group to:

(a) accelerate any of that Group member's Intra Group Liabilities or declare them prematurely due and payable or payable on demand;

(b) make a demand under any guarantee, indemnity or other assurance against loss given by that member of the Group in respect of any Intra Group Liabilities;

(c) exercise any right of set-off or take or receive any payment in respect of any Intra Group Liabilities of that member of the Group; or

(d) file claims, or claim and prove in the liquidation of that member of the Group for the Intra Group Liabilities owing to it,

but is not permitted take any other enforcement action.

Security Enforcement Principles

An Agent may only give enforcement instructions that are consistent with the following security enforcement principles (the "**Security Enforcement Principles**"):

(a) it shall be the primary and overriding aim of any enforcement of the Transaction Security to achieve the security enforcement objective, such objective being to maximize, so far as is consistent with prompt and expeditious realization of value from enforcement of the Transaction Security, and in a manner consistent with the provisions of the Intercreditor Agreement, the recovery by the Super Senior Creditors and the Senior Secured Creditors (the "**Security Enforcement Objective**");

(b) without prejudice to the Security Enforcement Objective, the Transaction Security will be enforced and other enforcement action will be taken such that either:

   (i) all proceeds of enforcement are received by the Security Agent in cash for distribution in accordance with the terms of the Intercreditor Agreement (as further described in "*—Application of Proceeds from Enforcement of Transaction Security*"); or

   (ii) in the case of enforcement by the Notes/Non-Super Senior Hedging Required Holders sufficient proceeds from enforcement will be received by the Security Agent in cash to ensure that when the proceeds are applied in accordance with the terms of the Intercreditor Agreement (see "*—Application of Proceeds from Enforcement of Transaction Security*"), the Super Senior Liabilities are repaid and discharged in full in cash (unless the Majority Super Senior Creditors agree otherwise);

(c) on:

   (i) a proposed enforcement of any of the Transaction Security over assets other than shares in a member of the Group, where the aggregate book value of such assets exceeds £5,000,000 (or its equivalent in other currencies); or

   (ii) a proposed Enforcement of any of the Transaction Security over some or all of the shares in a member of the Group over which Transaction Security exists,

   then the Security Agent shall, if requested by the Instructing Group, and at the expense of the Issuer, (to the extent that financial advisors have not adopted a general policy of not providing such opinion) appoint an independent and internationally recognized investment bank or accountancy firm or, if it is not practicable for the Security Agent to appoint any such bank or firm on commercially reasonable terms (including for reasons of conflicts of interest) as determined by the Security Agent (acting in good faith), another third-party professional firm which is regularly engaged in providing valuations in respect of the relevant type of assets (in each case not being the firm appointed as the relevant Debtor's administrator or other relevant officer holder) appointed by the Security Agent (a "**Financial Advisor**") to opine as expert that the consideration received from any disposal is fair from a financial point of view after taking into account all relevant circumstances (a "**Financial Advisor's Opinion**");

(d) the Security Agent has no obligation to appoint a Financial Advisor or to seek the advice of a Financial Advisor, unless expressly required to do so by the Intercreditor Agreement. Prior to making any appointment of a Financial Advisor, the Security Agent is entitled to ensure that cost cover (at a level it is satisfied with acting reasonably) has been provided;

(e) the Financial Advisor's Opinion (or any equivalent opinion obtained by the Security Agent in relation to any other enforcement of the Transaction Security that such action is fair from a financial point of view after taking into account all relevant circumstances) will be conclusive evidence that the Security Enforcement Objective has been met;

(f) where the Instructing Group is the Notes/Non-Super Senior Hedging Required Holders, the Notes/Non-Super Senior Hedging Required Holders (as applicable) may waive the requirement for a Financial Advisor's Opinion where sufficient Proceeds from enforcement will be received by the Security Agent in cash to ensure that when the proceeds are applied in accordance with the terms of the Intercreditor Agreement (see "*—Application of Proceeds from Enforcement of Transaction Security*"), the Super Senior Liabilities are repaid and discharged in full; and

(g) if enforcement of the Transaction Security is conducted by way of Public Auction (as defined below), no Financial Advisor shall be required to be appointed, and no Financial Advisor's Opinion shall be required, in relation to such enforcement, provided that the Security Agent shall be entitled (but not obligated) to appoint a Financial Advisor to provide such advice as the Security Agent deems appropriate in relation to such enforcement by way of Public Auction.

The Security Enforcement Principles may be amended, varied or waived with the prior written consent of the Majority Super Senior Creditors, the Senior Secured Notes Required Holders and the Security Agent and the Issuer.

"**Public Auction**" means an auction or other competitive sale process of assets, by or on behalf of the Security Agent pursuant to an enforcement of Transaction Security (or by a member of the Group or Security Provider in circumstances that are a Distressed Disposal (as defined below)), the process of such sale or disposal having been conducted as follows:

(a) prior to the sale or other disposal, the Security Agent shall, in respect of such auction or other competitive sale process, consult with an independent and internationally recognized investment bank or accounting firm selected by the Security Agent (acting reasonably) with respect to the procedures which may reasonably be expected to be used to obtain a fair market price in the then prevailing market conditions (taking into account all relevant circumstances and in order to facilitate a prompt and expeditious sale at a fair market price in the prevailing market conditions although there shall be no obligation to postpone any such sale in order to achieve a higher price);

(b) the Security Agent shall have implemented (to the extent permitted by law) in all material respects the procedures recommended by such bank or firm in relation to such auction or process;

(c) the Secured Parties shall have a right to participate including as part of a consortium and as prospective buyers and/or financiers.

For the purposes of paragraphs (a), (b) and (c) above:

(i) the Security Agent shall be entitled to retain any such independent and internationally recognized investment bank or accounting firm as its and/or any of the other Secured Parties' financial advisor to advise and assist in the proposed sale or disposition for such remuneration as the Security Agent in good faith determines is appropriate for the circumstances;

(ii) except as required by applicable law, the Security Agent shall not have any obligation to any person to engage in or to use reasonable efforts to engage in a listing of any or all of any equity interests the subject of such auction or other competitive sale process, including, without limitation, if recommended by such investment bank or accounting firm;

(iii) by reason of certain prohibitions, or exemptive or safe-harbor provisions from such prohibitions, contained in law or regulations of any applicable governmental authority, the Security Agent may, with respect to any sale of all or any part of such equity interests or assets:

(A) limit purchasers to those who meet the requirements of such governmental authority or exemptive or safe-harbor provision (as applicable) and/or make representations and undertakings satisfactory to the Security Agent relating to compliance with such requirements and/or provisions; and/or

(B) limit purchasers to persons who will agree, among other things to acquire such shares for their own account, for investment and not with a view to the distribution or resale thereof;

(iv) the Security Agent and other Secured Parties shall not under any circumstances be required to make representations, warranties or undertakings to any actual or proposed purchaser (other than customary representations in a security enforcement as to power to transfer the relevant equity interests pursuant to the Transaction Security Documents) or to indemnify any actual or proposed purchaser against any costs, liabilities or similar expenses or losses;

(v) without limitation to the other circumstances of the sale or other disposition that the Security Agent and such investment bank or accounting firm may take into consideration, the Security Agent may (but is not required to) in all circumstances specify that no offer to purchase equity interest or other assets will be entertained unless such offer:

(A) is for all (and not some only) of the equity interests being sold or otherwise disposed;

(B) is for cash consideration payable at closing (and therefore not including, for the avoidance of doubt, any element of deferred compensation) and is not subject to any financing conditions; and/or

(C) contemplates a closing of the sale of the equity interests or other assets in not more than three (3) months (or such longer period as the Security Agent may specify) from the time of initiation of the sale or disposition process; and

(vi) a "right to participate":

(A) means (I) any offer, or indication of a potential offer, that a Secured Party makes shall be considered by the Security Agent or such investment bank or accounting firm against the same criteria as any offer, or indication of a potential offer, by any other bidder or potential bidder and (II) each Secured Party, that is considering making an offer in any Public Auction is provided with the same information (including any due diligence reports and access to management that is being provided to any other bidder at the same stage of the process). For the avoidance of doubt, if after having applied that same criteria and provided the same information, the offer or indication of a potential offer made by a Secured Party, is not considered by the Security Agent or such investment bank or accounting firm to be sufficient to continue in the sale or disposal process, such consideration being against the same criteria as any offer, or indication of a potential offer, by any other bidder or potential bidder (such continuation may include being invited to review additional information or being invited to have an opportunity to make a subsequent or revised offer, whether in another round of bidding or otherwise) then the right to participate of that Secured Party, under the Intercreditor Agreement shall be deemed to be satisfied; and

(B) shall not apply if the Security Agent believes in good faith that it may (or there is a risk that it may) result in a violation of any applicable laws or that it may (or there is a risk that it may) result in a requirement for registration under any applicable securities laws.

For the purposes of paragraph (a), such investment bank or accounting firm may be instructed by the Security Agent to take the limitations set out in subparagraphs (i) to (vi) (inclusive) above into account and to formulate recommendations that are consistent with them.

Exercise of Voting Rights

Each Intra Group Lender and Subordinated Creditor will (to the fullest extent permitted by law at the relevant time) cast its vote in any proposal put to the vote by or under the supervision of any judicial or supervisory authority in respect of any insolvency, pre-insolvency or rehabilitation or similar proceedings relating to any member of the Group as instructed by the Security Agent and the Security Agent shall give instructions for these purposes as directed by the Instructing Group, provided that such instructions have been given in accordance with the terms of the Intercreditor Agreement.

Turnover

Turnover by Primary Creditors

The Intercreditor Agreement will provide that if any time prior to the Final Discharge Date, any Super Senior Creditor or Senior Secured Creditor (collectively the "**Primary Creditors**") receives or recovers or otherwise realizes the proceeds of any enforcement of any Transaction Security or any other amounts which should otherwise be received, recovered or realized by the Security Agent (whether before or after an insolvency event) other than in accordance with the payment waterfall described in "*—Application of Proceeds from Enforcement of Transaction Security*," that Primary Creditor will, subject to certain exceptions:

(a) in relation to receipts or recoveries not received or recovered by way of set-off: (i) hold that amount equal to the relevant liabilities owed to such creditor (or, if less, the amount received or recovered) on trust for (or on behalf of) the Security Agent and separate from other assets, property or funds and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(b) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that receipt or recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Turnover by Subordinated Creditors

The Intercreditor Agreement will provide that if at any time prior to the Final Discharge Date or any creditor of any Subordinated Liabilities receives or recovers:

(a) any payment or distribution of, or on account of, or in relation to any such liabilities which is not otherwise permitted under the Intercreditor Agreement or made in accordance with the payment waterfall described in "*—Application of Proceeds from Enforcement of Transaction Security*";

(b) other than by way of set-off permitted under the Intercreditor Agreement, any amount by way of set-off in respect of any such liabilities which does not give effect to a payment permitted under the Intercreditor Agreement or enforcement action which is otherwise permitted to be made, received or taken by the relevant creditor under the Intercreditor Agreement;

(c) notwithstanding (a) and (b) above, and other than by way of set-off permitted under the Intercreditor Agreement, any amount on account of, or in relation to, any of such liabilities after the occurrence of an Acceleration Event or the enforcement of any Transaction Security (a "**Distress Event**") or as a result of any other litigation or proceedings against a Debtor or a member of the Group (other than after the occurrence of an insolvency event in respect of that Debtor or that member of the Group), other than, in each case, any amount received or recovered in accordance with the payment waterfall described in "*—Application of Proceeds from Enforcement of Transaction Security*";

(d) other than by way of set-off permitted under the Intercreditor Agreement, any amount by way of set-off in respect of any of such liabilities after the occurrence of a Distress Event other than any amount received or recovered in accordance with the payment waterfall described in "*—Application of Proceeds from Enforcement of Transaction Security*"; or

(e) other than by way of set-off permitted under the Intercreditor Agreement, any distribution in cash or in kind or payment of, or on account of or in relation to, any of such liabilities which is not made in accordance with the payment waterfall described in "*—Application of Proceeds from Enforcement of Transaction Security*" and which is made as a result of, or after, the occurrence of an insolvency event in respect of that Debtor,

the relevant Subordinated Creditor will, subject to certain exceptions:

(i) in relation to receipts or recoveries not received or recovered by way of set-off (A) hold that amount on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (B) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(ii) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Application of Proceeds from Enforcement of Transaction Security

The Intercreditor Agreement provides that amounts received from the realization or enforcement of all or any part of the Transaction Security will be applied in the following order of priority:

(a) first, *pari passu* and pro rata in or towards payment of (A) any sums owing to the Security Agent or any delegate appointed by the Security Agent or any receiver; (B) any amounts owing to the Notes Trustee and (C) the liabilities owed to the RCF Agent and each Agent (to the extent not included in the foregoing) of any unpaid fees, costs, expenses and liabilities (and all interest thereon as provided in the relevant Secured Debt Documents) of each such Agent and any receiver, attorney or agent appointed by such Agent under any Transaction Security Document or the Intercreditor Agreement (to the extent that such Transaction Security has been given in favor of such obligations);

(b) second, *pari passu* and pro rata in or toward payment of all costs and expenses incurred by the Super Senior Creditors and the Senior Secured Creditors in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Transaction Security Documents and the Intercreditor Agreement or any action taken at the request of the Security Agent;

(c) third, *pari passu* and pro rata in or toward payment to: (i) the RCF Agent on behalf of the Revolving Credit Facility finance parties and on behalf of the arrangers under the Revolving Credit Facility and each Agent in respect of a Credit Facility on behalf of the arrangers and lenders under and in respect of that Credit Facility; and (ii) the Super Senior Hedge Counterparties in respect of the Super Senior Hedging Liabilities, for application towards the discharge of (A) the Credit Facility Lender Liabilities and related liabilities owed to the arrangers under the Revolving Credit Facility and the Credit Facility Lender Liabilities and related liabilities owed to the arrangers under such Credit Facility in accordance with the terms of the Credit Facility Documents and (B) the Super Senior Hedging Liabilities on a pari passu and pro rata basis as between (A) and (B);

(d) fourth, *pari passu* and pro rata to: (i) the Notes Trustee on behalf of the Noteholders for application towards the discharge of the Senior Secured Notes Liabilities and (ii) the Non-Super Senior Hedge Counterparties for application towards the discharge of the Non-Super Senior Hedging Liabilities, on a pari passu and pro rata basis as between (i) and (ii); and

(e) the balance, if any, in payment or distribution to the Security Providers, any member of the Group or any other party entitled to receive it.

Notwithstanding any provision relating to the application of proceeds from enforcement of Transaction Security set out in the Intercreditor Agreement, no Secured Party will be entitled to receive any recovery from the realization or enforcement of all or any part of the Transaction Security unless that recovery is received in connection with the realization or enforcement of Transaction Security which is secured with Secured Liabilities (and only to the extent of such Secured Liabilities) that are due and owing to such Secured Party.

Release of the Guarantees and the Security

Non-Distressed Disposal

Notwithstanding anything to the contrary in the Intercreditor Agreement, if, in respect of a disposal of, or in respect of:

(a) an asset by a Debtor or Security Provider; or

(b) an asset which is subject to the Transaction Security, and the Issuer certifies in good faith for the benefit of the Security Agent (or any applicable Creditor party to a Transaction Security Document) that: (A) the disposal is not prohibited under the Finance Documents or consent of the requisite number of Creditors (or their Agent on their behalf, if applicable) has been obtained and (only if the consent of the requisite number of Creditors (or their Agent on their behalf, if applicable) is necessary in the Issuer's good faith determination) customary accompanying evidence has been provided; and (B) the disposal is not a Distressed Disposal, (such disposal, a "**Non-Distressed Disposal**"), the Intercreditor Agreement will provide that the Security Agent is irrevocably instructed, obliged and authorized (without any consent, sanction, authority or further confirmation from any Creditor, Debtor, Security Provider, the Issuer or Notes Trustee) but subject to certain exceptions contained in the Revolving Credit Facility promptly to enter into documentation reasonably required by the Issuer: (i) to release the Transaction Security (including for the avoidance of doubt, any shared assurance), or any other claim relating to a Debt Document over the relevant asset; (ii) where that asset consists of shares in the capital of a Debtor, to release the Transaction Security (including, for the avoidance of doubt, any shared assurance), any guarantee liabilities or any other claim (relating to a Debt Document) over that Debtor and its assets and the shares in and assets of any of its subsidiaries and (iii) to execute and deliver or enter into any release of the Transaction Security (including, for the avoidance of doubt, any shared assurance, any guarantee liabilities or any claim described in sub-paragraphs (i) and (iii) above) and issue any certificates of non-crystallization of any floating charge (or similar concepts under relevant applicable local law, if any) or any consent to dealing that may, be reasonably requested by the Issuer, provided that in the case of a disposal made within the Group to the extent that replacement Transaction Security is required from the transferee under the terms of the Debt Documents, such Transaction Security will (subject to any other requirements relating to the release, retaking, amendment or extension of the Transaction Security under the Debt Documents) be granted at the same time (or before) the relevant disposal is effected.

In circumstances where a Debtor or Security Provider (as defined below) requests to be released from its Guarantee Liabilities and/or Transaction Security in connection with any transaction (including the designation of a Restricted Subsidiary as an Unrestricted Subsidiary) in respect of which the Issuer (acting reasonably and in good faith) certifies to each Agent and the Security Agent that it is not prohibited under any Finance Document or, if prohibited, the required creditor consent has been obtained and accompanying customary evidence of such required creditor consent has been provided, the Security Agent is irrevocably instructed, obliged and authorized (at the cost of the relevant Debtor or the Company) by all applicable Parties (without any consent, sanction, authority or further confirmation from any Creditor or Debtor or Security Provider or the Issuer or, without limitation, any Notes Trustee) promptly to enter into documentation reasonably required by the Issuer and acceptable to the Security Agent (acting reasonably); (i) to release that Debtor and/or Security Provider from any such Guarantee Liabilities; (ii) to release the Transaction Security or any other claim granted by that Debtor or Security Provider or any Subsidiary thereof over any of their respective assets; (iii) to release any other claim of a Subordinated Creditor, or of another Debtor over that Debtor or Security Provider's assets or over the assets of any Subsidiary of that Debtor or Security Provider; and (iv) to execute and deliver or enter into any release of the Transaction Security, any Guarantee Liability or any claim described above and issue any certificates of non-crystallization of any floating charge (or similar concepts under relevant applicable local laws, if any) or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable.

If any proceeds from a Non-Distressed Disposal are required to be applied in mandatory prepayment of any of the Secured Liabilities or to be offered to any Secured Party pursuant to the terms of the Secured Debt Documents, then such proceeds will be applied in or towards payment of such Secured Liabilities or shall be offered to the relevant Secured Parties in accordance with the terms of the relevant Secured Debt Documents and the consent of any other party will not be required for that application.

Distressed Disposal

Where a Distressed Disposal of an asset is being effected, the Intercreditor Agreement will provide that the Security Agent is irrevocably instructed and authorized (at the cost of the relevant Debtor or the Issuer) and without any consent, sanction, authority or further confirmation from any Creditor, Debtor, Security Provider or the Issuer: (a) to release the Transaction Security, or any other claim over the asset subject to the Distressed Disposal and execute and deliver or enter into any release of that Transaction Security, or claim and issue any letters of non-crystallization of any floating charge (or similar concepts under relevant applicable local law) or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable; (b) if the asset which is subject to the Distressed Disposal consists of shares in the capital of a Debtor, to release (or instruct to release) that Debtor and any subsidiary of that Debtor from all or any part of (i) its borrowing liabilities in respect of the Debt Documents (other than borrowing liabilities owed by the Senior Secured Notes Issuer to the Primary Creditors), its liabilities as guarantor in respect of the Debt Documents and any trading or other liabilities (not being borrowing or guaranteeing liabilities) it may have to an Intra Group Lender or another Debtor ("**Other Liabilities**"); (ii) any Transaction Security granted by that Debtor or any subsidiary of that Debtor over any of its assets; (iii) any other claim of a Subordinated Creditor, or of another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor, on behalf of the relevant Creditor and Debtors; and (c) if the asset which is subject to the Distressed Disposal consists of shares in the capital of any holding company of a Debtor, to release (or instruct to release) that holding company and any subsidiary of that holding company from all or any part of (i) its borrowing liabilities in respect of the Debt Documents (other than borrowing liabilities owed by the Senior Secured Notes Issuer to the Primary Creditors), its liabilities as guarantor in respect of the Debt Documents and any Other Liabilities; (ii) any Transaction Security granted by any subsidiary of that holding company over any of its assets; and (iii) any other claim of a Subordinated Creditor or another Debtor over the assets of any Subsidiary of that holding company.

Where a Distressed Disposal of an asset is being effected, the Intercreditor Agreement will also provide that the Security Agent is authorized:

(a) if the asset which is subject to the Distressed Disposal consists of shares in the capital of a Debtor or a holding company of a Debtor and the Security Agent (acting in accordance with the terms of the Intercreditor Agreement) decides to dispose of all or any part of the liabilities of that Debtor or holding company or any subsidiary of that Debtor or holding company (as the case may be) under the Debt Documents (other than borrowing liabilities owed by the Issuer to a Primary Creditor) or any liabilities owed by such Debtor, holding company or subsidiary to another Debtor ("**Debtor Liabilities**"):

    (i) if the Security Agent does not intend that the relevant transferee will be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement, to enter into any agreement to dispose of all (but not part) of such liabilities owed to a Primary Creditor or such Debtor Liabilities provided that notwithstanding any other provision of any Debt Document the transferee shall not be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement; or

    (ii) if the Security Agent does intend that the relevant transferee will be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement, to enter into any agreement to dispose of all (but not part) of such liabilities owed to a Primary Creditor and all or any part of such Debtor Liabilities and any other liabilities under the Debt Documents, on behalf, in each case, of the relevant creditors and Debtors.

Where a Distressed Disposal of an asset is being effected, the Intercreditor Agreement will also provide that the Security Agent is authorized, if the asset which is subject to the Distressed Disposal consists of shares in the capital of a Debtor or a holding company of a Debtor (the "**Disposed Entity**") and the Security Agent decides to transfer to another Debtor (the "**Receiving Entity**") all or any part of that Disposed Entity's obligations (or any obligations of any subsidiary of that Disposed Entity) in respect of Intra Group Liabilities or Debtor Liabilities, to enter into any agreement (a) to transfer of all or part of the obligations in respect of those Intra-Group Liabilities or Debtor Liabilities on behalf of the relevant Intra-Group Lenders and Debtors to which those obligations are owed and on behalf of the Debtors which owe those obligations; and (b) to accept the transfer of all or part of the obligations in respect of those Intra-Group Liabilities or Debtor Liabilities on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those Intra-Group Liabilities or Debtor Liabilities are to be transferred.

In the case of a Distressed Disposal (or disposal of liabilities pursuant to the second paragraph of section "—*Distressed Disposal*" above), the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (though the Security Agent shall not have an obligation to postpone any such Distressed Disposal or disposal of Liabilities in order to achieve a higher price).

The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of liabilities or Debtor Liabilities pursuant to the second paragraph of section "—*Distressed Disposal*" above) shall be paid to the Security Agent for application in accordance with the payment waterfall described in "—*Application of Proceeds from Enforcement of Transaction Security*," as if those proceeds were the proceeds of an enforcement of the

Transaction Security and, to the extent that any disposal of such liabilities has occurred, as if that disposal of such liabilities had not occurred.

In this section:

"**Distressed Disposal**" means a disposal of an asset of a member of the Group which is subject to the Transaction Security (or, to the extent subject to Transaction Security, an asset of a Security Provider) which is: (a) being effected at the request of the Instructing Group in circumstances where the Transaction Security has become enforceable; (b) being effected by enforcement of the Transaction Security; or (c) being effected, after the occurrence of a Distress Event, by a Debtor or a Security Provider to a person or persons which is not a member, or members, of the Group.

"**Majority Super Senior Creditors**" means those Super Senior Creditors whose Super Senior Credit Participations at that time aggregate more than 66⅔% of the total Super Senior Credit Participations at that time;

"**Notes/Non-Super Senior Hedging Required Holders**" means, at any time, those Senior Secured Creditors whose Senior Secured Credit Participations at that time aggregate more than 50% of the total Senior Secured Credit Participations (as defined herein) at that time;

"**Relevant Enforcement Action**" means either (a) the determination by the Instructing Group of the method of enforcement of Transaction Security or (b) the appointment of a Financial Advisor by the Instructing Group to assist in such determination;

"**Senior Secured Credit Participations**" means, in relation to a Senior Secured Creditor (other than an Agent), the aggregate of: (a) its principal amount (including capitalised interest, if applicable) outstanding under the Notes; (b) in respect of any transaction of that Senior Secured Creditor under any Hedging Agreement that constitutes a Non-Super Senior Hedging Liability and that has, as of the date the calculation is made, been terminated or closed out in accordance with the terms of the Intercreditor Agreement, the amount (if any) payable to it under any Hedging Agreement to the extent it constitutes a Non- Super Senior Hedging Liability in respect of that termination or close-out as of the date of termination or close-out (and before taking into account any interest accrued on that amount since the date of termination or close-out) to the extent the amount is unpaid (that amount to be certified by the relevant Senior Secured Creditor and as calculated in accordance with the relevant Hedging Agreement); and (c) in respect of any hedging transaction of that Senior Secured Creditor under any Hedging Agreement to the extent it constitutes a Non-Super Senior Hedging Liability that has, as of the date the calculation is made, not been terminated or closed out, (i) if the relevant Hedging Agreement is based on an ISDA Master Agreement the amount, if any, which would be payable to it under that Hedging Agreement in respect of that hedging transaction, if the date on which the calculation is made was deemed to be an Early Termination Date (as defined in the relevant ISDA Master Agreement) for which the relevant Debtor is the Defaulting Party (as defined in the relevant ISDA Master Agreement) or (ii) if the relevant Hedging Agreement is not based on an ISDA Master Agreement, the amount, if any, which would be payable to it under that Hedging Agreement in respect of that hedging transaction, if the date on which the calculation is made was deemed to be the date on which an event similar in meaning and effect (under that Hedging Agreement) to an Early Termination Date (as defined in any ISDA Master Agreement) occurred under that Hedging Agreement for which the relevant Debtor is in a position similar in meaning and effect (under that Hedging Agreement) to that of a Defaulting Party (under and as defined in the same ISDA Master Agreement), that amount, in each case, to be certified by the relevant Non-Super Senior Hedge Counterparty and as calculated in accordance with the relevant Hedging Agreement.

"**Senior Secured Notes Credit Participations**" means, in relation to a Senior Secured Notes Creditor (other than the Notes Trustee), the aggregate of its principal amount (including capitalized interest, if applicable) outstanding under the Notes.

"**Super Senior Credit Participation**" means, in relation to a Super Senior Creditor (other than an Agent), the aggregate of: (a) its aggregate commitments under the Revolving Credit Facility and (if applicable) any other Credit Facility; (b) in respect of any transaction of that Super Senior Creditor under any Hedging Agreement that constitutes a Super Senior Hedging Liability and that has, as of the date the calculation is made, been terminated or closed out in accordance with the terms of this Agreement, the amount, if any, payable to it under any Hedging Agreement to the extent that it constitutes a Super Senior Hedging Liability in respect of that termination or close-out as of the date of termination or close out (and before taking into account any interest accrued on that amount since the date of termination or close-out) to the extent that amount is unpaid (that amount to be certified by the relevant Super Senior Creditor and as calculated in accordance with the relevant Hedging Agreement); and (c) in respect of any hedging transaction of that Super Senior Creditor under any Hedging Agreement to the extent it constitutes a Super Senior Hedging Liability that has, as of the date the calculation is made, not been terminated or closed out, (i) if the relevant Hedging Agreement is based on an ISDA Master Agreement the amount, if any, which would be payable to it under that Hedging Agreement in respect of that hedging transaction, if the date on which the calculation is made was deemed to be an Early Termination Date (as defined in the relevant ISDA Master Agreement) for which the relevant Debtor is the Defaulting Party (as defined in the relevant ISDA Master Agreement) or (ii) if the relevant Hedging Agreement is not based on an ISDA Master Agreement, the amount, if any, which would be payable to it under that Hedging Agreement in respect of that hedging transaction, if the date on which the calculation is made was deemed to be the date on which an event similar in meaning and effect (under that Hedging Agreement) to an Early Termination Date (as defined in any ISDA Master Agreement) occurred under that Hedging Agreement for which the relevant Debtor is in a position similar in meaning and effect (under that Hedging Agreement) to that of a Defaulting Party (under and as defined in the same ISDA Master Agreement), that amount, in each case, to be certified by the relevant Super Senior Hedge Counterparty and as calculated in accordance with the relevant Hedging Agreement.

Amendment

Save as otherwise required or permitted by (A) customary exceptions in relation to, among other things, the issuance or take up of new and incremental liabilities, exceptions provisions, snooze and lose provisions and disenfranchisement of defaulting lenders and (B) customary minor, technical or administrative matter amendments which may be effected by the Security Agent and the Issuer, the Intercreditor Agreement will provide that it may be amended with only the written consent of the Issuer and the Security Agent (insofar as the amendment or waiver might materially and adversely affect the rights, ranking, immunities or protections of the Security Agent) and the respective Agent acting in accordance with the relevant Finance Document provided that to the extent an amendment, waiver or consent only affects one class of Secured Party, and such amendment, waiver or consent could not reasonably be expected to materially and adversely affect the interests of the other classes of Secured Party, only written agreement from the Agents representing the required portion of the relevant affected class shall be required.

Subject to certain exceptions, an amendment, waiver or consent that has the effect of changing or which relates to: (a) any amendment to the turnover provisions, redistribution provisions, enforcement of Transaction Security, process of disposals, application of proceeds provisions or amendment; (b) certain provisions relating to the giving of instructions to the Security Agent or the exercise of discretion by the Security Agent; or (c) the order of priority or subordination under the Intercreditor Agreement, shall not be made without the written consent of the Issuer, each of the Hedge Counterparties (to the extent that the amendment or waiver would materially and adversely affect the Hedge Counterparty) and each of the Agents acting in accordance with the relevant Finance Documents provided that, in relation to any Notes Trustee, such consent shall be required only insofar as the relevant amendment or waiver would materially and adversely affect the rights, ranking, immunities or protections of that Notes Trustee or the relevant Creditors which it represents, except in any such case any amendments or waivers pursuant to or in connection with new, incremental and replacement liabilities (as detailed in "*—Further Security, Incremental and Replacement Liabilities*") or consequential on, incidental to or required to implement or reflect any financing described therein will not require creditor consent.

Subject to the paragraphs above and certain other exceptions, no amendment or waiver of the Intercreditor Agreement may impose new or additional obligations on or withdraw or reduce the rights of any party to the Intercreditor Agreement without the prior written consent (which may be received through its Agent, if applicable) of the affected party.

Snooze/Lose

The Intercreditor Agreement contains a snooze/lose provision that provides that if in relation to:

(a) a request for a consent, approval, release or waiver in relation to any of the terms of the Intercreditor Agreement;

(b) a request to participate in any other vote under the terms of the Intercreditor Agreement;

(c) a request to approve any other action under the Intercreditor Agreement; or

(d) a request to provide any confirmation or notification under the Intercreditor Agreement,

then, in each case, any Primary Creditor (other than any Primary Creditor whose Liabilities from the Group take the form of or are evidenced by debt securities listed on an recognized exchange including for the avoidance of doubt the Notes) (an "**Excluded Creditor**"):

(i) fails to respond to that request within 10 Business Days (or any other period of time notified by the Issuer, with the prior agreement of the Security Agent if the period for this provision to operate is less than 10 Business Days) of that request being made; or

(ii) fails to provide details of its Super Senior Credit Participation or Senior Secured Credit Participation (the "**Participation**") to the Security Agent within the timescale specified by the Security Agent:

(A) in the case of paragraphs (a) to (c) above, that Excluded Creditor's relevant Participation shall be deemed to be zero for the purpose of calculating the relevant total Participations when ascertaining whether any relevant percentage (including, for the avoidance of doubt, unanimity) of the total Participations has been obtained to give that consent, approval, release or waiver, carry that vote or approve that action;

(B) in the case of paragraphs (a) to (c) above, that Excluded Creditor's status in its relevant capacity shall be disregarded for the purposes of ascertaining whether the agreement of any specified group of Primary Creditors has been obtained to give that consent, approval, release or waiver, carry that vote or approve that action; and

(C) in the case of paragraph (d) above, that confirmation or notification shall be deemed to have been given.

Guarantee Limitations

The obligations of each Debtor and Intra-Group Lender under the Intercreditor Agreement will be appropriately limited by reference to any corresponding limitations in the Debt Documents (as applicable) or at law.

Other terms

Any reference in the Intercreditor Agreement to a Debtor or member of the Group being able to make any payment or take any other action shall include a reference to that Debtor or member of the Group being permitted to make any arrangement in respect of that payment or action or take any step or enter into any transaction to facilitate the making of that payment or the taking of that action.

Notwithstanding anything to the contrary in the Intercreditor Agreement, nothing in the Intercreditor Agreement shall prohibit a non-cash contribution of any asset (including, without limitation, any participation, claim, commitment, rights, benefits and/or obligations in respect of any liabilities and/or any other indebtedness borrowed or issued by any member of the Group from time to time) to the Issuer.

The right or requirement of any party to the Intercreditor Agreement to take or not take any action on or following the occurrence of an insolvency event in relation to a Debtor shall cease to apply if the relevant Event of Default in respect of that insolvency event in relation to a Debtor is no longer continuing (under an Acceleration Event).

Nothing in the Intercreditor Agreement shall prohibit any debt exchange, non-cash rollover or other similar or equivalent transaction in relation to any Liabilities.

Governing Law

The Intercreditor Agreement will be governed by and construed in accordance with English law.

2025 Senior Notes

On March 23, 2018 the Company issued $800.0 million in aggregate principal amount of 7% Senior Notes (the "**2025 Senior Notes**"). The 2025 Senior Notes mature on March 1, 2025. The 2025 Senior Notes are guaranteed on a senior subordinated basis by the same guarantors of the Notes (the "**2025 Senior Note Guarantees**").

The Company may redeem all or part of the 2025 Senior Notes at any time on or after March 1, 2021 at a price equal to par plus 75% of the applicable coupon, declining to par plus 50% of the applicable coupon on April 15, 2018, declining to par plus 25% of the applicable coupon on April 15, 2019, and at par from and after April 15, 2020. At any time prior to April 15, 2017, the Company may redeem all or part of the 2025 Senior Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of redemption plus a "make-whole" premium. At any time prior to April 15, 2017, the Company may on one or more occasions redeem up to 35% of the aggregate principal amount of the 2025 Senior Notes, using the net proceeds from certain equity offerings at a redemption price equal to 106.250% of the principal amount of the 2025 Senior Notes, plus accrued and unpaid interest, if any, to the date of redemption; provided that at least 65% of the aggregate principal amount of the 2025 Senior Notes remain outstanding after the redemption. Upon the occurrence of certain specified change of control events, the holders of the 2025 Senior Notes will have the right to require the Company to offer to repurchase the 2025 Senior Notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase.

The 2025 Senior Notes Indenture limits, among other things, the ability of the Company and its restricted subsidiaries to:

- incur additional debt and issue guarantees and preferred stock;
- make certain payments, including dividends and other distributions, with respect to outstanding share capital;
- repay or redeem subordinated debt or share capital;
- create or incur certain liens;
- impose restrictions on the ability of subsidiaries to pay dividends or make other payments to the Company;
- make certain investments or loans;
- sell, lease or transfer certain assets, including shares of any of the Company's restricted subsidiaries;
- guarantee certain types of other indebtedness without also guaranteeing the Notes;
- expand into unrelated businesses;
- merge or consolidate with other entities, or make certain asset sales; and
- enter into certain transactions with affiliates.

These limitations are, however, subject to a number of important qualifications and exceptions.

The 2025 Senior Notes Indenture also contains customary events of default, including, without limitation, payment defaults, covenant defaults, certain cross-defaults to mortgages, indentures or other instruments, certain events of bankruptcy and insolvency, and judgment defaults.

The 2025 Senior Notes, the 2025 Senior Note Guarantees and the 2025 Senior Notes Indenture are all governed by New York law.

Guarantee subordination agreement

The following description is a summary of certain provisions in the Guarantee Subordination Agreement. It does not restate the Guarantee Subordination Agreement in its entirety. As such, you are urged to read the Guarantee Subordination Agreement because it, and not the description that follows, defines certain rights of the holders of the Notes.

By purchasing a Note, Noteholders shall be deemed to have agreed to, and accepted the terms and conditions of, the Guarantee Subordination Agreement and to have authorized the Trustee to accede to the Guarantee Subordination Agreement on their behalf.

On November 6, 2013, we entered into a subordination agreement, as amended and restated on July 12, 2016 (the "**Guarantee Subordination Agreement**"). The creditors of the Revolving Credit Facility will accede to the Guarantee Subordination Agreement in connection with the entry into the Revolving Credit Facility and, in connection with this issuance of Notes, the Trustee will accede to the Guarantee Subordination Agreement. The Guarantee Subordination Agreement will govern the relationships and relative priorities among: on the one hand, (i) the creditors of the Revolving Credit Facility (the "**RCF Creditors**"); (ii) certain banks that act as counterparties to hedging agreements (the "**Hedging Banks**"); (iii) the Trustee for the Notes on its own behalf and on behalf of the Noteholders (the "**Senior Secured Notes Creditors**" and together with the RCF Creditors and the Hedging Banks, the "**Senior Secured Creditors**"); and on the other hand, (iv) the trustee for the 2025 Senior Notes (the "**2025 Senior Notes Creditors**").

In this description:

- "**Group**" refers to all of our subsidiaries for the time being but, for the avoidance of doubt, not Tullow Oil plc;
- "**Notes Issuer**" refers to us (but the definition in the Guarantee Subordination Agreement will also capture certain of our wholly-owned subsidiaries which may in future issue notes and on-lend the proceeds of such issuance to us);
- each member of the Group (excluding any Notes Issuer) that is a borrower or guarantor under the Debt Documents is referred to as a "**Debtor**" and are collectively referred to as the "**Debtors**";
- "**Senior Finance Documents**" refers to (among others) each of the Revolving Credit Facility, the Notes, the note guarantees relating to any of the Notes, the Indenture and the Intercreditor Agreement;
- "**2025 Senior Notes Documents**" refers to each of the Guarantee Subordination Agreement, the 2025 Senior Notes, the note guarantees relating to any of the 2025 Senior Notes and the 2025 Senior Notes Indenture; and
- "**Debt Documents**" refers to (among others) each of the Senior Finance Documents and the 2025 Senior Notes Documents.

Ranking and priority

The Guarantee Subordination Agreement will provide that the liabilities owed by the Debtors to the Senior Secured Creditors under the Senior Finance Documents (the "**Senior Liabilities**") and the liabilities owed by the 2025 Notes Guarantors to the 2025 Senior Notes Creditors under the 2025 Senior Notes Documents (the "**2025 Senior Note Guarantee Liabilities**") will rank in right and priority of payment in the following order:

- first, the Senior Liabilities *pari passu* and without any preference between them; and
- second, the 2025 Senior Note Guarantee Liabilities, *pari passu* and without preference between them.

The parties to the Guarantee Subordination Agreement will agree that the liabilities owed by the 2025 Senior Notes Issuer to the 2025 Senior Notes Creditors under the 2025 Senior Notes Documents, certain amounts owed to the Trustee under the 2025 Senior Notes Documents and certain 2025 Senior Notes security enforcement and preservation costs (if any) are senior obligations (and are therefore not 2025 Senior Note Guarantee Liabilities) and the Guarantee Subordination Agreement does not purport to rank, postpone and/or subordinate any of them in relation to the other liabilities.

The Guarantee Subordination Agreement will not purport to rank any of the Senior Liabilities as between themselves or any of the 2025 Senior Note Guarantee Liabilities as between themselves. In addition, the Guarantee Subordination Agreement will not purport to rank any of the liabilities of any Notes Issuer.

Permitted payments

Until the Senior Discharge Date (as defined below), the Guarantee Subordination Agreement will only permit Debtors to pay any amounts due to the 2025 Senior Notes Creditors with respect to the 2025 Senior Note Guarantee Liabilities if:

- no Stop Notice (as defined below) is outstanding and no Senior Payment Default (as defined below) has occurred and is continuing;
- if the requisite consent of the relevant Senior Secured Creditors is obtained; or
- the payment is of:
    - costs, commissions, taxes, fees payable to solicitation agents or other administrative service providers in connection with any consent process (provided that no portion of such fees may be payable to, or received by, the Noteholders) and expenses incurred in respect of (or reasonably incidental to) the 2025 Senior Notes Documents (or any of them);
    - additional amounts payable as a result of the tax gross-up provisions relating to the 2025 Senior Note Guarantee Liabilities and amounts in respect of currency indemnities in the 2025 Senior Notes Documents;
    - any amount not exceeding $2,250,000 (or its equivalent in other currencies) in aggregate in any twelve-month period; or
    - the principal amount of the liabilities in respect of the 2025 Senior Note Guarantee Liabilities on or after the final maturity date thereof (*provided that* such maturity date is as contained in the relevant 2025 Senior Note Document in its original form).

The "**Senior Discharge Date**" means the date on which all Senior Liabilities have been fully and finally discharged to the satisfaction of the relevant Representative (as defined below), whether or not as a result of an enforcement, and the Senior Secured Creditors are under no further obligations to provide financial accommodation to any Debtor under any Senior Finance Document.

A "**Senior Payment Default**" refers to a default arising by reason of a failure by the Company or certain of its subsidiaries to pay on the due date any amount payable by them in connection with any of the Senior Finance Documents other than an amount not exceeding $1,000,000 (or its equivalent in any other currency).

Subject to the terms of the Intercreditor Agreement] the creditor representatives (each a "**Representative**") of the lenders under the Revolving Credit Facility and the Noteholders under and in respect of the Notes may each serve a notice (a "**Stop Notice**") specifying that an event of default (other than a Senior Payment Default) under the Revolving Credit Facility and/or the Indenture (as applicable) is outstanding and suspend the payment of any 2025 Senior Note Guarantee Liabilities until the earliest of: (i) the date on which such relevant event of default is waived, remedied or cured in accordance with the relevant document, is no longer continuing or otherwise ceases to exist; (ii) the date falling 179 days after the date of receipt by the 2025 Senior Trustee of the Stop Notice; (iii) the date on which the liabilities owed by the debtors to the relevant Senior Secured Creditors under the relevant Senior Finance Document under which such event of default occurred have been fully and finally discharged to the satisfaction of the relevant Representative, whether or not as a result of an enforcement, and the relevant Senior Secured Creditors are under no further obligation to provide financial accommodation to any Debtor under those Senior Finance Documents; (iv) the date on which the Representative that served the Stop Notice cancels such Stop Notice; (v) if a Standstill Period (as defined below) is already in effect when that Stop Notice is served, the date on which the aforementioned Standstill Period expires; and (vi) the date on which the 2025 Senior Trustee takes any enforcement action that is permitted under the Guarantee Subordination Agreement. Each Stop Notice is to be issued within 60 days of receipt of notice of such default by the relevant Representative in respect of the relevant Senior Finance Document, only one notice may be served within any 360 day period, not more than one such notice may be served in respect of the same event or set of circumstances and no such notice may be served in respect of an event of default which has been notified to the relevant Representative at the time at which an earlier Stop Notice was issued. Notwithstanding the foregoing, the Notes Issuer will not be prevented from making a payment to the 2025 Senior Notes Creditors from its own assets if such payment is in respect of any of its obligations under the 2025 Senior Notes in respect of which such Stop Notice has been delivered and such payment is not financed by a payment to the Notes Issuer by a member of the Group which is prohibited as described in this paragraph. Any failure to make a payment to a 2025 Senior Notes Creditor due under the 2025 Senior Notes Documents as a result of the issue of a Stop Notice or the occurrence of a Senior Payment Default shall not prevent the occurrence of an event of default as a consequence of that failure to make a payment to a 2025 Senior Notes Creditor in relation to the 2025 Senior Notes Documents, or the issue of a notice to the Representatives of the Senior Secured Creditors on behalf of the 2025 Senior Notes Creditors of the existence of such event of default.

Restrictions on enforcement

While any Senior Liabilities are outstanding, the Guarantee Subordination Agreement will only permit 2025 Senior Notes Creditors to take enforcement action against a Debtor in respect of any 2025 Senior Note Guarantee Liabilities: (i) if a Standstill Period (as defined below) in respect of an event of default under the 2025 Senior Notes Documents (other than one arising solely by reason of a cross default (other than a payment cross default) to any Senior Finance Document) (a "**2025 Senior Notes Default**") has elapsed and such event of default is outstanding at the end of that Standstill Period; (ii) in circumstances where the Senior Secured Creditors take enforcement action in relation to a Debtor (provided that 2025 Senior Notes Creditor action is limited to taking the same action against a guarantor in respect of the 2025 Senior Note Guarantee Liabilities (a "**Notes Guarantor**") as that taken by the Senior Secured Creditors); and (iii) if certain insolvency, liquidation or other similar enforcement events with respect to a 2025 Senior Notes Guarantor have occurred and such actions are taken with respect to such 2025 Senior Notes Guarantor (subject to certain limited exceptions).

In this section, a "**Standstill Period**" refers to the period beginning on the date (the "**Start Date**") the Representatives of the Senior Secured Creditors receive a notice from the Trustee notifying them of a 2025 Senior Notes Default (other than one referred to or described in paragraphs (ii) or (iii) above) and ending on the earlier of (i) the date falling 179 days after the Start Date; (ii) the date on which the Senior Secured Creditors take enforcement action in relation to a 2025 Senior Notes Guarantor; (iii) the date of certain insolvency, liquidation or other similar enforcement events occurring in relation to a 2025 Senior Notes Guarantor against whom such enforcement action is to be taken (subject to certain limited exceptions); (iv) the expiry of another Standstill Period outstanding at the date such first mentioned Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy); (v) the date on which a 2025 Senior Notes Default occurs for failure to pay principal at the original scheduled maturity of the 2025 Senior Notes; and (vi) the date on which the relevant Representatives consent to the relevant 2025 Senior Notes Creditors taking enforcement action in respect of that 2025 Senior Notes Default. In the circumstances described in item (ii) above, the Standstill Period is only brought to an end to allow the 2025 Senior Notes Creditors to take the same enforcement action against a 2025 Senior Notes Guarantor as that taken by the Senior Secured Creditors.

Turnover

Turnover by the notes creditors

The Guarantee Subordination Agreement will also provide that if at any time prior to the Senior Discharge Date, a 2025 Senior Notes Creditor (subject to certain exceptions for the trustee for the 2025 Senior Notes) receives or recovers a payment or distributes of, on account of or in relation to any 2025 Senior Note Guarantees Liabilities which is not a permitted payment under the Guarantee Subordination Agreement, it will:

- in relation to receipts and recoveries from a guarantor of the Revolving Credit Facility and the Notes or from any person that is a 2025 Senior Notes Guarantor and has granted security for the Revolving Credit Facility and the Notes (but excluding, for the avoidance of doubt, a Super Senior Credit Support Provider (as defined below)): (i) hold the received or recovered amount on trust for the relevant Representatives; (ii) promptly notify the Representatives of the Senior Secured Creditors of such receipt or recovery and request that each such Representative confirm the amount of Senior Liabilities outstanding under the relevant Senior Finance Documents; and (iii) pay or distribute such amounts to the relevant Representatives on a *pari passu* basis for application in accordance with the terms of the Intercreditor Agreement; and

- in relation to receipts and recoveries from a guarantor of only the Revolving Credit Facility or from any person that is a 2025 Senior Notes Guarantor and has granted security only for the Revolving Credit Facility (a "**Super Senior Credit Support Provider**"): (i) hold the received or recovered amount on trust for the Representative of the New RCF Creditors; (ii) promptly notify the relevant Representative of the New RCF Creditors of such receipt or recovery and request that such Representative confirm the amount of Senior Liabilities outstanding under the relevant Senior Finance Documents; and (iii) pay or distribute such amounts to the relevant Representative of the New RCF Creditors on a *pari passu* basis for application in accordance with the terms of the relevant Senior Finance Documents.
- Pending payment, the relevant 2025 Senior Notes Creditor shall hold the relevant amount(s) on trust for the relevant Representative.

Turnover by the representatives

The Guarantee Subordination Agreement shall provide that if any Representative collects, receives or recovers any amounts following the exercise any of its rights described under the caption "*—Filing of claims*" below and, after the Senior Discharge Date, that Representative continues to hold any such amounts so collected, received or recovered, that Representative shall promptly pay all such amounts to the trustee for the 2025 Senior Notes for application in accordance with the terms of the 2025 Senior Notes Documents.

Filing of claims

After the occurrence of certain insolvency, liquidation or other similar enforcement events in respect of a 2025 Senior Notes Guarantor, each Representative will be authorized under the Guarantee Subordination Agreement to: (i) demand, sue, prove and give receipt for any or all of that Debtor's 2025 Senior Note Guarantee Liabilities; (ii) collect and receive all distributions on, or on account of, any or all of that 2025 Senior Notes Guarantor's 2025 Senior Note Guarantee Liabilities; and (iii) file claims, take proceedings and do all other things the relevant Representative considers reasonably necessary to recover that 2025 Senior Notes Guarantor's 2025 Senior Note Guarantee Liabilities.

Option to purchase

The Guarantee Subordination Agreement will provide that the trustee for the 2025 Senior Notes may, at the direction and expense of one or more of the 2025 Senior Notes Creditors (each a "**Purchasing 2025 Senior Notes Creditor**") and by giving at least ten Business Days' notice to the relevant Representatives of the Senior Secured Creditors, at any time when a Stop Notice is outstanding and any enforcement action has been taken by or on behalf of a Senior Secured Creditor, require the transfer to them of all, but not part, of the rights and obligations in respect of the Senior Liabilities if (subject to limited exceptions): (i) the transfer is lawful; (ii) any conditions relating to such a transfer contained in the relevant Senior Finance Documents are complied with; (iii) payment in full in cash of an amount equal to the Senior Liabilities outstanding and certain other costs and expenses relating to the transfer; (iv) as a result of that transfer the Senior Secured Creditors have no further actual or contingent liability to any Debtor under the relevant Debt Documents; (v) an indemnity is provided from each Purchasing 2025 Senior Notes Creditor (other than the trustee for the 2025 Senior Notes or from an acceptable third party) in a form satisfactory to each Senior Secured Creditor in respect of all losses which may be sustained or incurred by any Senior Secured Creditor in consequence of any sum received or recovered by any Senior Secured Creditor from any person being required (or it being alleged that it is required) to be paid back by or clawed back from any Senior Secured Creditor for any reason; and (vi) the transfer is made without recourse to, or representation or warranty from, the Senior Secured Creditors (except that each Senior Secured Creditor shall be deemed to have represented and warranted on the date of that transfer that it has the corporate power to effect that transfer and it has taken all necessary action to authorize the making by it of that transfer).

Release of guarantees in respect of the notes

The Guarantee Subordination Agreement will provide that if a disposal of shares or assets of any member of the Group is effected pursuant to any enforcement action taken pursuant to the Senior Finance Documents, any guarantees in respect of the 2025 Senior Notes from any of our subsidiaries whose shares or the shares of its direct or indirect holding company are sold will be released and any security in respect of the shares and assets of any such subsidiary will be released if: (i) the proceeds of such sale or disposal are in cash (or substantially in cash); (ii) all present and future obligations owed to the creditors under the Senior Finance Documents by a member of the Group are unconditionally released and discharged or sold or disposed of concurrently with such sale; and (iii) such sale or disposal (including any sale or disposal of any claim) is made pursuant to a public auction or where an independent investment bank or an internationally recognized firm of accountants has delivered an opinion to the trustee for the 2025 Senior Notes in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view taking into account all relevant circumstances including the method of enforcement and the circumstances giving rise to such sale.

General

The Guarantee Subordination Agreement will contain provisions dealing with:

- incurrence of future debt that will allow certain agents with respect to the creditors of that debt to accede to the Guarantee Subordination Agreement and benefit from, and be subject to, the provisions described above (including, for the avoidance of doubt, as creditors in respect of Senior Liabilities); and
- customary protections for the trustee of the 2025 Senior Notes.

Governing law

The Guarantee Subordination Agreement is governed by and construed in accordance with English law.

Hedging arrangements

We maintain certain commodity hedges to manage our exposure to movements in oil and gas prices. In addition, we hold a small portfolio of interest rate derivatives and, at times, a small portfolio of foreign exchange derivatives. In connection with these activities, we have entered into International Swaps and Derivatives Association master agreements with several hedging partners. Certain of the Initial Purchasers have entered and may from time to time enter into hedging arrangements with us and our affiliates. For a further discussion of our current hedging arrangements, see "*Management's discussion and analysis of financial condition and results of operation—Significant factors affecting results of operations—Derivative financial instruments.*"

Description of notes

Tullow Oil plc (the "**Company**") will issue $1,800.0 million aggregate principal amount of 10¼% senior secured notes due 2026 (the "**Notes**") under an indenture (the "**Indenture**") among, *inter alios,* the Company, the Guarantors, GLAS Trust Corporation Limited, as security agent (the "**Security Agent**"), Deutsche Trustee Company Limited, as trustee (the "**Trustee**"), Deutsche Bank Trust Company Americas, as Principal Paying Agent, Transfer Agent and Registrar, and Deutsche Bank AG, London Branch, as London Paying Agent in a private transaction that is not subject to the registration requirements of the U.S. Securities Act. The terms of the Notes include those set forth in the Indenture. The Indenture will not incorporate, by reference or otherwise, include or be subject to any of the provisions of the U.S. Trust Indenture Act of 1939, as amended. See "*Notice to Investors*." The Security Documents referred to below under the caption "*—Security*" define the terms of the security that will secure the Notes.

The following description is a summary of the material provisions of the Indenture, the Notes, the Security Documents and refers to the Intercreditor Agreement and the Guarantee Subordination Agreement and certain other agreements relating to the Notes. This description does not restate those agreements in their entirety. We urge you to read the Indenture, the Notes, the Security Documents, the Intercreditor Agreement and the Guarantee Subordination Agreement because they, and not this description, define your rights as holders of the Notes. Copies of the Indenture, the form of Note, the Security Documents, the Intercreditor Agreement and the Guarantee Subordination Agreement are available as set forth below under "*—Additional information*."

You can find the definitions of certain terms used in this "*Description of Notes*" under the subheading "*—Certain definitions*." Certain defined terms used in this "*Description of Notes*" but not defined below under "*—Certain definitions*" or elsewhere in this description have the meanings assigned to them in the Indenture. For purposes of this "*Description of Notes*," the term "Company" refers only to Tullow Oil plc and not to any of its subsidiaries, and unless the context requires otherwise, references in this "*Description of Notes*" to the Notes include the Notes and any additional Notes that are issued.

The Company, the Trustee, the Registrar, the Transfer Agent, the Paying Agent and the Security Agent will be entitled to treat the registered holder of a Note as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

There is currently no public market for the Notes. Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange (the "**Exchange**") and to trade on the Euro MTF Market of the Exchange. There are no assurances that the Notes will be admitted to the Official List of the Exchange. The Company may also choose to list on another recognized stock exchange.

Brief description of the Notes and the Note Guarantees

The Notes

The Notes will be:

general obligations of the Company;

- secured by first-priority liens over the Collateral, but will receive proceeds from enforcement of security over the Collateral only after any obligations under the Revolving Credit Facility and counterparties to certain hedging obligations have been paid in full, as described below under "*—Security*";

- *pari passu* in right of payment with all existing and future obligations of the Company that are not expressly contractually subordinated in right of payment to the Notes, including under the Revolving Credit Facility and the 2025 Notes Indenture;

- senior in right of payment to all future obligations of the Company that are subordinated in right of payment to the Notes;

- effectively subordinated to all existing and future secured obligations of the Company and its Restricted Subsidiaries, to the extent of the value of the property and assets securing such obligations, unless such assets also secure the Notes on an equal and ratable or senior basis;

- structurally subordinated to all existing and future obligations of the Company's Restricted Subsidiaries that do not guarantee the Notes, including any trade payables and letters of credit issued by such Restricted Subsidiaries; and

- guaranteed on a senior basis by the Guarantors, subject to limitations under applicable law as set forth below under the caption "*—Note Guarantees*."

The Note Guarantees

The Notes will be guaranteed by the Guarantors. Each Note Guarantee will be:

a senior obligation of that Guarantor;

- secured by first-priority liens over the Collateral, but will receive proceeds from enforcement of security over the Collateral only after any obligations under the Revolving Credit Facility and counterparties to certain hedging obligations have been paid in full, as described below under "*—Security*";

- *pari passu* in right of payment with all future senior obligations of that Guarantor, including under the Revolving Credit Facility;

- senior in right of payment to all future obligations of that Guarantor that are expressly contractually subordinated to that Guarantor's Note Guarantee, including Guarantees of the 2025 Notes; and

- effectively subordinated to all existing and future secured obligations of that Guarantor, to the extent of the value of the property and assets securing such obligations, unless such assets also secure the Notes on an equal and ratable or senior basis.

Not all of the Company's Subsidiaries will guarantee the Notes on the Issue Date and the Company will not have any obligation to cause any of its Subsidiaries to guarantee the Notes in the future (except as required under the circumstances described below under the caption "*—Certain covenants—Limitation on guarantees of indebtedness by restricted subsidiarie*s"). In the event of a bankruptcy, liquidation or reorganization of any Subsidiary that is not a Guarantor, such Subsidiary will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to the Company or a Guarantor.

On a *pro forma* basis after giving effect to the Transactions, as of and for the year ended December 31, 2020, the Company and its Restricted Subsidiaries that are Guarantors collectively represented 92.9% of the Company and its Restricted Subsidiaries' consolidated sales revenue, 97.4% of the Company and its Restricted Subsidiaries' consolidated property, plant and equipment fixed assets and 96.2% of the Company and its Restricted Subsidiaries' 2P Reserves. On a *pro forma* basis after giving effect to the Transactions, as of December 31, 2020, the Restricted Subsidiaries of the Company that are not Guarantors had no financial indebtedness (excluding intercompany indebtedness). These percentages are unadjusted for the Equatorial Guinea Disposal which occurred subsequent to year-end and accounts for the majority of non-Guarantor revenues and non-Guarantor property, plant and equipment and the entirety of non-Guarantor 2P reserves as of December 31, 2020. See "*Risk factors—Risks relating to the Notes and our structure—The Notes and Note Guarantees will be structurally subordinated to the liabilities and preference shares (if any) of our non-Guarantor subsidiaries*."

As of the Issue Date, all of the Company's Subsidiaries will be "Restricted Subsidiaries." However, under the circumstances described below under the caption "*—Certain covenants—Designation of restricted and unrestricted subsidiaries*," the Company will be permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries." The Company's Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Principal, maturity and interest

The Company will issue $1,800.0 million in aggregate principal amount of Notes in this offering. The Company may issue additional Notes (the "**Additional Notes**") under the Indenture from time to time after this offering. Any issuance of Additional Notes is *subject to all of the covenants in the Indenture, including the covenant described below under the caption "—Certain covenants—Incurrence of indebtedness and issuance of preferred stock*." The Notes and any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. The Company will issue Notes in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof. For so long as the Notes are listed on the Official List of the Exchange and admitted to trading on the Euro MTF Market and the rules of the Exchange so require, the Company will publish a notice of any change in these denominations in accordance with the requirements of such rules. The Notes will mature on May 15, 2026.

Interest on the Notes will accrue at the rate of 10.25% per annum and will be payable semi-annually in arrears on May 15 and November 15, commencing on November 15, 2021. Interest on overdue principal and interest, if any, will accrue at a rate that is 1.0% higher than the then applicable interest rate on the Notes. The Company will make each interest payment to the holders of record on the close of business of the Business Day immediately preceding the applicable interest payment date. The reimbursement price of the Notes at maturity will be 100% of the principal amount then outstanding.

Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each interest period shall end on (but not include) the relevant interest payment date.

The rights of holders of beneficial interests in the Notes to receive the payments on such Notes are subject to applicable procedures of DTC, Euroclear and Clearstream. If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the holder of such Notes will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Methods of receiving payments on the Notes

Principal, premium, if any, interest and Additional Amounts (as defined below), if any, on the Global Notes (as defined below) will be payable at the specified office or agency of the Paying Agent; *provided* that all such payments with respect to Notes represented by one or more Global Notes registered in the name of or held by a nominee of the common depositary for DTC, Euroclear and Clearstream will be made by wire transfer of immediately available funds to the account specified by the holder or holders thereof, in accordance with the procedures of DTC, Euroclear and Clearstream.

Principal, premium, if any, interest and Additional Amounts, if any, on any Definitive Registered Notes (as defined below) will be payable at the specified office or agency of the Paying Agent maintained for such purpose. In addition, interest on the Definitive Registered Notes may be paid by check mailed to the person entitled thereto as shown on the register for the Definitive Registered Notes.

Transfer and exchange

Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**144A Global Note**"). Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Reg S Global Note**" and, together with the 144A Global Note, the "**Global Notes**"). The Global Notes will, upon issuance, be deposited with and registered in the name of the nominee for the common depositary for the accounts of DTC, Euroclear and Clearstream.

Ownership of interests in the Global Notes ("**Book-Entry Interests**") will be limited to persons that have accounts with DTC or persons that may hold interests through such participants, including through Euroclear and Clearstream. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Notice to investors*." In addition, transfers of Book-Entry Interests between participants in DTC, participants in Euroclear or participants in Clearstream will be effected by DTC, Euroclear or Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by DTC, Euroclear or Clearstream and their respective participants.

Book-Entry Interests in a 144A Global Note, or the "**144A Book-Entry Interests**," may be transferred to a person who takes delivery in the form of Book-Entry Interests in a Reg S Global Note, or the "**Reg S Book-Entry Interests**," only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the U.S. Securities Act. During the 40-Day Period (as defined in "*Book-entry, delivery and form*"), Reg S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with applicable transfer restrictions and any applicable securities laws of any state of the United States or any other jurisdiction. See "*Notice to Investors*."

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If definitive Notes in registered form ("**Definitive Registered Notes**") are issued, they will be issued only in denominations of $200,000 and integral multiples of $1,000 in excess thereof upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by DTC from the participant which owns the relevant Book-Entry Interest. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Company in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Notice to investors*."

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in denominations of $200,000 in principal amount or integral multiples of $1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder, among other things, to furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at DTC, Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder of the Notes, other than any transfer taxes or similar governmental charges payable in connection with such transfer or exchange.

Notwithstanding the foregoing, the Company is not required to register the transfer of any Definitive Registered Notes:

(1) for a period of 15 calendar days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 calendar days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a period of 15 calendar days prior to the record date with respect to any interest payment date applicable to such Notes; or

(4) which the holder of the Notes has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer.

Paying agent and registrar for the Notes

The Company will maintain one or more paying agents (each, a "**Paying Agent**") for the Notes. The initial Paying Agents will be Deutsche Bank Trust Company Americas in New York (the "**Principal Paying Agent**") and Deutsche Bank AG, London Branch in London.

The Company will also maintain both a registrar (the "**Registrar**") and a transfer agent (the "**Transfer Agent**") in the Borough of Manhattan, City of New York. The initial Registrar will be Deutsche Bank Trust Company Americas, and the initial Transfer Agent will be Deutsche Bank Trust Company Americas. The Registrar will maintain a register reflecting record ownership of the Global Notes and any Definitive Registered Notes outstanding from time to time, and the Transfer Agent will facilitate transfers of any Definitive Registered Notes on behalf of the Company.

The Company may change any Paying Agent, the Registrar or the Transfer Agent without prior notice to the holders of the Notes. For so long as the Notes are listed on the Official List of the Exchange and its rules so require, the Company will publish a notice of any change of Paying Agent, Registrar or Transfer Agent, to the extent and in the manner required by such rules, post such notice on the official website of the Exchange. The Company or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes.

Note Guarantees

The Notes will be guaranteed on a senior secured basis by the Guarantors, who will also be guarantors under the Revolving Credit Facility. Such entities are also guarantors of the 2025 Notes on a senior subordinated basis, subject to the terms of the Guarantee Subordination Agreement. The Note Guarantees will be joint and several obligations of the Guarantors. The obligations under the Note Guarantees will be *pari passu* in right of payment to the Guarantors' obligations under the Revolving Credit Facility and to the Guarantors' future senior obligations, and will be senior in right of payment to the Guarantors' obligations under the Guarantees of the 2025 Notes. The obligations of the Guarantors will be contractually limited under the applicable Note Guarantees to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. See "*Notice to Investors*." For a description of such limitations, see "*Risk factors—Risks relating to the Notes and our structure—Each Note Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability*."

Each Note Guarantee will be limited to the maximum amount that would not render such Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable provision of national or state law, or as otherwise required to comply with corporate benefit, financial assistant and other laws.

Note Guarantees release

The Note Guarantee of a Guarantor will be automatically and unconditionally released and discharged without any further action by the Company, the relevant Guarantor or the Trustee, and such Guarantor's obligations under the Note Guarantee, the Indenture, the Intercreditor Agreement, the Guarantee Subordination Agreement and any Additional Intercreditor Agreement will terminate and be of no further force and effect:

(1) in connection with any sale or other disposition of all or substantially all of the properties or assets of that Guarantor (including by way of merger, amalgamation or consolidation) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary of the Company, if the sale or other disposition does not violate the provisions set forth below under "*—Repurchase at the option of holders—Asset sales*" and, in each case, as not prohibited by the Indenture;

(2) in connection with any sale or other disposition of the Capital Stock of that Guarantor (whether by direct sale or through a holding company) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary of the Company, if the sale or other disposition does not violate the provisions set forth below under "*—Repurchase at the option of holders—Asset sales*" and as a result of such disposition such Guarantor no longer qualifies as a Subsidiary of the Company;

(3) if the Company designates such Guarantor (or any parent entity thereof) as an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

(4) upon repayment in full of the Notes or upon Legal Defeasance or Covenant Defeasance as described below under the caption "*—Legal defeasance and covenant defeasance*" or upon satisfaction and discharge of the Indenture as described under the caption "*—Satisfaction and discharge*";

(5) upon the liquidation or dissolution of such Guarantor; *provided* that no Default or Event of Default has occurred or is continuing;

(6) as described under "*—Amendment, supplement and waiver*";

(7) in connection with the implementation of a Permitted Reorganization;

(8) as described in the fourth paragraph of the covenant described below under "*—Certain covenants—Limitation on guarantees of indebtedness by restricted subsidiaries*"; or

(9) in connection with certain enforcement actions taken by the creditors under the Intercreditor Agreement, the Guarantee Subordination Agreement or any Additional Intercreditor Agreement.

A substantial portion of the operations of the Company are conducted through its Subsidiaries. Claims of creditors of non-guarantor Subsidiaries, including trade creditors, secured creditors and creditors holding debt and guarantees issued by those Subsidiaries, and claims of preferred and minority stockholders (if any) of those Subsidiaries generally will have priority with respect to the assets of those Subsidiaries over holders of the Notes. The Notes and each Note Guarantee therefore will be structurally subordinated to creditors (including trade creditors) and preferred and minority stockholders (if any) of Subsidiaries of the Company (other than the Guarantors).

Although the Indenture will limit the incurrence of Indebtedness (which includes Disqualified Stock and Preferred Stock of Restricted Subsidiaries), the limitation will be subject to a number of significant exceptions. Moreover, the Indenture will not impose any limitation on the incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness under the Indenture. See "*—Certain covenants—Incurrence of indebtedness and issuance of preferred stock*."

Upon any occurrence giving rise to a release as specified above, the Trustee will execute, at the cost of the Company, any documents reasonably requested by the Company in order to evidence the release, discharge and termination in respect of such Note Guarantee. Neither the Company, any Guarantor nor the Trustee will be required to make a notation on the Notes to reflect any such release, termination or discharge.

Additional amounts

All payments made by or on behalf of the Company under or with respect to the Notes or any of the Guarantors with respect to any Note Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction for, or on account of, such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which the Company or any Guarantor is then incorporated, organized, engaged in business for tax purposes or otherwise resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction from or through which payment is made by or on behalf of the Company or any Guarantor (including the jurisdiction of any Paying Agent) or any political subdivision thereof or therein (each, a "**Tax Jurisdiction**") will at any time be required to be made from any payments made by or on behalf of the Company under or with respect to the Notes or any of the Guarantors with respect to any Note Guarantee, including payments of principal, redemption price, purchase price, interest or premium, the Company or the relevant Guarantor, as applicable, will pay such additional amounts (the "**Additional Amounts**") as may be necessary in order that the net amounts received in respect of such payments by each holder after such withholding or deduction (including any such withholding or deduction from such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however,* that no Additional Amounts will be payable with respect to:

(1) any Taxes, to the extent such Taxes would not have been imposed but for the existence of any present or former connection between the holder (or between a fiduciary, settler, beneficiary, member or shareholder of, or possessor of a power over, the relevant holder, if the relevant holder is an estate, nominee, trust, partnership, limited liability company or corporation) or the beneficial owner of the Notes and the relevant Tax Jurisdiction (including being a resident of such jurisdiction for Tax purposes), other than the mere holding of such Note, the enforcement of rights under such Note or under a Note Guarantee or the receipt of any payments in respect of such Note or a Note Guarantee;

(2) any Taxes, to the extent such Taxes were imposed as a result of the presentation of a Note for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30-day period);

(3) any estate, inheritance, gift, sales, transfer, personal property or similar Taxes;

(4) Taxes imposed on or with respect to a payment made to a holder or beneficial owner of Notes who would have been able to avoid such withholding or deduction by presenting (where presentation is required) the relevant Notes to another Paying Agent;

(5) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Notes or with respect to any Note Guarantee;

(6) any Taxes, to the extent such Taxes are withheld or deducted by reason of the failure of the holder or beneficial owner of Notes to comply with any reasonable written request of the Company, addressed to the holder and made at least 60 days before any such withholding or deduction is to be made, to satisfy any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Tax Jurisdiction), but in each case, only to the extent the holder or beneficial owner is legally entitled to satisfy such requirement;

(7) any Taxes imposed pursuant to Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (the "**Code**"), any current or future regulations or official interpretations thereof, any similar law or regulation adopted pursuant to an intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing or any agreements entered into pursuant to section 1471(b)(1) of the Code;

(8) any Tax that is imposed on or with respect to any payment made to any holder who is a fiduciary or partnership or an entity that is not the sole beneficial owner of such payment, to the extent that a beneficiary or settlor (for tax purposes) with respect to such fiduciary, a member of such partnership or the beneficial owner of such payment would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual holder of the applicable Note; or

(9) any combination of items (1) through (8) above.

In addition to the foregoing, the Company and the Guarantors will also pay and indemnify the Trustee, Paying Agent, Security Agent and holders for any present or future stamp, issue, registration, court or documentary taxes, or any other excise or property taxes, charges or similar levies (including penalties, interest and any other reasonable expenses related thereto), which are levied by any Tax Jurisdiction on the execution, delivery, issuance, enforcement or registration of any of the Notes, the Indenture or any Note Guarantee or any other document referred to therein, except for any such taxes imposed or levied as a result of a transfer after the Issue Date.

If the Company or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Note Guarantee, the Company or the relevant Guarantor, as the case may be, will deliver to the Trustee and Paying Agent on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises less than

30 days prior to that payment date, in which case the Company or the relevant Guarantor shall notify the Trustee promptly thereafter) an Officers' Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officers' Certificate must also set forth any other information reasonably necessary to enable any Paying Agent to pay Additional Amounts to holders on the relevant payment date. The Trustee and Paying Agent shall be entitled to rely solely on such Officers' Certificate as conclusive proof that such payments are necessary.

The Company or the relevant Guarantor will make all withholdings and deductions for, or on account of, Taxes required by law and will remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Company or the relevant Guarantor will use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Company or the relevant Guarantor will furnish to the Trustee (or to a holder upon written request), within a reasonable time after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Company or the Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not obtained, other evidence of payments (reasonably satisfactory to the Trustee) by such entity.

Whenever in the Indenture or in this "Description of Notes" there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or any other amount payable under, or with respect to, any of the Notes or any Note Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive any termination, defeasance or discharge of the Indenture or any transfer by a holder or beneficial owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Company or any Guarantor is incorporated, organized, engaged in business for tax purposes or otherwise resident for tax purposes or any political subdivision thereof or therein or any jurisdiction from or through which such successor Person makes any payment on the Notes (or any Note Guarantee) or any political subdivision thereof or therein.

Intercreditor Agreement

On the Issue Date, the Trustee, on behalf of the holders of the Notes, will accede to an Intercreditor Agreement with, among others, the Company, the Security Agent and the agent for the Revolving Credit Facility as described under "*Description of certain financing arrangements—Intercreditor Agreement.*" By accepting a Note, each Holder will be deemed to have authorized and instructed the Trustee to accede to the Intercreditor Agreement on its behalf as contemplated above and comply with the provisions of the Intercreditor Agreement.

Priority

Pursuant to the Intercreditor Agreement, the Security Agent will act on behalf of, and the Collateral will be shared equally and ratably among (but without prejudice to the agreed order of application of proceeds following the enforcement thereof), the holders of all Indebtedness entitled to the first-ranking security under the Indenture. This Indebtedness includes the Notes, obligations under the Revolving Credit Facility, obligations under certain Hedging Obligations and any other Indebtedness permitted to be secured on the Collateral in compliance with the Indenture. The Intercreditor Agreement will also provide, among other things, that the obligations of the Company and the Guarantors under the Revolving Credit Facility and certain Hedging Obligations will receive proceeds from the enforcement of the Collateral in priority to the Notes. See "*Description of certain financing arrangements—Intercreditor Agreement*" and "*Risk Factors—Risks related to the Notes and our structure*." In addition, the Company and the Restricted Subsidiaries will be permitted to create, incur, assume or otherwise cause or suffer to exist other Indebtedness secured by the Collateral as provided for under the caption "*—Certain Covenants—Liens*." Under certain circumstances, the amount of such additional Indebtedness secured by the Collateral could be significant.

Guarantee Subordination Agreement

On the Issue Date, the Trustee, on behalf of the holders of the Notes, and the agent for the Revolving Credit Facility will also accede to the Guarantee Subordination Agreement entered into on November 6, 2013 (and amended and restated on July 12, 2016) by the Company, among others, and acceded to by the trustee under the 2025 Notes Indenture on March 23, 2018, as described under "*Description of certain financing arrangements—Guarantee subordination agreement*." The Note Guarantees will be Senior Debt as defined in the Guarantee Subordination Agreement. Pursuant to the Guarantee Subordination Agreement, the Note Guarantees will rank *pari passu* in right of payment to outstanding and future obligations under the Senior Debt of the Guarantors and senior in right of payment to outstanding and future obligations under the Subordinated Debt of the Guarantors, including the Guarantee under the 2025 Notes Indenture. In addition, under the Guarantee Subordination Agreement, the payment on each Note Guarantee will benefit from senior debt protections (relative to the subordinated Guarantees under the 2025 Notes Indenture and any future subordinated debt) including that the subordinated debt would be subject to payment blockage, restrictions on enforcement, obligations to turnover, automatic release on enforcement and other customary senior debt protections. See "*Description of certain financing arrangements—Guarantee subordination agreement*." By accepting a Note, each Holder will be deemed to have authorized and instructed the Trustee to accede to the Guarantee Subordination Agreement on its behalf as contemplated above and comply with the provisions of the Guarantee Subordination Agreement.

Security

On the Issue Date, the Notes and the Note Guarantees will be secured by contractual first priority Liens over the following assets (together, the "**Initial Collateral**"): (i) the capital stock of Tullow Overseas Holdings BV, Tullow Oil SK Limited and Tullow Oil SPE Limited, (ii) charges over certain accounts of Tullow Oil plc, (iii) assignments of certain hedging agreements and insurance policies of Tullow Oil plc and (iv) a floating charge over all assets of Tullow Oil plc.

Within 90 days of the Issue Date, the Notes and the Note Guarantees will be secured by contractual first priority Liens over the following assets (the "**Post-Closing Collateral**", together with the Initial Collateral, the "**Collateral**"): (i) the capital stock of Tullow Côte d'Ivoire Limited, Tullow Oil International Limited, Tullow Kenya BV, Tullow Oil Gabon S.A., Tullow Gabon Holdings Limited and Tullow Gabon Limited; (ii) certain material intercompany subordinated debt owing by certain Guarantors; (iii) fixed charges and bank account pledge agreements over certain accounts, assignments of certain agreements and floating charges over all other assets of Tullow Oil SK Limited and Tullow Oil SPE Limited; and (iv) charges over accounts of Tullow Overseas Holdings BV, Tullow Ghana Limited, Tullow Oil Gabon S.A. and Tullow Côte d'Ivoire Limited; provided that the requirement that the Notes and the Note Guarantees be secured by contractual first priority Liens in respect of capital stock held by Tullow Gabon Limited in Tullow Oil Gabon S.A. may be automatically extended to the date falling 120 days after the Issue Date, subject to certain conditions.If the provision of the Collateral is impracticable or inadvisable, however, due to disruptions caused by or in relation to the 2020 novel coronavirus outbreak, the date(s) by which the Post-Closing Collateral are required to secure the Notes and the Note Guarantees shall be deemed to be extended until such time as the provision of such Collateral becomes practicable. Upon such an extension, the Company shall promptly notify the Security Agent of such extension, *provided* that any failure by the Company to notify the Security Agent shall not constitute a Default or Event of Default under the Indenture.

The Collateral will also include any other security interests that may in the future be created to secure obligations under the Notes, the Note Guarantees and the Indenture.

The Liens on the Collateral will be limited as necessary to recognize certain limitations arising under or imposed by local law and defenses generally available to providers of Collateral (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. For a brief description of such limitations, see "*Limitations on validity and enforceability of the Security and the Guarantees and certain insolvency law considerations.*"

Security Documents

Under the Security Documents, security has been or will be granted over the Collateral to secure the payment, when due, of the Company's and the Guarantors' payment obligations under the Notes, the Note Guarantees and the Indenture, as well as the Company's and the Guarantors' payment obligations under the Revolving Credit Facility and certain Hedging Obligations. When entering into, confirming or extending the Security Documents, the Security Agent will act in its own name but for the benefit of the secured parties (including itself, the Trustee and the holders of Notes from time to time), unless otherwise required in accordance with applicable law with respect to each relevant Security Interest. Under the Intercreditor Agreement, the Security Agent will also act as an agent of the lenders under the Revolving Credit Facility and the counterparties under certain Hedging Obligations in relation to the Security Interests created in favor of such parties.

The Indenture and the Intercreditor Agreement provide that, to the extent permitted by applicable law, only the Security Agent will have the right to enforce the Security Documents on behalf of the Trustee and the holders. As a consequence of such contractual provisions, holders will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent. Under the Intercreditor Agreement, the Security Agent will also act on behalf of the lenders under the Revolving Credit Facility and the counterparties under certain Hedging Obligations in relation to the Security Interests in favor of such parties. See "*Risk Factors—Risks related to the Notes and Our Structure—The security interests in the Collateral will be granted to the Security Agent rather than directly to holders of the Notes. The ability of the Security Agent to enforce certain of the Collateral may be restricted by local law*."

The Indenture provides that, subject to the terms thereof and of the Security Documents and the Intercreditor Agreement, the Notes and the Indenture, as applicable, will be secured by Security Interests in the Collateral until all obligations under the Notes and the Indenture have been discharged. However, the Security Interests with respect to the Notes and the Indenture may be released under certain circumstances as provided under "*—Release of Security*."

If the Company or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the Security Interests created under the Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interests or the terms of the Intercreditor Agreement was successful, the holders may not be able to recover any amounts under the Security Documents. See "*Risk Factors—Risks related to the Notes and Our Structure*."

The Indenture permits, subject to certain conditions, including compliance with the covenant described under the caption "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Covenants—Liens,*" the Company and the Guarantors to charge the Collateral in connection with future incurrences of Indebtedness, including any future Additional Notes and Indebtedness of Restricted Subsidiaries.

Release of Security

Subject to the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement, the Collateral will be automatically and unconditionally released (and thereupon will terminate and be discharged and be of no further force and effect):

(1) in connection with any asset sale or disposition or transfer of Collateral to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or disposition does not violate the covenant described under the caption "*—Certain Covenants—Limitation on Asset Sales*";

(2) upon a legal or covenant defeasance or satisfaction and discharge of the Notes, the Guarantees and the Indenture that complies with the provisions under "*—Defeasance*" or "*—Satisfaction and Discharge*";

(3) as described under "*—Amendments and Waivers*" or "*—Certain Covenants—Limitation on Liens*";

(4) in the case of property and assets and Capital Stock of a Guarantor, to the extent such Guarantor is released from its Note Guarantee pursuant to the terms of the Indenture;

(5) to the extent permitted in accordance with the covenant described under the caption "*—Certain Covenants—Impairment of Security Interest*" below;

(6) if the Company designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture (to the extent of such Restricted Subsidiary's assets and property);

(7) upon repayment in full of the Notes;

(8) if the Lien granted in favor of other Indebtedness that gave rise to the obligation to grant the Lien over such Collateral is released;

(9) as provided for under the Intercreditor Agreement, including in accordance with certain enforcement actions taken pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement, or as otherwise provided for in the Intercreditor Agreement or any Additional Intercreditor Agreement;

(10) upon the implementation of a Permitted Reorganization; or

(11) as otherwise permitted in accordance with the Indenture.

Optional redemption

Except as otherwise described below, the Notes will not be redeemable at the Company's option prior to maturity. The Company and any Restricted Subsidiary may, however, acquire, or cause to be acquired, the Notes by means other than a redemption, whether pursuant to a tender offer, open market purchase or otherwise, so long as the acquisition does not violate the terms of the Indenture.

Prior to May 15, 2023, the Company may, at its option, on any one or more occasions, redeem up to 35% of the aggregate principal amount of the Notes (including any Additional Notes issued after the Issue Date) at a redemption price equal to 110.25% of the principal amount thereof, plus accrued and unpaid interest thereon to, but excluding, the redemption date, subject to the right of the holders on the relevant record date to receive interest due on the relevant interest payment date, with all or a portion of the net proceeds of one or more Equity Offerings; *provided* that at least 65% of the aggregate principal amount of the Notes issued under the Indenture remains outstanding immediately after the occurrence of such redemption; and *provided, further,* that such redemption shall occur within 180 days of the date of the closing of any such Equity Offering.

In addition, at any time prior to May 15, 2023, the Company may also redeem, in whole or in part, the Notes at a redemption price equal to 100% of the principal amount of Notes to be redeemed, plus the Applicable Premium in respect of, and accrued and unpaid interest to, but excluding, the redemption date, subject to the rights of the holders on the relevant record date to receive interest due on the relevant interest payment date.

Except pursuant to the preceding two paragraphs and except pursuant to "—*Redemption for changes in taxes*," the Notes will not be redeemable at the Company's option prior to May 15, 2023.

On or after May 15, 2023, the Company may on any one or more occasions redeem all or a part of the Notes at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the Notes redeemed, to, but excluding, the applicable date of redemption, if redeemed during the twelve-month period beginning on May 15 of the years indicated below, subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Redemption price
2023	105.125%
2024	102.5625%
2025 and thereafter	100.000%

All redemptions of the Notes will be made upon not less than 10 days' nor more than 60 days' prior notice, except that a redemption notice may be made more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture. Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Notice of any redemption including, without limitation, upon an Equity Offering may, at the Company's discretion, be subject to one or more conditions precedent, including, but not limited to, completion of the related Equity Offering. If such redemption is subject to the satisfaction of one or more conditions precedent, the related notice shall describe each such condition and, if applicable, shall state that, in the Company's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied or waived (*provided* that (x) the Company shall issue a notice to the holders of the Notes on or prior to the original redemption date stating the reason for such delay and the new redemption date and (y) in no event shall such date of redemption be delayed to a date later than 60 days after the date on which such notice of delay was given), or such redemption may not occur and such notice may be rescinded if any or all such conditions shall not have been satisfied or waived by the redemption date, or by the redemption date so delayed.

Optional redemption upon certain tender offers

In connection with any tender offer or other offer to purchase for all of the Notes (including any Change of Control Offer and Asset Sale Offer), if holders of not less than 90% of the aggregate principal amount of the then outstanding Notes validly tender and do not validly withdraw such Notes in such tender offer or other offer and the Company, or any third party making such tender offer or other offer in lieu of the Company, purchases all of the Notes validly tendered and not validly withdrawn by such holders, the Company or such third party will have the right upon not less than 10 nor more than 60 days' notice, given not more than 30 days following such purchase date, to redeem (and the holders of the remaining Notes shall be deemed to have agreed to surrender) all Notes of the applicable series that remain outstanding following such purchase at a price equal to the price paid (excluding any early tender premium, incentive or similar payment) to each other holder in such tender offer or other offer, plus, to the extent not included in the tender offer payment or other offer payment, accrued and unpaid interest and Additional Amounts, if any, thereon, to, but excluding, the date of such redemption. In determining whether the holders of at least 90% of the aggregate principal amount of the applicable series of the then outstanding Notes have validly tendered and not withdrawn such Notes in a tender or offer or other offer to purchase for all of the Notes of the applicable series, as applicable, Notes of the applicable series owned by an affiliate of the Company, or any successor thereof, shall be deemed to be outstanding for the purpose of such tender offer or other offer, as applicable.

Redemption for changes in taxes

The Company may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 10 nor more than 60 days' prior notice to the holders of the Notes (which notice will be irrevocable and given in accordance with the procedures described in "*—Selection and notice*"), at a redemption price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Company for redemption (a "**Tax Redemption Date**") and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the Notes on the relevant record date to receive interest due on an interest payment date that is on or prior to the Tax Redemption Date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Notes, the Company or a Guarantor is or would be required to pay Additional Amounts, and the Company or Guarantor cannot avoid any such payment obligation by taking reasonable measures available to it, and the requirement arises as a result of:

(1) any amendment to, or change in, the laws or treaties (or any regulations, protocols or rulings promulgated thereunder) of a relevant Tax Jurisdiction which change or amendment becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date); or

(2) any amendment to, or change in, an official position, or the introduction of an official position, regarding the interpretation, administration or application of such laws, regulations, treaties, protocols or rulings (including by virtue of a holding, judgment or order by a court of competent jurisdiction or a change in published administrative practice) which amendment, change or introduction becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date).

The Company will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Company or Guarantor would be obligated to make such payment or withholding if a payment in respect of the Notes or Note Guarantees was then due, and the obligation to pay Additional Amounts must be in effect at the time such notice is given. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company will deliver to the Trustee an opinion of independent tax counsel of recognized standing reasonably acceptable to the Trustee, to the effect that there has been such amendment or change or introduction which would entitle the Company to redeem the Notes under this provision of the Indenture. In addition, before the Company publishes or mails notice of redemption of the Notes as described above, it will deliver to the Trustee an Officers' Certificate to the effect that the obligation to pay Additional Amounts cannot be avoided by the Company or Guarantor taking reasonable measures available to it.

The Trustee will accept and shall be entitled to rely on such Officers' Certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders of the Notes.

Mandatory prepayments; No sinking fund

On May 15 of each of the Company's fiscal years beginning with the fiscal year ending December 31, 2022, the Company shall cause $100.0 million (the "**Mandatory Prepayment Amount**") to be remitted to the Principal Paying Agent to be paid to holders of the Notes as of the Prepayment Record Date (as defined below) (such remittance date, as the case may be, a "**Prepayment Date**").

On each Prepayment Date, the Principal Paying Agent will apply the Mandatory Prepayment Amount to prepay $100.0 million of outstanding principal amount of Notes (plus accrued and unpaid interest, if any, in respect of the Notes prepaid) at a prepayment price equal to 100% of the aggregate principal amount of Notes redeemed. The Principal Paying Agent will apply the Mandatory Prepayment Amount on a by lot basis unless otherwise required by applicable law or applicable stock exchange or depositary requirements. DTC's current procedures dictate that selection of Notes for redemption will be by lot. None of the Paying Agents, the Trustee or the Registrar will be liable for any selections made under this paragraph. The "Prepayment Record Date" for any Prepayment Date will be the Business Day prior to the Prepayment Date.

In connection with any mandatory prepayment of the Notes pursuant to this section, the Company, or the Principal Paying Agent of behalf of the Company pursuant to written instructions from the Company to the Principal Paying Agent and copied to the Trustee, shall issue a written notice to the holders of the Notes at least two (2) Business Days prior to the Prepayment Date, which notice shall include the aggregate outstanding principal amount of Notes to be prepaid, the prepayment price and the Prepayment Date.

The Company is not required to make sinking fund payments with respect to the Notes. However, under certain circumstances, the Company may be required to offer to purchase the Notes as described under the captions "*—Repurchase at the option of holders—Change of control" and "—Asset sales*."

Repurchase at the option of holders

Change of control

If a Change of Control occurs, each holder of Notes will have the right to require the Company to repurchase all or any part (equal to $200,000 or an integral multiple of $1,000 in excess thereof) of that holder's Notes pursuant to an offer (the "**Change of Control Offer**") on the terms set forth in the Indenture. In the Change of Control Offer, the Company will offer a payment in cash (the "**Change of Control Payment**") equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest on the Notes repurchased to the date of purchase (the "**Change of Control Payment Date**"), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, the Company will mail a notice to each holder (with a copy to the Trustee) or otherwise deliver a notice (with a copy to the Trustee) in accordance with the procedures described under "*—Selection and notice*," describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes on the Change of Control Payment Date specified in the notice, which date will be no earlier than 10 days and no later than 60 days from the date such notice is mailed or delivered, pursuant to the procedures required by the Indenture and described in such notice.

On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Principal Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Principal Paying Agent the Notes properly accepted.

The Principal Paying Agent will promptly mail or cause to be delivered to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount of $200,000 or an integral multiple of $1,000 in excess thereof. Any Note so accepted for payment will cease to accrue interest on and after the Change of Control Payment Date unless the Company defaults in making the Change of Control Payment. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described herein that require the Company to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture will not contain provisions that permit the holders of the Notes to require that the Company repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Company will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the time and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) notice of redemption of all outstanding Notes has been given pursuant to the Indenture as described above under the caption "—*Optional redemption*," unless and until there is a default in payment of the applicable redemption price.

The occurrence of certain events that would constitute a Change of Control could require a mandatory prepayment under the Revolving Credit Facility and would require that the Company make an offer to repurchase the 2025 Notes if then outstanding. Future debt of the Company or its Subsidiaries may also contain descriptions of certain change of control events that, if they occurred, would constitute a default under such debt or require such debt to be repurchased. In addition, the exercise by the holders of the Notes of their right to require the Company to purchase the Notes could cause a default under, or require a repurchase of, other debt, even if the Change of Control itself does not, due to the financial effect of the purchase on the Company. If a Change of Control Offer is made, there can be no assurance that the Company will have sufficient funds or other resources to pay the Change of Control Payment for all the Notes that might be delivered by holders thereof seeking to accept the Change of Control Offer and to repurchase any other debt that may be required to be repaid following a change of control. See "*Risk factors—Risks relating to the Notes and our structure—We may not be able to obtain the funds required to repurchase the Notes upon a change of control*."

A Change of Control Offer may be made in advance of a Change of Control, and conditioned upon the occurrence of such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making the Change of Control Offer.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of the Notes to require the Company to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the properties or assets of the Company and its Restricted Subsidiaries may be uncertain.

The provisions under the Indenture relating to the Company's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the consent of the holders of a majority in aggregate principal amount of the Notes.

If and for so long as the Notes are listed on the Official List of the Exchange and admitted for trading on the Euro MTF Market and the rules of the Exchange so require, the Company will publish notices relating to the Change of Control Offer, to the extent and in the manner required by such rules, on the official website of the Exchange.

Asset sales

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) the Company (or a Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the consideration received in the Asset Sale by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

   (i) any liabilities, as shown on the most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Note Guarantee) that are assumed by the transferee of any such assets pursuant to an agreement that releases the Company or such Restricted Subsidiary from further liability or indemnifies the Company or such Restricted Subsidiary against further liabilities;

   (ii) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of the Asset Sale, to the extent of the cash or Cash Equivalents received in that conversion;

   (iii) any Capital Stock or other assets of the kind referred to in clauses (3) or (4) of the next paragraph of this covenant;

   (iv) Indebtedness (other than Subordinated Obligations) of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that the Company and each other Restricted Subsidiary are released from any Guarantee of such Indebtedness in connection with such Asset Sale;

   (v) consideration consisting of Indebtedness of the Company or any Guarantor received from Persons who are not the Company or any Restricted Subsidiary;

   (vi) accounts receivable of a business retained by the Company or any Restricted Subsidiary, as the case may be, following the sale of such business; and

   (vii) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary in such Asset Sales having an aggregate Fair Market Value, taken together with all other Designated Non-Cash Consideration received pursuant to this clause (g) that is at that time outstanding, not to exceed $150.0 million at the time of the receipt of such Designated Non-Cash Consideration (with the Fair Market Value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Company or one of its Restricted Subsidiaries may apply such Net Proceeds (at the option of the Company or such Restricted Subsidiary):

(1) to purchase the Notes pursuant to an offer to all holders of Notes at a purchase price equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest to the date of purchase (a "**Notes Offer**");

(2) to repay Senior Debt;

(3) to invest in Additional Assets;

(4) to make a capital expenditure; or

(5) to enter into a binding commitment to apply the Net Proceeds pursuant to clause (2), (3) or (4) of this paragraph; *provided* that such binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment until the earlier of (x) the date on which such repayment, investment or expenditure is consummated, and (y) the 180th day following the expiration of the aforementioned 365-day period.

Pending the final application of any Net Proceeds, the Company or any Restricted Subsidiary may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the Indenture. Any Net Proceeds from Asset Sales that are not applied or invested pursuant to the second paragraph of this covenant will constitute "Excess Proceeds."

When the aggregate amount of Excess Proceeds exceeds $50.0 million, within ten Business Days thereof, the Company will make an offer (an "**Asset Sale Offer**") to all holders of Notes and may make an offer to all holders of other Indebtedness that is *pari passu* with the Notes and any Note Guarantees (which for the avoidance of doubt, excludes the 2025 Notes) to purchase, prepay or redeem with the proceeds of sales of assets the maximum principal amount of Notes and such other *pari passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price for the Notes in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest, if any, to the date of purchase, prepayment or redemption, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company or any of its Restricted Subsidiaries may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other *pari passu* Indebtedness tendered into (or to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds or if the aggregate amount of Notes tendered pursuant to a Notes Offer exceeds the amount of the Net Proceeds so applied, the Trustee, a Paying Agent or the Registrar will select the Notes and such other *pari passu* Indebtedness, if applicable, to be purchased on a *pro rata* basis (or, in the case of Notes issued in global form as discussed under "*Book-entry, delivery and form*," based on a method that most nearly approximates a *pro rata* selection as the Trustee, a Paying Agent or the Registrar deems fair and appropriate) unless otherwise required by applicable law or applicable stock exchange or depositary requirements, based on the amounts tendered or required to be prepaid or redeemed. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The Company will comply with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to a Change of Control Offer, an Asset Sale Offer or a Notes Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control, Asset Sale or Notes Offer provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control, Asset Sale or Notes Offer provisions of the Indenture by virtue of such compliance.

Selection and notice

If less than all of the Notes are to be redeemed at any time, the Trustee, a Paying Agent or the Registrar will select Notes for redemption on a by lot basis unless otherwise required by law or applicable stock exchange or depository requirements. DTC's current procedures dictate that selection of Notes for redemption will be by lot. None of the Paying Agents, the Trustee or the Registrar will be liable for any selections made under this paragraph.

No Notes of $200,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 10 days but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

If the Company elects to redeem the Notes or portions thereof and requests the Trustee to distribute to the holders any amounts deposited in trust (which, for the avoidance of doubt, will include accrued and unpaid interest to the date fixed for redemption) prior to the date fixed for redemption in accordance with the provisions described below under the caption "*—Satisfaction and discharge*," the applicable redemption notice will state that holders will receive such amounts deposited in trust prior to the date fixed for redemption and mention the payment date.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of Notes upon cancellation of the original Note and will be collectible at the offices of the Paying Agent. Notes called for redemption without condition become due on the date fixed for redemption. In the case of Notes represented by global certificates, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

Neither the Trustee, any Paying Agent nor the Registrar shall be liable for any such selections made by it in accordance with the provisions described in the three preceding paragraphs.

For Notes which are represented by global certificates held on behalf of DTC, notices may be given by delivery of the relevant notices to DTC in accordance with its applicable procedures for communication to entitled account holders in substitution for any required mailing. So long as any Notes are listed on the Official List of the Exchange and admitted to trading on the Euro MTF Market and the rules of the Exchange so require, any notice to the holders of the Notes (whether represented by global certificates or held in definitive form) shall also be published, to the extent and in the manner required by such rules, on the official website of the Exchange and, in connection with any redemption, the Company will notify the Exchange of any change in the principal amount of Notes outstanding.

Certain covenants

Restricted payments

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any such payment or distribution made in connection with any merger, amalgamation or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company and other than dividends or distributions payable to the Company or a Restricted Subsidiary of the Company);

(2) repurchase, redeem or otherwise acquire or retire for value (including, without limitation, any such purchase, redemption, acquisition or retirement made in connection with any merger, amalgamation or consolidation involving the Company) any Equity Interests of the Company or any direct or indirect parent of the Company;

(3) make any principal payment on or with respect to, or repurchase, redeem, defease or otherwise acquire or retire for value, any Indebtedness of the Company or any Guarantor that is expressly contractually subordinated in right of payment to the Notes or to any Note Guarantee (including, for the avoidance of doubt, the 2025 Notes, but excluding any intercompany Indebtedness between or among the Company and/or any of its Restricted Subsidiaries); or

(4) make any Restricted Investment;

(all such payments and other actions set forth in clauses (1) through (4) above being collectively referred to as "**Restricted Payments**"), unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(2) the Company would (i) at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable two half-year reference period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption "—*Incurrence of indebtedness and issuance of preferred stock*"; and (ii) at the time of such Restricted Payment and after giving *pro forma* effect thereto, have a 2P Reserves Coverage Ratio equal to or greater than 1.50 to 1.00; and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries since the Issue Date (including Restricted Payments permitted below by clauses (1) and (13) of the next succeeding paragraph, but excluding all other Restricted Payments permitted by the next succeeding paragraph and any Permitted Annual Payments made under this clause (3)), is equal to or less than the sum, without duplication, of:

(a) in the case that, at the time of such Restricted Payment and after giving *pro forma* effect thereto, (i) the Company would have a 2P Reserves Coverage Ratio equal or greater than 1.50 to 1.00 but less than 2.00 to 1.00, the greater of (x) $100.0 million per year (a "**Permitted 1.5x Annual Payment")** and (y) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from January 1, 2021 to the end of the Company's most recently ended fiscal half-year for which internal financial statements are available at the time of such Restricted Payment (or, if Consolidated Net Income for such period is a deficit, less 100% of such deficit); or (ii) the Company would have a 2P Reserves Coverage Ratio equal to or greater than 2.00 to 1.00, (x) the greater of (A) $100.0 million per year (a "**Permitted 2.0x Annual Payment")** and (B) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from January 1, 2021 to the end of the Company's most recently ended fiscal half-year for which internal financial statements are available at the time of such Restricted Payment (or, if Consolidated Net Income for such period is a deficit, less 100% of such deficit) or (y) if the Company would have a Consolidated Leverage Ratio less than 1.50 to 1.00, 100% of Consolidated Cash Flow per year (a "**CCF Annual Payment,"** and together with a Permitted 1.5x Annual Payment and a Permitted 2.0x Annual Payment, "**Permitted Annual Payments"**); *provided,* that prior to the 2025 Notes being repurchased, redeemed, defeased or otherwise acquired or retired for value with the net cash proceeds from the incurrence of Permitted Refinancing Indebtedness that has a final maturity date that is at least twelve months after the final maturity date of the Notes, (i) any Permitted 1.5x Annual Payments shall not include the payment of greater than $25.0 million per year of Restricted Payments of the type described under clauses (1) or (2) of the definition of Restricted Payments in the preceding paragraph and (ii) any Permitted 2.0x Annual Payments shall not include the payment of greater than $50.0 million per year of Restricted Payments of the type described under clauses (1) or (2) of the definition of Restricted Payments in the preceding paragraph; or

(b) 100% of the aggregate net cash proceeds received, the Fair Market Value of marketable securities received and the Fair Market Value of other property received by the Company since the Issue Date as a contribution to its common capital or from the issue or sale of Equity Interests of the Company (other than Disqualified Stock) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Company or a Restricted Subsidiary that have been converted into or exchanged, directly or indirectly, for Equity Interests of the Company (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Company); *plus*

(c)

(i) to the extent that any Restricted Investment that was made after the Issue Date is (x) sold, disposed of or otherwise cancelled, liquidated or repaid, 100% of the aggregate amount received in cash and the Fair Market Value of the marketable securities and other property received by the Company or any Restricted Subsidiary, or (y) made in an entity that subsequently becomes a Restricted Subsidiary, 100% of the Fair Market Value of the Restricted Investment of the Company and its Restricted Subsidiaries as of the date such entity becomes a Restricted Subsidiary; *plus*

(ii) to the extent that any Unrestricted Subsidiary of the Company designated as such after the Issue Date is redesignated as a Restricted Subsidiary or is merged, amalgamated or consolidated with or into the Company or a Restricted Subsidiary, or all or substantially all of the properties or assets of such Unrestricted Subsidiary are transferred to the Company or a Restricted Subsidiary, the Fair Market Value of the property received by the Company or Restricted Subsidiary or the Company's Restricted Investment in such Subsidiary as of the date of such redesignation, merger, amalgamation, consolidation or transfer of properties or assets, to the extent such Investments reduced the Restricted Payments capacity under this clause (c) and were not previously repaid or otherwise reduced; *plus*

(d) 100% of any dividends or distributions received in cash by the Company or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary, to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income of the Company for such period.

The preceding provisions will not prohibit:

(1) the payment of any dividend or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of the Indenture;

(2) the making of any Restricted Payment in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock) or from the substantially concurrent contribution of common equity capital to the Company; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from clause (3)(b) of the preceding paragraph;

(3) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Company or any Guarantor that is contractually subordinated to the Notes or to any Note Guarantee with the net cash proceeds from a substantially concurrent incurrence of Permitted Refinancing Indebtedness for the purpose of such repurchase, redemption, defeasance or other acquisition or retirement for value;

(4) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary of the Company to the holders of its Equity Interests (other than the Company or any Restricted Subsidiary) on no more than a pro rata basis;

(5) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, the defeasance, repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary of the Company held by any of the Company's (or any of its Restricted Subsidiaries') current or former officers, directors, employees or consultants pursuant to any equity subscription agreement, stock option agreement, restricted stock grant, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed $5.0 million per year (with unused amounts in any calendar year being permitted to be carried over into succeeding calendar years) and *provided*, *further*, that such amount in any calendar year may be increased by an amount not to exceed (A) the cash proceeds from the sale of Equity Interests of the Company or a Restricted Subsidiary received by the Company or a Restricted Subsidiary during such calendar year, in each case to members of management, directors or consultants of the Company, any of its Restricted Subsidiaries or any of its direct or indirect parent companies, to the extent the cash proceeds from the sale of Equity Interests have not otherwise been applied to the making of Restricted Payments pursuant to clause (3)(b) of the preceding paragraph or clause (2) of this paragraph and (B) the cash proceeds of key man life insurance policies;

(6) the defeasance, repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary of the Company held by any of the Company's (or any of its Restricted Subsidiaries') current or former directors or employees in connection with the exercise or vesting of any equity compensation (including, without limitation, stock options, restricted stock and phantom stock) in order to satisfy the Company's or such Restricted Subsidiary's tax withholding obligation with respect to such exercise or vesting;

(7) repurchases of Subordinated Obligations at a purchase price not greater than (i) 101% of the principal amount of such Subordinated Obligations and accrued and unpaid interest thereon in the event of a Change

of Control or (ii) 100% of the principal amount of such Subordinated Obligations and accrued and unpaid interest thereon in the event of an Asset Sale, in each case plus accrued interest, in connection with any change of control offer or asset sale offer required by the terms of such Indebtedness, but only if:

(a) in the case of a Change of Control, the Company has first complied with and fully satisfied its obligations under the provisions described under "*—Repurchase at the option of holders—Change of control*"; or

(b) in the case of an Asset Sale, the Company has complied with and fully satisfied its obligations in accordance with the covenant under the heading, "*—Repurchase at the option of holders—Asset sales*";

(8) the repurchase, redemption or other acquisition for value of Capital Stock of the Company representing fractional shares of such Capital Stock in connection with a merger, consolidation, amalgamation or other combination involving the Company or any other transaction permitted by the Indenture;

(9) the repurchase of Equity Interests deemed to occur upon the exercise of stock options or warrants to the extent such Equity Interests represent a portion of the exercise price of those stock options or warrants;

(10) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Company or any Restricted Subsidiary of the Company issued on or after the Issue Date in accordance with the Fixed Charge Coverage Ratio test described below under the caption "*—Incurrence of indebtedness and issuance of preferred stock*";

(11) payments of cash, dividends, distributions, advances or other Restricted Payments by the Company or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (x) the exercise of options or warrants or (y) the conversion or exchange of Capital Stock of any such Person; and

(12) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, (a) advances or loans to any future, present or former officer, director, employee or consultant of the Company or a Restricted Subsidiary to pay for the purchase or other acquisition for value of Equity Interests of the Company (other than Disqualified Stock), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement; *provided* that the total aggregate amount of Restricted Payments made under this subclause (a) does not exceed $500,000 in any calendar year or (b) advances, grants or loans in relation to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust, whether made directly to any such plan or trust or to the trustees of any such plan or trust, to pay for the purchase or other acquisition for value of Equity Interests of the Company (other than Disqualified Stock); *provided* that the total aggregate amount of Restricted Payments made under this subclause (b) does not exceed $50.0 million in any calendar year.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment (or, in the case of a dividend, on the date of declaration) of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any cash Restricted Payment shall be its face amount. The Company, in its sole discretion, may classify any Investment or other Restricted Payment as being made in part under one of the provisions of this covenant (or, in the case of any Investment, the clauses of Permitted Investments) and in part under one or more other such provisions (or, as applicable, clauses). Unsecured Indebtedness shall not be deemed to be subordinate or junior to secured Indebtedness by virtue of its nature as unsecured Indebtedness.

Incurrence of indebtedness and issuance of preferred stock

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "**incur**") any Indebtedness (including Acquired Debt), and the Company will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock;

provided, however, that the Company may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock and any Guarantor may incur Indebtedness (including Acquired Debt) or issue preferred stock, if the Fixed Charge Coverage Ratio for the Company's most recently ended two full fiscal half-years for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued, as the case may be, would have been at least 2.25 to 1.0, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or the preferred stock had been issued, as the case may be, at the beginning of such two half-year reference period.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness or issuances of Disqualified Stock or preferred stock (collectively, "**Permitted Debt**"):

(1) the incurrence by the Company and any Guarantor of additional Indebtedness:

  (i) under the Revolving Credit Facility, in an aggregate principal amount at any one time outstanding under this clause (1)(a) not to exceed $500.0 million; and

  (ii) under the designated letter of credit facility under the Revolving Credit Facility, in an aggregate principal amount at any one time outstanding under this clause (1)(b) not to exceed $150.0 million;

  plus in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, costs and expenses (including underwriting commissions paid as discounts) incurred in connection with such refinancing;

(2) the incurrence by the Company of the 2025 Notes and any Guarantee thereof by a Guarantor;

(3) the incurrence by the Company and its Restricted Subsidiaries of the Existing Indebtedness;

(4) the incurrence by the Company of Indebtedness represented by the Notes to be issued on the date of the Indenture and the incurrence by any Guarantor of a Note Guarantee at any time;

(5) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness:

(a) incurred for the purpose of financing all or any part of the purchase price, lease expense, charter expense, rental payments or cost of design, development, construction, transportation, installation, migration or improvement of any FPSO used or useful in the Energy Business; or

(b) represented by Capital Lease Obligations, mortgage financings or purchase money obligations or other Indebtedness, in each case, incurred for the purpose of financing all or any part of the purchase price, lease expense, charter expense, rental payments or cost of design, development, construction, transportation, installation, migration or improvement of property, plant or equipment or other assets used in the business of the Company or any of its Restricted Subsidiaries (including any reasonably related fees or expenses incurred in connection therewith), in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to extend, renew, refund, refinance, replace, exchange, defease or discharge any Indebtedness incurred pursuant to this clause (5)(b), not to exceed the greater of (x) $225.0 million and (y) 2.25% of Consolidated Total Assets at any time outstanding,

  in each case, whether such Indebtedness is incurred for the charter of, leasing of or direct purchase of or the purchase of the Capital Stock of any Person owning such property, plant or equipment or other assets (including any Indebtedness deemed to be incurred in connection with such purchase) (it being understood that any such Indebtedness may be incurred after the acquisition or purchase or the design, development, construction, transportation, installation, migration or the making of any improvement with respect to any such property, plant or equipment or other assets);

(6) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to extend, renew, refund, refinance, replace, exchange, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under the first paragraph of this covenant or clauses (2), (3), (4), (5) or (15) of this paragraph or this clause (6);

(7) the incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries; *provided, however*, that:

(a) if the Company or any Guarantor is the obligor on such Indebtedness and the payee is not the Company or a Guarantor, such Indebtedness must be ((i) except in respect of the intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Company and its Restricted Subsidiaries and (ii) only to the extent legally permitted) expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Company, or the Note Guarantee, in the case of a Guarantor; and

(b) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary of the Company and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary of the Company will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (7);

(8) the issuance by any of the Company's Restricted Subsidiaries to the Company or to any of its Restricted Subsidiaries of shares of preferred stock; *provided, however,* that:

(a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Company or a Restricted Subsidiary of the Company; and

(b) any sale or other transfer of any such preferred stock to a Person that is not either the Company or a Restricted Subsidiary of the Company,

will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (8);

(9) the incurrence by the Company or any of its Restricted Subsidiaries of Hedging Obligations not for speculative purposes (as determined in good faith by a responsible accounting or financial officer of the Company);

(10) the Guarantee by the Company or any Restricted Subsidiary of Indebtedness of the Company or a Restricted Subsidiary of the Company that was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being Guaranteed is subordinated in right of payment to the Notes or a Note Guarantee, as applicable, then the Guarantee shall be subordinated in right of payment to the same extent as the Indebtedness Guaranteed;

(11) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within 30 Business Days;

(12) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness in respect of self-insurance obligations or captive insurance companies or consisting of the financing of insurance premiums in the ordinary course of business;

(13) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness arising from agreements of the Company or any of its Restricted Subsidiaries providing for indemnification, obligations in respect of earnouts or other adjustment of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or Capital Stock of a Subsidiary; *provided* that the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Company and its Restricted Subsidiaries in connection with such disposition;

(14) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness in respect of (A) letters of credit, bid, performance, appeal, surety and similar bonds, completion guarantees, judgment, advance payment, customs, VAT or similar instruments issued for the account of the Company and any of its Restricted Subsidiaries in the ordinary course of business (in each case, other than an obligation for money

borrowed), including Guarantees and obligations of the Company or any of its Restricted Subsidiaries with respect to letters of credit or similar instruments supporting such obligations or in respect of self-insurance and workers compensation obligations or (B) any customary cash management, cash pooling or netting or setting off arrangements with banks or other financial institutions;

(15) Indebtedness or preferred stock of a Person outstanding on the date on which such Person becomes a Restricted Subsidiary or is acquired by the Company or any of its Restricted Subsidiaries or merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any of its Restricted Subsidiaries in accordance with the Indenture and Indebtedness incurred by the Company or any of its Restricted Subsidiaries, in each case, (a) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by or was merged into the Company or any of its Restricted Subsidiaries or (b) otherwise in connection with, or in contemplation of, such acquisition; *provided, however,* with respect to this clause (15), that at the time of the acquisition or other transaction pursuant to which such Indebtedness was either deemed to be incurred or was incurred, (i)(x) the Company would have been able to incur $1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the incurrence of such Indebtedness or issuance of such preferred stock pursuant to this clause (15) or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such acquisition or other transaction; and (ii) in the case that such Indebtedness was Senior Secured Indebtedness, (x) the 2P Reserves Coverage Ratio would have been at least 2.00 to 1.00 after giving effect to the incurrence of such Indebtedness or issuance of such preferred stock pursuant to this clause (15) or (y) if the 2P Reserves Coverage Ratio would have been at least 1.50 to 1.00 after giving effect to the incurrence of such Indebtedness or issuance of such preferred stock pursuant to this clause (15), the 2P Reserves Coverage Ratio would not be less than it was immediately prior to giving effect to such acquisition or other transaction;

(16) Guarantees by the Company or any of its Restricted Subsidiaries of any Management Advances;

(17) Guarantees by the Company or any Restricted Subsidiary granted to any trustee of any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust scheme approved by the Board of Directors of the Company, so long as the proceeds of the Indebtedness so Guaranteed are used to purchase Equity Interests of the Company (other than Disqualified Stock); *provided* that the amount of any net cash proceeds from the sale of such Equity Interests of the Company will be excluded from clause (3)(b) of the first paragraph of the covenant described above under the caption "*—Certain covenants—Restricted payments*" and will not be considered to be net cash proceeds from an Equity Offering for purposes of the "*Optional redemption*" provisions of the Indenture;

(18) Guarantees by the Company or any of its Restricted Subsidiaries of pension fund obligations of the Company or any Restricted Subsidiary required by law or regulation;

(19) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness in connection with one or more standby letters of credit, Guarantees, performance bonds or other reimbursement obligations, in each case, issued in the ordinary course of business and not in connection with the borrowing of money or the obtaining of an advance or credit (other than advances or credit for goods and services in the ordinary course of business and on terms and conditions that are customary in the Energy Business, and other than the extension of credit represented by such letter of credit, Guarantee or performance bond itself);

(20) the incurrence by the Company or any Restricted Subsidiary of Indebtedness through the provision of bonds, Guarantees, letters of credit or similar instruments required by any national or international maritime commission or authority or other governmental or regulatory agencies, including, without limitation, customs authorities; in each case, for vessels owned or chartered by, and in the ordinary course of business of, the Company or any of its Restricted Subsidiaries at any time outstanding not to exceed the amount required by such governmental or regulatory authority;

(21) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness in the form of customer deposits and advance payments received in the ordinary course of business from customers for purchases in the ordinary course of business; and

(22) the incurrence by the Company or any Guarantor of additional Indebtedness or the issuance of Disqualified Stock by the Company or preferred stock by any Restricted Subsidiary in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to extend, renew, refund, replace, exchange, defease or discharge any Indebtedness incurred pursuant to this clause (22), not to exceed $250.0 million.

For purposes of determining compliance with, and the outstanding principal amount of, any particular Indebtedness incurred pursuant to and in compliance with this covenant:

(1) in the event that an item or portion of an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (22) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, the Company, in its sole discretion, will be permitted to classify such item or portion of an item of Indebtedness on the date of its incurrence and only be required to include the amount and type of such Indebtedness in one of such clauses and from time to time to reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant;

(2) Guarantees of, or obligations in respect of letters of credit relating to, Indebtedness which is otherwise included in the determination of a particular amount of Indebtedness shall not be included; and

(3) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness.

The amount of any Indebtedness outstanding as of any date will be:

(1) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with IFRS;

(2) in respect of Hedging Obligations, either (a) zero if such Hedging Obligation is incurred pursuant to clause (9) of the second paragraph of this covenant or (b) the notional amount of such Hedging Obligation if not incurred pursuant to such clause;

(3) the principal amount of the Indebtedness, in the case of any other Indebtedness; and

(4) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

    (a) the Fair Market Value of such assets at the date of determination; and

    (b) the amount of the Indebtedness of the other Person.

Accrual of interest, accrual of dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness, the reclassification of preferred stock as Indebtedness due to a change in accounting principles and the payment of dividends in the form of additional shares of preferred stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant. The amount of any Indebtedness outstanding as of any date shall be the principal amount or liquidation preference thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of the Company as of such date (and, if such Indebtedness is not permitted to be incurred as of such date under this "*—Incurrence of indebtedness and issuance of preferred stock*" covenant, the Company shall be in Default of this covenant).

For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a different currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred; *provided, however*, that (i) if such Indebtedness denominated in non-U.S. dollar currency is subject to a Currency Exchange Protection Agreement with respect to U.S. dollars, the amount of such Indebtedness expressed in U.S. dollars will be calculated so as to take account of the effects of such Currency Exchange Protection Agreement; and (ii) the U.S. dollar-equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date. The principal amount of any refinancing Indebtedness incurred in the same currency as the Indebtedness being refinanced will be the U.S. dollar-equivalent of the Indebtedness refinanced determined on the date such Indebtedness was originally incurred, except that to the extent that:

(1) such U.S. dollar-equivalent was determined based on a Currency Exchange Protection Agreement, in which case the refinancing Indebtedness will be determined in accordance with the preceding sentence; and

(2) the principal amount of the refinancing Indebtedness exceeds the principal amount of the Indebtedness being refinanced, in which case the U.S. dollar-equivalent of such excess will be determined on the date such refinancing Indebtedness is being incurred.

The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Permitted Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Liens

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind securing Indebtedness upon any of its property or assets (whether now owned or hereafter acquired) (the "**Initial Lien**"), except (a) in the case of any property or assets that do not constitute Collateral, (i) Permitted Liens or (ii) if the Notes or Note Guarantees, as applicable, are secured by a Lien on such property or assets on an equal and ratable basis with (or, in the case of Subordinated Debt of the Company or a Guarantor, on a senior basis to) the Indebtedness so secured until such time as such Indebtedness is no longer so secured by such Initial Lien; and (b) in the case of any property or assets that constitute Collateral, Permitted Collateral Liens.

Any such Lien created as a result of this covenant "**Liens**" in favor of the Notes or any such Note Guarantee will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates or (ii) as set forth under the caption "*—Security*."

Dividend and other payment restrictions affecting subsidiaries

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Company or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Company or any of its Restricted Subsidiaries;

(2) make loans or advances to the Company or any of its Restricted Subsidiaries; or

(3) sell, lease or transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries,

provided that (x) the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill period to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness incurred by the Company or any Restricted Subsidiary, shall not be deemed to constitute such an encumbrance or restriction.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing Existing Indebtedness, the Intercreditor Agreement, the Guarantee Subordination Agreement, the Security Documents, the Revolving Credit Facility and other Indebtedness and the 2025 Notes Indenture, the 2025 Notes and Guarantees thereof, in each case as in effect on the Issue Date, and any amendments, restatements, modifications, renewals, supplements, increases, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, increases, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date or will not adversely affect in any material respect the Company's ability to make principal or interest payments on the Notes as they become due (in each case, as determined in good faith by a responsible accounting or financial officer of the Company);

(2) the Indenture, the Notes (including Additional Notes) and the Note Guarantees;

(3) applicable law, rule, regulation or order or the terms of any license, authorization, approval, concession or permit or similar restriction;

(4) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;

(5) customary non-assignment and similar provisions in contracts, leases and licenses (including, without limitation, licenses of intellectual property) entered into in the ordinary course of business;

(6) purchase money obligations for property (including Capital Stock) acquired in the ordinary course of business, Capital Lease Obligations and mortgage financings that impose restrictions on the property purchased or leased of the nature described in clause (3) of the preceding paragraph;

(7) any agreement for the sale or other disposition of assets, including without limitation an agreement for the sale or other disposition of the Capital Stock or assets of a Restricted Subsidiary, that restricts distributions by the applicable Restricted Subsidiary pending the sale or other disposition;

(8) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced or will not adversely affect in any material respect the Company's ability to make principal or interest payments on the Notes as they become due (in each case, as determined in good faith by a responsible accounting or financial officer of the Company);

(9) Liens permitted to be incurred under the provisions of the covenant described above under the caption "—*Liens*" that limit the right of the debtor to dispose of the assets subject to such Liens;

(10) provisions limiting the disposition or distribution of assets or property in, or transfer of Capital Stock of, joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements (including agreements entered into in connection with a Restricted Investment), which limitations are applicable only to the assets, property or Capital Stock that are the subject of such agreements;

(11) agreements governing other Indebtedness of the Company or any of its Restricted Subsidiaries permitted to be incurred in accordance with the covenant described under the caption "—Incurrence of indebtedness *and issuance of preferred stock*," and any amendments, restatements, modifications, renewals, supplements, increases, refundings, replacements or refinancings of those agreements; *provided* that any such encumbrance or restriction contained in such Indebtedness are not materially more restrictive taken as a whole than customary in comparable financings in such jurisdictions as such Indebtedness is being incurred or will not adversely affect in any material respect the Company's ability to make principal or

interest payments on the Notes as they become due (in each case, as determined in good faith by a responsible accounting or financial officer of the Company);

(12) supermajority voting requirements existing under corporate charters, bylaws, stockholders agreements, joint venture agreements and similar documents and agreements;

(13) customary provisions restricting subletting or assignment of any lease governing a leasehold interest;

(14) encumbrances or restrictions contained in Hedging Obligations permitted from time to time under the Indenture;

(15) restrictions on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case under contracts entered into in the ordinary course of business; and

(16) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (15), or in this clause (16); *provided* that the terms and conditions of any such encumbrances or restrictions are not materially more restrictive taken as a whole than those under or pursuant to the agreement so extended, renewed, refinanced or replaced or will not adversely affect in any material respect the Company's ability to make principal or interest payments on the Notes as they become due (in each case, as determined in good faith by a responsible accounting or financial officer of the Company).

Merger, consolidation or sale of assets

The Company

The Company will not, directly or indirectly (i) consolidate, amalgamate or merge with or into another Person (whether or not the Company is the surviving corporation) or (ii) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries, taken as a whole, in one or more related transactions, to another Person, unless:

(1) either: (a) the Company is the surviving corporation; or (b) the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Company) or to which such sale, assignment, transfer, lease, conveyance or other disposition has been made is an entity organized or existing under the laws of any member state of the European Union as in effect on December 31, 2003, Switzerland, Norway, Canada, Australia, Japan, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Company under the Notes, the Indenture (pursuant to a supplemental indenture in a form reasonably acceptable to the Trustee), the Intercreditor Agreement, the Security Documents and any Additional Intercreditor Agreement;

(3) immediately after such transaction or transactions, no Default or Event of Default exists;

(4) the Company or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable two half-year reference period (i) be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "—*Incurrence of indebtedness and issuance of preferred stock*" or (ii) have a Fixed Charge Coverage Ratio not less than it was immediately prior to giving effect to such transaction;

(5) each Guarantor (unless it is the other party to the transactions above, in which case clause (2) shall apply) shall have by supplemental indenture confirmed that its Guarantee shall apply to such Person's obligations in respect of the Indenture and the Notes and shall continue to be in effect; and

(6) the Company shall have delivered to the Trustee an Officers' Certificate and an opinion of counsel, each stating that such consolidation, amalgamation, merger or disposition and such supplemental indenture (if any) comply with this covenant; *provided* that in giving an opinion of counsel, counsel may rely on an Officers' Certificate as to any matters of fact.

The surviving entity will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable, but, in the case of a lease of all or substantially all of its properties or assets, the Company will not be released from the obligation to pay the principal of and interest and premium, if any, on the Notes.

The Guarantors

A Guarantor (other than any Guarantor whose Note Guarantee is to be released in accordance with the terms of the Note Guarantee and the Indenture as described under "*—Note Guarantees release*") may not sell or otherwise dispose of all or substantially all of its properties or assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person), another Person, other than the Company or another Guarantor, unless:

(1) immediately after giving effect to that transaction, no Default or Event of Default exists; and

(2) either:

(a) such Guarantor is the surviving entity;

(b) the Person acquiring the property in any such sale or other disposition or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Company or another Guarantor) unconditionally assumes, pursuant to a supplemental indenture substantially in the form specified in the Indenture, all the obligations of such Guarantor under such Indenture, its Note Guarantee, the Intercreditor Agreement, the Security Documents, the Guarantee Subordination Agreement and any Additional Intercreditor Agreement on the terms set forth therein; or

(c) the Net Proceeds of such sale or other disposition are applied in accordance with the provisions of the Indenture described under the caption "*—Repurchase at the option of holders—Asset sales*."

Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the properties or assets of a Person.

Clauses (3) and (4) of the first paragraph of this covenant will not apply to any merger, consolidation or amalgamation of the Company or any Restricted Subsidiary with or into an Affiliate solely for the purpose of reincorporating the Company or such Restricted Subsidiary in another jurisdiction. Nothing in the Indenture will prevent and this covenant will not apply to (i) any Restricted Subsidiary consolidating or amalgamating with, merging with or into or disposing of all or part of its properties or assets to the Company, (ii) the Company merging with or into a Restricted Subsidiary for the purpose of reincorporating the Company in another jurisdiction, and (iii) any Restricted Subsidiary consolidating or amalgamating with, merging with or into or disposing of all or part of its properties or assets to another Restricted Subsidiary.

Transactions with affiliates

The Company will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Company (each, an "**Affiliate Transaction**") involving aggregate payments or consideration in excess of $20.0 million, unless:

(1) the Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such

Restricted Subsidiary with an unrelated Person (as determined in good faith by a responsible accounting or financial officer of the Company); and

(2) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $50.0 million, the Company delivers to the Trustee a resolution of the Board of Directors of the Company set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Company.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) transactions between or among the Company and/or its Restricted Subsidiaries;

(2) Restricted Payments not prohibited by the provisions of the Indenture described above under the caption "—*Restricted payments*" and Permitted Investments;

(3) transactions with a Person (other than an Unrestricted Subsidiary of the Company) that is an Affiliate of the Company solely because the Company owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) any customary directors' fees, indemnification and similar arrangements (including the payment of directors' and officers' insurance premiums), consultant agreements, employment agreements, collective bargaining agreements, severance agreements, any other compensation or employee benefit plans or arrangements (including stock option, stock appreciation, stock incentive or stock ownership or similar plans) or legal fees (as determined in good faith by a majority of the disinterested members of the Board of Directors of the Company or, so long as the Company remains listed on the London Stock Exchange, otherwise in compliance with the Company's code of corporate governance) and payments, awards, grants or issuances of securities pursuant thereto;

(5) any issuance of Equity Interests (other than Disqualified Stock) of the Company to Affiliates of the Company;

(6) transactions with a joint venture or similar entity which would constitute an Affiliate Transaction solely because the Company owns, directly or through a Restricted Subsidiary, an Equity Interest in, can designate one or more members of the board of, or otherwise controls, such joint venture or similar entity;

(7) transactions pursuant to, or contemplated by any agreement or arrangement in effect on the Issue Date and as described in this Offering Memorandum under the caption "*Certain relationships and related party transactions*," and transactions pursuant to any amendment, modification, supplement or extension thereto; *provided* that any such amendment, modification, supplement or extension to the terms thereof, taken as a whole, is not materially more disadvantageous to the holders of the Notes than the original agreement or arrangement as in effect on the Issue Date;

(8) (i) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services or providers of employees or other labor, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture that are fair to the Company or the Restricted Subsidiaries, in the reasonable determination of the senior management of the Company, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person and (ii) to the extent constituting Affiliate Transactions, transactions with any governmental agency or entity in connection with the Energy Business;

(9) payments or other transactions pursuant to any tax sharing agreement or arrangement among the Company or any of its Restricted Subsidiaries and any other Person with which the Company or any of its Restricted Subsidiaries files or filed a consolidated tax return or with which the Company or any of its Restricted Subsidiaries is or was part of a consolidated group for tax purposes or any tax advantageous group contribution made pursuant to applicable legislation; *provided, however*, that such payments, and the value of such transactions, shall not exceed the amount of tax that the Company or such Restricted Subsidiaries would owe if such Person was not a member of such consolidated or tax advantageous group;

(10) transactions between the Company or any Restricted Subsidiary and any Person, a director of which is also a director of the Company or any Restricted Subsidiary and such director is the sole cause for such Person to be deemed an Affiliate of the Company or any Restricted Subsidiary; *provided, however,* that such director shall abstain from voting as a director of the Company or such Restricted Subsidiary, as the case may be, on any matter involving such other Person;

(11) the transfer, pledge or other disposition of all or any portion of Equity Interests of Unrestricted Subsidiaries; and

(12) any participation in a public tender or exchange offer for securities or debt instruments issued by the Company or any of its Subsidiaries that are conducted on arm's-length terms and provide for the same price or exchange ratio, as the case may be, to all holders accepting such tender or exchange offer.

Limitation on lines of business

The Company will not, and will not permit any Restricted Subsidiary to, engage in any business other than the Energy Business, except to the extent as would not be material to the Company and its Restricted Subsidiaries taken as a whole.

Limitation on guarantees of indebtedness by Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary that is not a Guarantor, directly or indirectly, to Guarantee, assume or in any other manner become liable for the payment of any Public Indebtedness of the Company (other than the Notes) or a Guarantor (other than a Guarantee of the Notes), unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for a Guarantee of payment of the Notes by such Restricted Subsidiary which Note Guarantee will be senior in right of payment to or *pari passu* in right of payment with such Restricted Subsidiary's Guarantee of such other Indebtedness.

The foregoing paragraph will not be applicable to any Guarantees of any Restricted Subsidiary:

(1) existing on the date of the Indenture;

(2) that existed at the time such Person became a Restricted Subsidiary if the Guarantee was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary;

(3) arising due to the granting of a Permitted Lien; or

(4) given to a bank or trust company having combined capital and surplus and undivided profits of not less than $250.0 million, whose debt has a rating, at the time such Guarantee was given, of at least "**A**" or the equivalent thereof by S&P and at least "**A2**" or the equivalent thereof by Moody's, in connection with the operation of cash management programs established for the Company's benefit or that of any Restricted Subsidiary.

In addition, notwithstanding anything to the contrary herein:

(1) no Guarantee shall be required if such Guarantee could reasonably be expected to give rise to or result in (A) personal liability for the officers, directors or shareholders of such Restricted Subsidiary, (B) any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available to the Company or such Restricted Subsidiary or (C) any significant cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out of pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (B) undertaken in connection with, such Guarantee, which cannot be avoided through measures reasonably available to the Company or the Restricted Subsidiary; and

(2) each such Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Future Guarantees granted pursuant to this provision will be released as set forth under "*—Note Guarantees release*." A Guarantee of a future Guarantor will be deemed to provide by its terms that it shall be automatically and unconditionally released and discharged if at the date of such release either (i) there is no Indebtedness of such Guarantor outstanding which was incurred after the Issue Date and which could not have been incurred in compliance with the Indenture if such Guarantor had not been designated as a Guarantor, or (ii) there is no Indebtedness of such Guarantor outstanding which was incurred after the Issue Date and which could not have been incurred in compliance with the Indenture as at the date of such release if such Guarantor were not designated as a Guarantor as at that date. The Trustee shall take all necessary actions, including the granting of releases or waivers under, the Intercreditor Agreement, the Guarantee Subordination Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Note Guarantee in accordance with these provisions, subject to customary protections and indemnifications.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Company may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be either (1) a Restricted Investment made as of the time of the designation that will reduce the amount available for Restricted Payments under the covenant described above under the caption "*—Restricted payments*" or (2) a Permitted Investment under one or more clauses of the definition of Permitted Investments, as determined in good faith by a responsible accounting or financial officer of the Company. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a copy of a resolution of the Board of Directors of the Company giving effect to such designation and an Officers' Certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption "*—Restricted payments*." If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of the Company as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "*—Incurrence of indebtedness and issuance of preferred stock*," the Company will be in default of such covenant.

The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of the Company; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "*—Incurrence of indebtedness and issuance of preferred stock*," calculated on a *pro forma* basis as if such designation had occurred at the beginning of the two half-year reference period; and (2) no Default or Event of Default would be in existence following such designation.

Reports

(1) The Company will make available, upon request, to any holder of Notes or prospective purchaser of Notes in the United States, in connection with any sale thereof, the information specified in Rule 144A(d)(4) under the U.S. Securities Act, unless the Company is subject to Section 13 or 15(d) of the U.S. Exchange Act at or prior to the time of such request.

(2) So long as any Notes are outstanding, the Company shall furnish to the Trustee (which shall distribute the same to a holder of Notes upon such holder's written request):

    (i) within 120 days after the end of each of the Company's fiscal years beginning with the fiscal year ending December 31, 2021, annual reports containing the following information with a level of detail that is substantially comparable and similar in scope to this Offering Memorandum: (a) audited consolidated balance sheet of the Company as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Company for the two most recent fiscal years (and comparative information for the end of the prior fiscal year), including complete notes to such financial statements and the report of the independent auditors on the financial statements; (b) *pro forma* income statement and balance sheet information, together with any explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates, unless the *pro forma* information has been previously provided; *provided* that such *pro forma* financial information will be provided only to the extent required to be disclosed by the U.K. Listing Authority and London Stock Exchange or, in the event the Company is no longer listed on the London Stock Exchange, to the extent available without unreasonable expense; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations including a discussion of financial condition and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; and (d) a Reserve Report prepared by the Company's independent reserve engineers; *provided that* (for so long as the U.K. Listing Authority and London Stock Exchange require annual reports and the Company is subject to such requirements) any item of disclosure that complies in all material respects with the requirements of the U.K. Listing Authority and London Stock Exchange for annual reports with respect to such item will be deemed to satisfy the Company's obligations under this clause (i) with respect to such item;

(ii) within 90 days after the end of the Company's first fiscal half-year in each fiscal year beginning with the half-year ending June 30, 2021, semi-annual reports containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such six-month period and unaudited condensed statements of income and cash flow for the year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year period for the Company, together with condensed note disclosure; (b) *pro forma* income statement and balance sheet information of the Company, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the period as to which such report relates; *provided* that such *pro forma* financial information will be provided only to the extent required to be disclosed by the U.K. Listing Authority and London Stock Exchange or, in the event the Company is no longer listed on the London Stock Exchange, to the extent available without unreasonable expense; (c) an operating and financial review of the unaudited financial statements including a discussion of the consolidated financial condition and results of operations of the Company and any material change between the current half-year period and the corresponding period of the prior year; and (d) a Reserve Report prepared internally by the Company; *provided that* (for so long as the U.K. Listing Authority and London Stock Exchange require interim reports and the Company is subject to such requirements) any item of disclosure that complies in all material respects with the requirements of the U.K. Listing Authority and London Stock Exchange for interim reports with respect to such item will be deemed to satisfy the Company's obligations under this clause (ii) with respect to such item; and

(iii) promptly after the occurrence of any material acquisition, disposition or restructuring of the Company and its Restricted Subsidiaries, taken as a whole, or any senior executive officer changes at the Company or changes in auditors of the Company or other material event that the Company announces publicly, a report containing a description of such event (but only to the extent that such acquisition, disposition, restructuring, change or event has been required to be publicly announced or disclosed by the U.K. Listing Authority and London Stock Exchange for so long as the Company is subject to such requirements);

provided, however, that any reports set out in this paragraph delivered to the Trustee via e-mail or other electronic means shall be deemed to have been "furnished" to the Trustee in accordance with the terms of this paragraph.

All financial statements, other than any *pro forma* financial information provided pursuant to clauses (i) and (ii) of the second paragraph of this covenant, shall be prepared in accordance with IFRS on a consistent basis for the periods presented. Except as provided for above, no report need include separate financial statements for the Company or Subsidiaries of the Company or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum.

If the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the semi-annual and annual financial information required pursuant to clauses (i) and (ii) of the second paragraph of this covenant will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

The Company will also make available copies of all reports required by clauses (i) – (iii) of the second paragraph of this covenant either (i) on the Company's website or (ii) publicly available through substantially comparable means (as determined by an Officer of the Company in good faith) (it being understood that, without limitation, making such reports available on Bloomberg or another private electronic information service will constitute substantially comparable public availability).

Notwithstanding the foregoing, the Company will be deemed to have provided such information to the Trustee, the holders of the Notes and prospective holders of the Notes if such information referenced in clauses (i), (ii) or (iii) of the second paragraph of this covenant has been posted to the Company's website.

In addition, in the case of furnishing the information pursuant to clauses (i) and (ii) of the second paragraph of this covenant, the Company will promptly thereafter hold a conference call with holders of the Notes hosted by an Officer of the Company to discuss the operations of the Company and its Subsidiaries in respect of the relevant period. The Company will also make available copies of all reports required by clauses (i) and (ii) of the second paragraph of this covenant, if and so long as the Notes are listed on the Official List of the Exchange and the rules of the Exchange so require, at the specified office of a Paying Agent.

Delivery of any information, documents and reports to the Trustee pursuant to this "*Reports*" covenant is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein, including the Company's compliance with any of its covenants under the Indenture.

Impairment of security interest

The Company shall not, and the Company shall not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action, which action or omission would or is reasonably likely to, in each case, in the good faith determination of the Company, have the result of materially impairing the security interest with respect to the Collateral (it being understood that the incurrence of Permitted Collateral Liens or of Indebtedness secured by the Collateral shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the holders of the Notes, and the Company shall not, and the Company shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent and the holders of the Notes (other than of any Additional Notes), the other beneficiaries described in the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral (other than pursuant to a sale, lease, transfer, disposition, merger or conveyance not otherwise prohibited by the Indenture), provided that (a) nothing in this provision will restrict the discharge or release of the Collateral in accordance with the Indenture, the Security Documents, the Intercreditor Agreement, the Guarantee Subordination Agreement or any Additional Intercreditor Agreement and (b) subject to the second paragraph of this covenant, the Company and the Restricted Subsidiaries may incur Permitted Collateral Liens.

The Indenture provides that, at the direction of the Company and without the consent of the holders of the Notes, the Security Agent (and/or any other party to each Security Document) shall from time to time enter into one or more amendments, extensions, renewals, restatements, supplements, modifications, releases and retakes or replacements to the Security Documents to: (i) cure any ambiguity, omission, defect or inconsistency therein, (ii) provide for Permitted Collateral Liens to the extent not prohibited under the Indenture (including by way of release and retaking of Security Documents), (iii) comply with the terms of the Intercreditor Agreement, the Guarantee Subordination Agreement or any Additional Intercreditor Agreement, (iv) add to the Collateral, (v) evidence the succession of another Person to the Company, a Guarantor or any security provider, as applicable, and the assumption by such successor of the obligations under the Indenture, Notes or its Guarantee, as the case may be, the Intercreditor Agreement, the Guarantee Subordination Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable, in each case, in accordance with the caption "*—Merger, consolidation or sale of assets*," (vi) provide for the release of property and assets constituting Collateral from the Liens created under the Security Documents and/or the release of a Guarantor from its

Guarantee of the Notes, in each case, in accordance with (and if permitted by) the terms of the Indenture, (vii) conform the Security Documents to this "*Description of Notes,"* (viii) evidence and provide for the acceptance of the appointment of a successor Security Agent, (ix) provide for Additional Notes or other Permitted Debt not prohibited by the Indenture that may be secured by Liens on the Collateral to also benefit from the Collateral, or (x) make any other change thereto that does not adversely affect the holders of the Notes in any material respect (as determined in good faith by the Company); *provided, however,* that no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified, released and retaken or replaced (otherwise than for reasons specified in clauses (i), (iii) (in connection with any enforcement action) or (iv) through (x)), unless contemporaneously with such amendment, extension, renewal, restatement, supplement, modification, release and retake or renewal, the Company delivers to the Trustee and the Security Agent, one of:

(a) a solvency opinion to the Trustee from an independent financial advisor confirming the solvency of the Company and the Restricted Subsidiaries, taken as a whole, on a consolidated basis, in each case, after giving effect to any transaction related to such amendment, extension, renewal, restatement, supplement, modification, release and retake or replacement;

(b) a certificate from the Board of Directors or responsible accounting or financial officer of the Company (acting in good faith) substantially in the form attached to the Indenture that confirms the solvency of the Company and the Restricted Subsidiaries, taken as a whole, on a consolidated basis, in each case, after giving effect to any transaction related to such amendment, extension, renewal, restatement, supplement, modification, release and retake or replacement; or

(c) an opinion of counsel (subject to customary assumptions, exceptions, reservations and qualifications) confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification, release and retake or replacement, the security interest or security interests created under the Security Documents so amended, extended, renewed, restated, supplemented, modified, released and retaken or replaced are valid security interests not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law that such security interest or security interests were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification, release and retake or replacement.

In the event that this covenant is complied with, the Trustee shall (when instructed by the Company) consent to and instruct the Security Agent to enter into all necessary documentation to implement such amendment, extension, renewal, restatement, supplement, modification, release and retake or replacement without the need for instructions from the holders of the Notes.

Suspension of covenants when Notes rated investment grade

If on any date following the Issue Date:

(1) the Notes have achieved Investment Grade Status; and

(2) no Default or Event of Default shall have occurred and be continuing on such date,

then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (such period, the "**Suspension Period**"), the covenants specifically listed under the following captions in this Offering Memorandum will no longer be applicable to the Notes and any related default provisions of the Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries:

(1) "*—Repurchase at the option of holders—Asset sales*";

(2) "*—Restricted payments*";

(3) "*—Incurrence of indebtedness and issuance of preferred stock*";

(4) "*—Dividend and other payment restrictions affecting subsidiaries*";

(5) "—*Designation of restricted and unrestricted subsidiaries*";

(6) "—*Transactions with affiliates*";

(7) "—*Limitation on guarantees of indebtedness by restricted subsidiaries*";

(8) clause (4) of the first paragraph of the covenant described under "—*Merger, consolidation or sale of assets*"; and

(9) "—*Limitation on lines of business*."

Such covenants will not, however, be of any effect with regard to the actions of the Company and the Restricted Subsidiaries properly taken during the continuance of the Suspension Period; *provided* that (1) with respect to the Restricted Payments made after any such reinstatement (a "**Reversion Date**"), the amount of Restricted Payments will be calculated as though the covenant described under the caption "—Restricted payments" had been in effect prior to, but not during, the Suspension Period and (2) all Indebtedness incurred, or Disqualified Stock or preferred stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (3) of the second paragraph of the caption "—*Incurrence of indebtedness and issuance of preferred stock*." Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at zero.

The Company shall notify the Trustee and the holders that the two conditions set forth in the first paragraph under this heading have been satisfied, *provided* that such notification shall not be a condition for the suspension of the covenants set forth above to be effective. The Trustee shall not be obligated to notify holders that the two conditions set forth in the first paragraph under this heading have been satisfied.

There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Status.

Maintenance of listing

The Company will use its commercially reasonable efforts to obtain and maintain the listing of the Notes on the Euro MTF Market for so long as such Notes are outstanding; *provided* that if the Company is unable to obtain admission to listing of the Notes on the Exchange or if at any time the Company determines that it will not so list or maintain such listing, it will use its commercially reasonable efforts to obtain and maintain a listing of such Notes on another recognized stock exchange.

Financial Calculations

When calculating the availability or permission under any basket or ratio under the Indenture, in each case in connection with any acquisition, disposition, merger, joint venture, Investment or any other similar transaction (the "**Applicable Transaction**") where there is a time difference between commitment and closing or incurrence (including in respect of incurrence of Indebtedness, Restricted Payments and Permitted Investments), the date of determination of such basket or ratio and of any Default or Event of Default shall, at the option of the Company, be (A) the date the definitive agreements for such Applicable Transaction are entered into and such baskets or ratios shall be calculated on a pro forma basis after giving effect to such Applicable Transaction and the other transactions to be entered into in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable reference period for purposes of determining the ability to consummate any such transaction (and not for purposes of any subsequent availability of any basket or ratio), (B) the date of consummation of any Applicable Transaction or (C) any other date relevant to the Applicable Transaction determined by the Company in good faith, in which case such baskets or ratios shall likewise be calculated on a pro forma basis after giving effect to the Applicable Transaction and the other transactions to be entered into in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable reference period for purposes of determining the ability to consummate any such transaction. For the avoidance of doubt, (x) if any of such baskets or ratios are determined to be in compliance under (A) or (C) above and are exceeded as a result of fluctuations in such basket or ratio (including due to fluctuations in 2P Reserves or Consolidated Cash Flow) subsequent to such date of determination and at or prior to the consummation of the relevant Applicable Transaction, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the transactions are permitted hereunder and (y) if the Company elects to have such determinations occur at the time of entry into such definitive agreement or on another date as contemplated by (C) above, any such transactions (including any incurrence of Indebtedness and the use of proceeds thereof and the fixing of any exchange rates) shall be deemed to have occurred on the date the definitive agreements are entered or such other date as contemplated by (C) above, and in each case to be outstanding thereafter for purposes of calculating any baskets or ratios under the Indenture (except to the extent such Applicable Transaction is subsequently abandoned).

Unless otherwise specified in the Indenture, in the event that any amount or transaction meets the criteria of more than one of the baskets or exceptions set out in a particular provision of the Indenture (subject to the limitations imposed under clause (4) of the third paragraph under the "*Incurrence of indebtedness and issuance of preferred stock*" covenant), the Company may classify (and may from time to time reclassify) that amount or transaction to a particular basket or exception in respect of the same provision and will only be required to include that amount or transaction in one of those baskets or exceptions (and, for the avoidance of doubt, an amount or transaction may at the option of the Company be split between different baskets or exceptions).

Subject to the limitations imposed under clause (4) of the third paragraph under the "*Incurrence of indebtedness and issuance of preferred stock*" covenant, if a proposed action, matter, transaction or amount (or a portion thereof) is Incurred or entered into pursuant to a fixed permission and at a later time would subsequently be permitted under a ratio-based permission, unless otherwise elected by the Company, such action, matter, transaction or amount (or a portion thereof) shall automatically be reclassified to such ratio-based permission.

In the event any fixed permissions are intended to be utilized together with any ratio-based permissions in a single transaction or series of related transactions, (i) compliance with or satisfaction of any ratio-based permission for the portion of such indebtedness or other applicable transaction or action to be incurred under such ratio-based permission shall first be calculated without giving effect to amounts being utilized pursuant to any fixed permission but giving full pro forma effect to all applicable and related transactions (including, subject to the foregoing with respect to fixed baskets, any incurrence and repayments of indebtedness) and all other permitted pro forma adjustments, and (ii) thereafter, incurrence of the portion of such indebtedness or other applicable transaction or action to be incurred under any fixed permissions shall be calculated.

Events of default and remedies

Each of the following is an "**Event of Default**":

(1) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the Notes;

(2) default in the payment when due (at final maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;

(3) failure by the Company or any Guarantor to comply with the provisions described under the caption "—*Certain covenants—Merger, consolidation or sale of assets*";

(4) failure by the Company for 30 days after written notice to the Company by the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding to comply with any of the provisions described under the caption "—*Repurchase at the option of holders—Change of control*" above;

(5) failure by the Company or relevant Guarantor for 60 days after written notice to the Company by the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding to comply with any of the other agreements in the Indenture (other than a default in performance, or breach, of a covenant or agreement which is specifically dealt with in clauses (1), (2), (3) or (4));

(6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Company or any of its Restricted Subsidiaries), whether such Indebtedness or Guarantee now exists, or is created, after the Issue Date, if that default:

    (a) is caused by a failure to pay principal of such Indebtedness at final maturity thereof after giving effect to any applicable grace periods provided in such Indebtedness and such failure to make any payment has not been waived or the maturity of such Indebtedness has not been extended (a "**Payment Default**"); or

(b) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $100.0 million or more;

(7) failure by the Company or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, to pay final and non-appealable judgments entered by a court or courts of competent jurisdiction aggregating in excess of $100.0 million (net of any amount with respect to which a reputable and solvent insurance company has acknowledged liability in writing), which judgments are not paid, discharged, stayed or fully bonded for a period of 60 days (or, if later, the date when payment is due pursuant to such judgment);

(8) except as permitted by the Indenture (including with respect to any limitations), any Note Guarantee of a Significant Subsidiary is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor that is a Significant Subsidiary or any Person acting on behalf of any such Guarantor that is a Significant Subsidiary, denies or disaffirms its obligations under its Note Guarantee; and

(9) any security interest under the Security Documents shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Indenture, as applicable) with respect to Collateral having a Fair Market Value in excess of $15.0 million for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such security interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents, as applicable, or any such security interest created thereunder shall be declared by a court of competent jurisdiction to be invalid or unenforceable or the Issuer or any Restricted Subsidiary shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 10 days.

(10) certain events of bankruptcy or insolvency described in the Indenture with respect to the Company or any Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the Company, all then outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all of the then outstanding Notes to be due and payable immediately by notice in writing to the Company and, in case of a notice by holders, also to the Trustee specifying the respective Event of Default and that it is a notice of acceleration.

If the Notes are accelerated or otherwise become due prior to their stated maturity, in each case as a result of an Event of Default (including, but not limited to, an Event of Default specified in clause (10) of the definition of "Event of Default" (including the acceleration of any portion of the Indebtedness evidenced by the Notes by operation of law)), the amount that shall then be due and payable shall be equal to:

(x) (i) 100% of the principal amount of the Notes then outstanding plus the Applicable Premium in effect on the date of such acceleration or (ii) the applicable redemption price in effect on the date of such acceleration, as applicable, plus

(y) accrued and unpaid interest to, but excluding, the date of such acceleration,

in each case as if such acceleration were an optional redemption of the Notes so accelerated.

Without limiting the generality of the foregoing, it is understood and agreed that if the Notes are accelerated or otherwise become due prior to their stated maturity, in each case, as a result of an Event of Default (including, but not limited to, an Event of Default specified in clause (10) of the definition of "Event of Default" (including the acceleration of any portion of the Indebtedness evidenced by the Notes by operation of law)), the Applicable Premium or the amount by which the applicable redemption price exceeds the principal amount of the Notes (the "Redemption Price Premium"), as applicable, with respect to an optional redemption of the Notes shall also be due and payable as though the Notes had been optionally redeemed on the date of such acceleration and shall constitute part of the Obligations with respect to the Notes in view of the impracticability and difficulty of ascertaining actual damages and by mutual agreement of the parties as to a reasonable calculation of each holder's lost profits as a result thereof. If the Applicable Premium or the Redemption Price Premium, as applicable, becomes due and payable, it shall be deemed to be principal of the Notes and interest shall accrue on the full principal amount of the Notes (including the Applicable Premium or the Redemption Price Premium, as applicable) from and after the applicable triggering event, including in connection with an Event of Default specified in clause (10) of the definition of "Event of Default." Any premium payable pursuant to this paragraph shall be presumed to be liquidated damages sustained by each Noteholder as the result of the acceleration of the Notes and the Company agrees that it is reasonable under the circumstances currently existing. The premium shall also be payable in the event the Notes or the Indenture are satisfied, released or discharged through foreclosure, whether by judicial proceeding, deed in lieu of foreclosure or by any other means. THE COMPANY AND EACH GUARANTOR EXPRESSLY WAIVES (TO THE FULLEST EXTENT THEY MAY LAWFULLY DO SO) THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE OR LAW THAT PROHIBITS OR MAY PROHIBIT THE COLLECTION OF THE FOREGOING PREMIUM IN CONNECTION WITH ANY SUCH ACCELERATION. The Company expressly agrees (to the fullest extent they may lawfully do so) that: (A) the premium is reasonable and is the product of an arm's length transaction between sophisticated business entities ably represented by counsel; (B) the premium shall be payable notwithstanding the then prevailing market rates at the time acceleration occurs; (C) there has been a course of conduct between the Noteholders and the Company giving specific consideration in this transaction for such agreement to pay the premium; and (D) the Company shall be estopped hereafter from claiming differently than as agreed to in this paragraph. The Company expressly acknowledges that its agreement to pay the premium to the Noteholders as herein described is a material inducement to the Noteholders to purchase the Notes.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

Subject to the provisions of the Indenture relating to the duties of the Trustee in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of Notes unless such holders have offered to the Trustee and, if requested, the Trustee has received security and/or indemnity satisfactory to it against any loss, liability or expense. Except (subject to the provisions described under "—*Amendment, supplement and waiver*") to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such holder has previously given the Trustee notice that an Event of Default is continuing;

(2) holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested the Trustee to pursue the remedy;

(3) such holders have offered the Trustee and, if requested, the Trustee has received security and/or indemnity satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer and the receipt of security and/or indemnity; and

(5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may, on behalf of the holders of all of the Notes, rescind an acceleration or waive any existing Default or Event of Default and its consequences under the Indenture, if the rescission would not conflict with any judgment or decree, except a continuing Default or Event of Default in the payment of interest or Additional Amounts or premium on, or the principal of, the Notes held by a non-consenting holder (which may only be waived with the consent of holders of at least 90% of the aggregate principal amount of the then outstanding Notes).

The Indenture will provide that (i) if a Default occurs for a failure to deliver a report or a certificate in connection with another default (an "**Initial Default**"), then at the time such Initial Default is cured such Default for a failure to deliver a report or required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "*—Certain Covenants—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report, notice or certificate, even though such delivery is not within the prescribed period specified in the Indenture.

The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture.

NPV Coverage Test

The Company shall ensure that the portion of the Present Value attributable to the Company and the Guarantors equals or exceeds 95% of the Present Value attributable to the Company and its Restricted Subsidiaries (other than any Excluded NPV Restricted Subsidiary) (the "**NPV Coverage Test**") on the date of the delivery of any Reserve Report in accordance with the covenant described under the caption "*—Reports*."

If the NPV Coverage Test is not satisfied on any test date, the Company shall use commercially reasonable best efforts to ensure that within ninety (90) days of such test date, another Restricted Subsidiary of the Company (as the Company may elect in its sole discretion) shall accede as a Guarantor to ensure that the NPV Coverage Test is satisfied (calculated as if such additional Guarantor had been a Guarantor at such test date).

To the extent any Restricted Subsidiary cannot be made a Guarantor for purposes of the NPV Coverage Test despite the commercially reasonable best efforts of the Company (an "**Excluded NPV Restricted Subsidiary**"), the Indebtedness of that Excluded NPV Restricted Subsidiary shall not benefit from a Lien over the Collateral and shall not be guaranteed by the Company or any Guarantor, unless any such guarantee or Lien over the Collateral in favor of the Excluded NPV Restricted Subsidiary is either (i) subordinated to the Notes and the Note Guarantees, (ii) an unsecured and undrawn performance guarantee; *provided* that if such performance guarantee is drawn upon, it is subordinated to the Notes and the Note Guarantees or (iii) granted in favor of, or in connection with the order, decree or request of, any governmental, quasi-governmental, regulatory or tax authority.

Additional Intercreditor Agreements; agreement to be bound

The Indenture provides that, at the request of the Company and without the consent of holders of the Notes, in connection with the incurrence by the Company or any Restricted Subsidiary of any Indebtedness not prohibited by the covenant described under the caption "*—Incurrence of indebtedness and issuance of preferred stock*" (and, in each case, such Indebtedness shall be (x) Senior Debt or (y) Subordinated Debt), the Company, the relevant Guarantors, the Trustee and, if applicable, the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized representatives) an amended and/or restated Intercreditor Agreement, an additional intercreditor agreement, an amended and/or restated Guarantee Subordination Agreement and/or a subordination agreement or deed (either individually or together, as applicable, an "**Additional Intercreditor Agreement**") containing substantially the same terms (or terms more favorable to the holders of the Notes) as the Intercreditor Agreement and/or the Guarantee Subordination Agreement, as applicable, including with respect to the subordination, payment blockage, limitation on enforcement and release of guarantees (or such other terms or with such changes as are necessary to facilitate compliance with the covenant described under the caption "*—Certain Covenants— Limitation on guarantees of indebtedness by Restricted Subsidiaries*") and priority and release of the Security Documents (or such other terms or with such changes as the Company may in good faith determine to be necessary or appropriate relating to the Security Documents, in connection with the incurrence of such Indebtedness, provided that such other terms are not materially less favorable to the holders of the Notes taken as a whole than the terms contained in the Intercreditor Agreement and/or the Guarantee Subordination Agreement, as applicable); *provided*, that such Additional Intercreditor

Agreement will not impose any personal obligations on the Trustee or the Security Agent or adversely affect the rights, duties, liabilities or immunities of the Trustee or the Security Agent under the Indenture, the Intercreditor Agreement or the Guarantee Subordination Agreement without the consent of the Trustee and the Security Agent. Pursuant to any such Additional Intercreditor Agreements, such other Indebtedness may constitute Senior Debt or Subordinated Debt of the Company or a Restricted Subsidiary. If the Intercreditor Agreement, the Guarantee Subordination Agreement and/or one or more Additional Intercreditor Agreements is outstanding at any one time, the collective terms of such intercreditor agreements must not conflict in any material respect.

The Indenture also provides that, at the direction of the Company and without the consent of holders of the Notes, the Trustee and the Security Agent shall subject to the terms of the Intercreditor Agreement and/or the Guarantee Subordination Agreement from time to time enter into one or more amendments to any Intercreditor Agreement, the Guarantee Subordination Agreement and/or Additional Intercreditor Agreement to: (1) cure any ambiguity, manifest error, omission, defect or inconsistency of any Intercreditor Agreement, Guarantee Subordination Agreement and/or any Additional Intercreditor Agreement, (2) increase the amount of Indebtedness of the types covered by any Intercreditor Agreement, Guarantee Subordination Agreement and/or any Additional Intercreditor Agreement that may be Incurred by the Company or any of its Restricted Subsidiaries that is subject to any Intercreditor Agreement, Guarantee Subordination Agreement and/or any Additional Intercreditor Agreement (including the addition of provisions relating to new Indebtedness that is contractually subordinated in right of payment to the Notes or its Guarantee, as the case may be, as applicable), (3) add Guarantors to any Intercreditor Agreement, Guarantee Subordination Agreement and/or an Additional Intercreditor Agreement, (4) add security to or for the benefit of the Notes (including Additional Notes), or confirm and evidence the release, termination or discharge of any Notes, its Guarantee, or any Lien (including Liens on the Collateral and the Security Documents) when such release, termination or discharge is provided for or not prohibited under the Indenture, any Intercreditor Agreement, Guarantee Subordination Agreement and/or any Additional Intercreditor Agreement, (5) make provision for charges of the Collateral securing Additional Notes to rank *pari passu* with the Liens under the Security Documents or to implement any Permitted Collateral Liens, (6) provide for the assumption by a successor of the obligations of the Company under any Intercreditor Agreement, Guarantee Subordination Agreement and/or any Additional Intercreditor Agreement, (7) make any change in the subordination provisions of any Intercreditor Agreement, Guarantee Subordination Agreement and/or any Additional Intercreditor Agreement that would not limit or terminate the benefits available to any holder of Senior Debt of a Restricted Subsidiary (or any Representative thereof) under such subordination provisions or as otherwise permitted by any Intercreditor Agreement, Guarantee Subordination Agreement and/or Additional Intercreditor Agreement, (8) conform the text of any Intercreditor Agreement, Guarantee Subordination Agreement and/or Additional Intercreditor Agreement to any provision of this "*Description of Notes*," or (9) make any other change to any Intercreditor Agreement, Guarantee Subordination Agreement and/or Additional Intercreditor Agreement that does not materially adversely affect the holders of the Notes. The Company shall not otherwise request the Trustee and the Security Agent to enter into any amendment to any Intercreditor Agreement, Guarantee Subordination Agreement and/or Additional Intercreditor Agreement without the consent of the holders of the Notes of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "*—Amendments and Waivers*," and the Company may only request the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee and the Security Agent or adversely affect the rights, duties, liabilities or immunities of the Trustee and the Security Agent under the Indenture or any Intercreditor Agreement, Guarantee Subordination Agreement and/or an Additional Intercreditor Agreement.

The Indenture also provides that, in relation to any Intercreditor Agreement, Guarantee Subordination Agreement and/or an Additional Intercreditor Agreement, no consent on behalf of the holders of the Notes to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby will be required; *provided*, *however*, that such transaction would comply with the covenant described under the caption "*—Certain Covenants—Limitation on Restricted Payments*."

The Indenture also provides that each holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of each Intercreditor Agreement, Guarantee Subordination Agreement and/or an Additional Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have irrevocably appointed and authorized the Trustee to give effect to the provisions in the Intercreditor Agreement, Guarantee Subordination Agreement and/or Additional Intercreditor Agreement and to act on its behalf to enter into and comply with the provisions of such Intercreditor Agreement, Guarantee Subordination Agreement and/or Additional Intercreditor Agreement.

No personal liability of directors, officers, employees and stockholders

No director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, will have any liability for any obligations of the Company or the Guarantors under the Notes, the Indenture or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes. The waiver may not be effective to waive liabilities under U.S. federal or other applicable securities laws.

Legal defeasance and covenant defeasance

The Company may at any time, at its option, elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of the Guarantors discharged with respect to their Note Guarantees ("**Legal Defeasance**") except for:

(1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, or interest (including Additional Amounts) or premium, if any, on, such Notes when such payments are due from the trust referred to below;

(2) the Company's obligations with respect to the Notes concerning registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Company's and the Guarantors' obligations in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have the obligations of the Company and the Guarantors released with respect to certain covenants (including the Company's obligation to make Change of Control Offers and Asset Sale Offers) that are described in the Indenture ("**Covenant Defeasance**") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (not including non-payment or, solely with respect to the Company, bankruptcy, receivership, rehabilitation and insolvency events) described under "—*Events of default and remedies*" will no longer constitute an Event of Default with respect to the Notes. If the Company exercises either its Legal Defeasance or Covenant Defeasance option, each Guarantor will be released and relieved of any obligations under its Note Guarantee.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Company must irrevocably deposit with the Trustee (or such other entity designated or appointed as agent by the Trustee for this purpose), in trust, for the benefit of the holders of the Notes, cash in U.S. dollars, non-callable U.S. Government Obligations or a combination of cash in U.S. dollars and non-callable U.S. Government Obligations, in amounts as will be sufficient to pay the principal of, or interest (including Additional Amounts) and premium, if any, on, the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of Legal Defeasance, the Company must deliver to the Trustee an opinion of United States counsel reasonably acceptable to the Trustee confirming that (a) the Company has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to

U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Company must deliver to the Trustee an opinion of United States counsel reasonably acceptable to the Trustee confirming that the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(5) the Company must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the holders of Notes over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding any creditors of the Company or others; and

(6) the Company must deliver to the Trustee an Officers' Certificate and an opinion of counsel, subject to customary assumptions and qualifications, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

For the avoidance of doubt, all cash and securities deposited with the Trustee (or such other entity designated or appointed as agent by the Trustee for this purpose) to hold in trust pursuant to this section or "*—Satisfaction and discharge*" shall not be subject to subordination pursuant to the Intercreditor Agreement, the Guarantee Subordination Agreement or any Additional Intercreditor Agreement.

Amendment, supplement and waiver

Except as provided in the next two succeeding paragraphs, the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, the Guarantee Subordination Agreement or any Additional Intercreditor Agreement may be amended or supplemented with the consent of the Company and the holders of a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, the Guarantee Subordination Agreement or any Additional Intercreditor Agreement may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

Unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), without the consent of the Company and each holder of Notes affected, an amendment, supplement or waiver may not (with respect to any Notes held by a non-consenting holder):

(1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption or repurchase of the Notes (other than provisions relating to the covenants described above under the caption "*—Repurchase at the option of holders*");

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(4) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);

(5) make any Note payable in money other than that stated in the Notes;

(6) waive a redemption or repurchase payment with respect to any Note (other than a payment required by one of the covenants described above under the caption "*—Repurchase at the option of holders*");

(7) modify or release any of the Note Guarantees in any manner adverse to the holders of the Notes, other than in accordance with the terms of the Indenture, the Intercreditor Agreement and the Guarantee Subordination Agreement (or any Additional Intercreditor Agreement);

(8) release any Collateral granted for the benefit of the holders of the Notes, other than in accordance with the terms of the Indenture, the Intercreditor Agreement (or any Additional Intercreditor Agreement) or the Security Documents;

(9) impair the right of any holder of Notes to institute suit for the enforcement of any payment on or with respect to such holder's Notes or any Note Guarantee in respect thereof;

(10) make any change to the ranking of the Notes or Note Guarantees, in each case in a manner that adversely affects the rights of the holders of the Notes; or

(11) make any change in the preceding amendment, supplement and waiver provisions.

Notwithstanding the preceding, without the consent of any holder of Notes, the Company, the Guarantors and the Trustee may amend or supplement the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, the Guarantee Subordination Agreement, any Additional Intercreditor Agreement or the Security Documents for the purposes described under "*—Additional Intercreditor Agreements; Agreement to be Bound*" or:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Notes (that are in registered form for U.S. federal income tax purposes) in addition to or in place of certificated Notes;

(3) to provide for the assumption of the Company's or a Guarantor's obligations to holders of Notes and Note Guarantees in the case of a transaction described under "*—Certain covenants—Merger, consolidation or sale of assets*";

(4) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any such holder in any material respect;

(5) to conform the text of the Indenture, the Notes, the Security Documents or the Note Guarantees to any provision of this "*Description of Notes*" to the extent that such provision in this "*Description of Notes*" was intended to be a verbatim or substantially verbatim recitation of a provision of the Indenture, the Notes, the Security Documents or the Note Guarantees;

(6) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture as of the Issue Date;

(7) to allow any Guarantor to Guarantee the Notes or to evidence the release of Note Guarantees pursuant to the terms of the Indenture;

(8) (i) to the extent necessary to provide for the granting of a security interest for the benefit of any Person; *provided* that the granting of such security interest is not prohibited under the Indenture or (ii) to confirm and evidence the release, termination, discharge or retaking of any Lien (including the Collateral and the Security Documents) or any amendment in respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is not prohibited by the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents; or

(9) to evidence and provide for the acceptance and appointment of a successor trustee under the Indenture, the Intercreditor Agreement, the Security Documents, the Guarantee Subordination Agreement or any Additional Intercreditor Agreement or to provide for the accession by the Trustee to the Intercreditor

Agreement, the Guarantee Subordination Agreement, the Security Documents or any Additional Intercreditor Agreement.

In formulating its opinion on such matters, the Trustee shall be entitled to rely absolutely on such evidence as it deems appropriate, including opinions of counsel and Officers' Certificates.

The consent of the holders of Notes is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

For the avoidance of doubt, no amendment to, or deletion of any of the covenants described under "*—Certain Covenants*," or action taken in compliance with the covenants in effect at the time of such action, shall be deemed to impair or affect any rights of any holder of Notes to receive payment of principal of, or premium, if any, or interest on, the Notes.

Satisfaction and discharge

The Indenture and the Note Guarantees will be discharged and will cease to be of further effect as to all Notes issued thereunder (except as to surviving rights to transfer or exchange Notes and as otherwise specified in the Indenture), when:

(1) either:

(a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Company, have been delivered to the Registrar for cancellation; or

(b) all Notes that have not been delivered to the Registrar for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year, and the Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee (or such other entity designated or appointed as agent by the Trustee for this purpose) as trust funds in trust solely for the benefit of the holders, cash in U.S. dollars, non-callable U.S. Government Obligations or a combination of cash in U.S. dollars and non-callable U.S. Government Obligations, in amounts as will be sufficient, without consideration of any reinvestment of any interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Registrar for cancellation for principal, premium, Additional Amounts, if any, and accrued interest to the date of final maturity or redemption;

(2) in the case of clause (1)(b), no Default or Event of Default has occurred and is continuing on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Guarantor is a party or by which the Company or any Guarantor is bound;

(3) the Company or any Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and

(4) the Company has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at final maturity or on the redemption date, as the case may be.

In addition, the Company must deliver an Officers' Certificate and an opinion of counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied; *provided* that any such counsel may rely on any Officers' Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2), (3) and (4)).

If requested in writing by the Company to the Trustee and Paying Agent (which request may be included in the applicable notice of redemption or pursuant to the above referenced Officer's Certificate), the Trustee shall distribute any amounts deposited to the holders prior to Stated Maturity or the redemption date, as the case may be; *provided* that the holders shall have received at least three Business Days' notice from the Company prior to such earlier repayment date. For the avoidance of doubt, the distribution and payment to holders prior to the maturity or redemption date as set forth above shall not include any negative interest, present value adjustment, break cost or any additional premium on such amounts. To the extent the Notes are represented by a global note deposited with a depositary for a clearing system, any payment to the beneficial holders holding interests as a participant of such clearing system shall be subject to the then applicable procedures of the clearing system.

Listing

Application has been made to list the Notes on the Official List of the Exchange and for admission and trading on the Euro MTF Market. There can be no assurance that the application will be accepted. The listing agent is Deutsche Bank Luxembourg S.A.

Judgment currency

Any payment on account of an amount that is payable in U.S. dollars which is made to or for the account of any holder or the Trustee in lawful currency of any other jurisdiction (the "**Judgment Currency**"), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Company or any Guarantor, shall constitute a discharge of the Company or the Guarantor's obligation under the Indenture and the Notes or Note Guarantee, as the case may be, only to the extent of the amount of U.S. dollars with such holder or the Trustee, as the case may be, could purchase in the London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of U.S. dollars that could be so purchased is less than the amount of U.S. dollars originally due to such holder or the Trustee, as the case may be, the Company and the Guarantors shall indemnify and hold harmless the holder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture or the Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Concerning the Trustee

The Company shall deliver written notice to the Trustee within 30 days of becoming aware of the occurrence of a Default or an Event of Default. If the Trustee becomes a creditor of the Company or any Guarantor, the Indenture will limit the right of the Trustee to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; *however*, if it acquires any conflicting interest, it must eliminate such conflict within 90 days or resign as Trustee.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture will provide that if an Event of Default of which notice has been provided to the Trustee in accordance with the Indenture has occurred and is continuing, the Trustee will be required, in the exercise of its rights or powers, to use the degree of care of a prudent person in the conduct of his or her own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee and, if requested, the Trustee has received security and/or indemnity satisfactory to it against any loss, liability or expense.

The Company and the Guarantors jointly and severally will indemnify the Trustee for certain claims, liabilities and expenses incurred without gross negligence, fraud or willful misconduct on its part, arising out of or in connection with its duties.

Additional information

Anyone who receives this Offering Memorandum may, following the Issue Date, obtain a copy of the Indenture, the Intercreditor Agreement, the Guarantee Subordination Agreement or any Additional Intercreditor Agreement without charge by writing to Tullow Oil plc, Investor Relations, 9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom.

So long as the Notes are listed on the Official List of the Exchange and admitted for trading on the Euro MTF Market and the rules of the Exchange shall so require, copies, current and future, of all of the Company's annual audited consolidated financial statements and the Company's unaudited consolidated interim financial statements may be obtained, free of charge, during normal business hours at the offices of the Paying Agent.

Consent to jurisdiction and service of process

The Indenture will provide that each of the Company and the Guarantors will appoint CT Corporation System as its agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Note Guarantees brought in any U.S. federal or New York state court located in the City of New York and will submit to such non-exclusive jurisdiction.

Governing Law

The Indenture and the Notes, and the rights and duties of the parties thereunder, shall be governed by and construed in accordance with the laws of the State of New York. The Intercreditor Agreement and the Guarantee Subordination Agreement, and the rights and duties of the parties thereunder, are governed by and construed in accordance with the laws of England and Wales.

Enforceability of judgments

Since substantially all of the assets of the Company and the Guarantors are outside the United States, any judgment obtained in the United States against the Company or any Guarantor, including judgments with respect to the payment of principal, premium, interest, Additional Amounts and any redemption price and any purchase price with respect to the Notes or the Note Guarantees, may not be collectable within the United States. See "*Service of process and enforcement of civil liabilities*."

Prescription

Claims against the Company or any Guarantor for the payment of principal or Additional Amounts, if any, on the Notes will not be permitted ten years after the applicable due date for payment thereof. Claims against the Company or any Guarantor for the payment of interest, premium or any Additional Amounts on the Notes will not be permitted five years after the applicable due date for payment of interest, premium or any Additional Amounts.

Certain definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

"**2022 Senior Notes**" means the Company's $650,000,000 aggregate principal amount of $6^1/_4$% Senior Notes due 2022 issued on April 4, 2014.

"**2025 Notes**" means the Company's $800,000,000 aggregate principal amount of 7% Senior Notes due 2025 issued under the 2025 Notes Indenture.

"**2025 Notes Indenture**" means that certain indenture, dated as of March 23, 2018 and as amended or waived from time to time, among the Company, the guarantors named therein, Deutsche Trustee Company Limited, as trustee, Deutsche Bank Trust Company Americas, as registrar, transfer agent and principal paying agent and Deutsche Bank AG, London Branch, as London paying agent.

"**2P Reserves**" means the sum of the Proved Reserves and the Probable Reserves attributable to the respective participating interests of the Company and its Restricted Subsidiaries in the Oil and Gas Properties.

"**2P Reserves Coverage Ratio**" means, as of any date of determination, the ratio of (a) the Present Value (including that portion of the Present Value attributable to any Excluded NPV Restricted Subsidiary for purposes of incurrence of Indebtedness under clause (15) of the covenant described above under the caption "*—Certain covenants—Incurrence of indebtedness and issuance of preferred stock*", but excluding that portion of the Present Value attributable to any Excluded NPV Restricted Subsidiary in all other cases), to (b)(i) the aggregate principal amount of all Senior Secured Indebtedness of the Company and its Restricted Subsidiaries (including Senior Secured Indebtedness of any Excluded NPV Restricted Subsidiary for purposes of incurrence of Indebtedness under clause (15) of the covenant described above under the caption "*—Certain covenants—Incurrence of indebtedness and issuance of preferred stock*", but excluding Senior Secured Indebtedness of any Excluded NPV Restricted Subsidiary in all other cases) outstanding (excluding outstanding letters of credit and excluding unrealized liabilities under any Hedging Obligations permitted to be incurred under the Indenture), less (ii) cash and Cash Equivalents.

"**Acquired Debt**" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"**Additional Assets**" means:

(1) any property or assets used or useful in the Energy Business;

(2) the Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or any of its Restricted Subsidiaries; or

(3) Capital Stock constituting a Minority Interest in any Person that at such time is a Restricted Subsidiary;

provided, however, that any such Restricted Subsidiary described in clause (2) or (3) is primarily engaged in the Energy Business.

"**Affiliate**" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"**Applicable Premium**" means, with respect to any Note at any time, the greater of (a) 1.0% of the principal amount of such Note and (b) the excess of:

(1) the present value at such time of (i) the redemption price of the Note on May 15, 2023 (such redemption price being set forth in the table appearing under the caption "*—Optional Redemption*"), plus (ii) all required interest payments due on the Note through May 15, 2023 (excluding accrued but unpaid interest to the redemption date) discounted back to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at a rate equal to the Treasury Rate as of such time plus 50 basis points; over

(2) the then-outstanding principal amount of the Note.

The Company shall calculate the Applicable Premium and, for the avoidance of doubt, calculation of the Applicable Premium shall not be a duty or obligation of the Trustee, the Registrar or any Paying Agent.

"**Asset Sale**" means:

(1) the sale, lease, conveyance or other disposition of any assets or rights (including by way of a Production Payment but excluding an operating lease entered into in the ordinary course of the Energy Business); *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "*—Repurchase at the option of holders—Change of control*" and/or the provisions described above under the caption "*—Certain covenants—Merger, consolidation or sale of assets*" and not by the provisions described under the caption "*—Repurchase at the option of holders—Asset sales*"; and

(2) the issuance of Equity Interests in any of the Company's Restricted Subsidiaries or the sale by the Company or its Restricted Subsidiaries of Equity Interests in any of the Company's Subsidiaries.

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than $50.0 million;

(2) a transfer or other disposition of assets or Equity Interests between or among the Company and/or its Restricted Subsidiaries;

(3) an issuance or sale of Equity Interests by a Restricted Subsidiary of the Company to the Company or to a Restricted Subsidiary of the Company;

(4) the sale, lease or other disposition of products, services, Hydrocarbons or mineral products inventory or accounts receivable or other assets in the ordinary course of business;

(5) the abandonment, farm-out, lease or sublease of any oil and gas properties or the forfeiture or other disposition of such properties (including the transfer or disposition of such properties in exchange for carry) in whole or in part (for the avoidance of doubt, whether by direct sale or disposition or through a sale or disposition of shares), in each case in the ordinary course of business;

(6) the disposition of assets to a Person who is providing services (the provision of which have been or are to be outsourced by the Company or any Restricted Subsidiary to such Person) related to such assets;

(7) any sale or other disposition of damaged, unserviceable, worn-out or obsolete assets in the ordinary course of business;

(8) the sale or other disposition of cash or Cash Equivalents or other financial assets in the ordinary course of business;

(9) for purposes of the covenant described above under the heading "*—Repurchase at the option of holders—Asset sales*" only, the making of a Permitted Investment or a disposition subject to the covenant described above under the caption "*—Certain covenants—Restricted payments*";

(10) the sale or other disposition (whether or not in the ordinary course of business) of crude oil and natural gas properties in whole or in part (for the avoidance of doubt, whether by direct sale or disposition or through a sale or disposition of shares); *provided* that at the time of such sale or other disposition such properties do not have associated with them any proved and probable reserves;

(11) any Asset Swap;

(12) granting of Liens not prohibited by the covenant described under the caption "*—Certain covenants—Liens*";

(13) the licensing or sublicensing of intellectual property, including, without limitation, licenses for seismic data or other general intangibles and licenses, leases or subleases of other property, in the ordinary course of business and which do not materially interfere with the business of the Company and its Restricted Subsidiaries taken as a whole;

(14) a surrender or waiver of contract rights, oil and gas leases or the settlement, release or surrender of contract, tort or other claims of any kind;

(15) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(16) any sale or other disposition of any oil and gas properties or interests therein to any governmental authority that is (i) a result of a relinquishment to, or a compulsory or involuntary acquisition by, such authority or (ii) made in connection with acquiring, renewing or retaining, as applicable, any other oil and gas properties or interests awarded by such governmental authority; *provided* that any cash or Cash Equivalents received in connection with any such sale or other disposition must be applied in accordance with the covenant described under "*—Repurchase at the option of holders—Asset sales*";

(17) foreclosure, condemnation or any similar action with respect to any property or other assets;

(18) any Production Payments and Reserve Sales; *provided* that any such Production Payments and Reserve Sales, other than incentive compensation programs on terms that are reasonably customary or shall become customary in the Energy Business for geologists, geophysicists and other providers of technical services to the Company or a Restricted Subsidiary, shall have been created, incurred, issued, assumed or Guaranteed in connection with the financing of, and within 60 days after the acquisition of, the property that is subject thereto; and

(19) the issuance of Equity Interests in any of the Company's Restricted Subsidiaries in connection with the settlement or conversion of the Convertible Bonds or other similar convertible debt instruments issued by the Company or any of its Restricted Subsidiaries.

"**Asset Swap**" means any substantially contemporaneous (and in any event occurring within 180 days of each other) purchase and sale or exchange (including, without limitation, by way of any farm-out, farm-in, lease or sublease) of any assets or properties or interests therein used or useful in the Energy Business between the Company or any of its Restricted Subsidiaries and another Person; *provided* that the Fair Market Value of the properties or assets or interests therein traded or exchanged by the Company or such Restricted Subsidiary (together with any cash) is reasonably equivalent (as determined in good faith by a responsible accounting or financial officer of the Company) to the Fair Market Value of the properties or assets or interests therein (together with any cash) to be received by the Company or such Restricted Subsidiary, and *provided further* that any net cash received must be applied in accordance with the provisions described above under the caption "*—Repurchase at the option of holders—Asset sales*" if then in effect.

"**Beneficial Owner**" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the U.S. Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "Beneficial Ownership," "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"**Board of Directors**" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the board of directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"**Business Day**" means each day that is not a Saturday, Sunday or other day on which banking institutions in London, Luxembourg or New York or another place of payment under the Indenture are authorized or required by law to close.

"**Calculation Date**" has the meaning given in the definition of "Fixed Charge Coverage Ratio."

"**Calculation Method**" means (i) the methodology used by the Company and the Company's independent reserve engineers on the Issue Date as specified in this Offering Memorandum which estimates forward looking post-tax net cash flows from 2P Reserves, derived from total projected oil and/or gas revenues associated with the 2P Reserves production forecast using Strip Pricing less estimated future cash operating expenses, investment capital expenditure necessary to produce the 2P Reserves and reflecting the Strip Pricing assumed, decommissioning and abandonment costs required for the facilities and wells necessary to produce the 2P Reserves and contractual tax and fiscal deductions, in each case only in respect of 2P Reserves (and excluding (x) any such projected future revenues and costs in respect of contingent or prospective oil and natural gas resources and (y) all corporate costs) or (ii) a good faith determination by the Company in accordance with acceptable industry practice (as calculated by a responsible accounting or financial officer or petroleum or geoscience engineer of the Company).

"**Capital Lease Obligation**" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with IFRS, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"**Capital Stock**" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or, membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person,

but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"**Cash Equivalents**" means:

(1) securities issued or directly and fully guaranteed or insured by the government of the United States of America, a member state of the European Union on December 31, 2003, Switzerland, Norway, Canada, Australia or Japan (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the United States, the relevant member state of the European Union, Switzerland, Norway, Canada, Australia or Japan, as the case may be, having maturities of not more than fifteen months from the date of acquisition, the long-term debt of which is rated at the time of acquisition thereof is at least "**A-**" or the equivalent thereof by S&P, or "**A3**" or the equivalent thereof by Moody's or the equivalent rating category of another internationally recognized rating agency;

(2) certificates of deposit, time deposits, eurodollar time deposits, money market deposits, overnight bank deposits or bankers' acceptances (and similar instruments) having maturities of not more than fifteen months from the date of acquisition thereof issued by any commercial bank, the long-term debt of which is rated at the time of acquisition thereof at least "**A-**" or the equivalent thereof by S&P, or "**A3**" or the equivalent thereof by Moody's or the equivalent rating category of another internationally recognized rating agency, and having combined capital and surplus in excess of $250.0 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any financial institution meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "**A-2**" or the equivalent thereof by S&P or "**P-2**" or the equivalent thereof by Moody's, or carrying an equivalent rating by an internationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of investments, and in any case maturing within one year after the date of acquisition thereof;

(5) in the case of any Restricted Subsidiary of the Company located outside the United States, Canada and the European Union, any substantially similar investment to the kinds described in clauses (2) and (3) of this definition obtained in the ordinary course of business and (i) with the highest ranking obtainable in the applicable jurisdiction or (ii) with any bank, trust company or similar entity, which would rank, in terms of combined capital and surplus and undivided profits or the ratings on its long-term debt, among the top five banks in such jurisdiction; and

(6) interests in any investment company or money market fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (4) above.

"**Change of Control**" means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d) of the U.S. Exchange Act);

(2) the adoption of a plan relating to the liquidation or dissolution of the Company; or

(3) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any "person" (as defined above) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Company, measured by voting power rather than number of shares.

"**Clearstream**" means Clearstream Banking, *société anonyme* and its successors.

"**Collateral**" means the rights and assets securing the Notes and the Note Guarantees as described in the section entitled "*—Security*" and any rights or assets over which a Lien has been granted to secure the Obligations of the Company and the Guarantors under the Notes, the Note Guarantees and the Indenture.

"**Consolidated Cash Flow**" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period *plus* the following, without duplication:

(1) an amount equal to any extraordinary loss plus any net loss realized by such Person or any of its Restricted Subsidiaries in connection with a sale of assets (together with any related provision for taxes and any related non-recurring charges relating to any premium or penalty paid, write-off of deferred financing costs or other financial recapitalization charges in connection with redeeming or retiring any Indebtedness prior to its Stated Maturity) to the extent deducted in calculating such Consolidated Net Income; *plus*

(2) taxes based on income or profits of such Person and its Restricted Subsidiaries for such period to the extent deducted in calculating such Consolidated Net Income; *plus*

(3) the Fixed Charges of such Person and its Restricted Subsidiaries for such period to the extent deducted in calculating such Consolidated Net Income; *plus*

(4) depreciation, depletion, amortization (including, without limitation, amortization of intangibles and deferred financing fees but excluding amortization of prepaid cash expenses that were paid in a prior period), impairment and other non-cash charges and expenses (including, without limitation, write downs and impairment of property, plant, equipment and intangible and other long lived assets and the impact of purchase accounting on the Company and its Restricted Subsidiaries for such period), of such Person and its

Restricted Subsidiaries (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) for such period to the extent deducted in calculating such Consolidated Net Income; *plus*

(5) any expenses, charges or other costs related to the issuance of any Capital Stock, or any Permitted Investment, acquisition, disposition, recapitalization or listing or the incurrence of Indebtedness permitted to be incurred under the covenant described above under the caption "*—Certain covenants—Incurrence of indebtedness and issuance of preferred stock*" (including any refinancing thereof) whether or not successful, including (i) such fees, expenses or charges related to any incurrence of Indebtedness issuance and (ii) any amendment or other modification of any incurrence, in each case to the extent deducted in calculating such Consolidated Net Income; *plus*

(6) any foreign currency translation losses (including losses related to currency remeasurements of Indebtedness); *plus*

(7) the amount of any minority interest expense consisting of subsidiary income attributable to Minority Interests of third parties in any non-wholly owned Restricted Subsidiary in such period or any prior period, except to the extent of dividends declared or paid on, or other cash payments in respect of, Equity Interests held by such parties; *plus*

(8) if such Person accounts for its oil and natural gas operations using successful efforts or a similar method of accounting, consolidated exploration and abandonment expense and write-offs of the Company and its Restricted Subsidiaries; *plus*

(9) the proceeds of any business interruption insurance received or that become receivable during such period to the extent the associated losses arising out of the event that resulted in the payment of such business interruption insurance proceeds were included in computing Consolidated Net Income; *plus*

(10) payments received or that become receivable with respect to expenses that are covered by the indemnification provisions in any agreement entered into by such Person in connection with an acquisition to the extent such expenses were included in computing Consolidated Net Income; *minus*

(11) non-cash items increasing such Consolidated Net Income for such period (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (10) of the definition of Consolidated Net Income), other than items that were accrued in the ordinary course of business; and *minus*

(12) the sum of (a) the amount of deferred revenues that are amortized during such period and are attributable to reserves that are subject to Volumetric Production Payments and (b) amounts recorded in accordance with IFRS as repayments of principal and interest pursuant to Dollar-Denominated Production Payments,

in each case, on a consolidated basis and determined in accordance with IFRS.

"**Consolidated Leverage**" means, as of any date of determination, with respect to any specified Person, (i) the total amount of Indebtedness of such Person and its Restricted Subsidiaries on a consolidated basis (excluding Hedging Obligations and excluding letters of credit) that is incurred under the first paragraph and under clauses (1), (2), (3), (4), (5), (6), (15) and (22) of the second paragraph of the covenant described under "*—Certain Covenants— Incurrence of indebtedness and issuance of preferred stock*" and any Permitted Refinancing Indebtedness in respect thereof, less (ii) cash and Cash Equivalents.

"**Consolidated Leverage Ratio**" means, as of any date of determination, with respect to any specified Person, the ratio of (a) the Consolidated Leverage of such Person on such date to (b) the Consolidated Cash Flow of the Person for the two most recent half-year periods ending immediately prior to such date for which internal financial statements are available. For purposes of calculating the Consolidated Cash Flow for such period:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the two half-year reference period or subsequent to such reference period, and on or prior to the date of determination, or that are to be made

on the date of determination, will be given *pro forma* effect as if they had occurred on the first day of the two half-year reference period;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of on or prior to the date of determination (including transactions giving rise to the need to calculate such Consolidated Leverage Ratio) will be excluded;

(3) any Person that is a Restricted Subsidiary on the date of determination will be deemed to have been a Restricted Subsidiary at all times during such two half-year reference period; and

(4) any Person that is not a Restricted Subsidiary on the date of determination will be deemed not to have been a Restricted Subsidiary at any time during such two half-year reference period.

For purposes of this definition, whenever *pro forma* effect is to be given to a transaction, the *pro forma* calculation shall be determined in good faith by a responsible accounting or financial officer of the Company and may include anticipated expense and cost reduction synergies. In determining the amount of Indebtedness in respect of borrowed money outstanding on any date of determination, *pro forma* effect will be given to any incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness in respect of borrowed money on such date. Any undrawn amounts under revolving credit Indebtedness shall be deemed not to be outstanding.

"**Consolidated Net Income**" means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiaries), determined in accordance with IFRS; *provided* that:

(1) the net income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary of the Person;

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph under the caption "*—Certain covenants—Restricted payments*," any net income (but not loss) of any Restricted Subsidiary (other than any Guarantor) will be excluded if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to such Person (or any Guarantor that holds the Equity Interests of such Restricted Subsidiary, as applicable) by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture, (c) contractual restrictions in effect on the Issue Date with respect to the Restricted Subsidiary and other restrictions with respect to such Restricted Subsidiary that taken as a whole, are not materially less favorable to the holders of the Notes than such restrictions in effect on the Issue Date and (d) any restriction listed under clauses (1), (2), (3), (4) or (11) of the second paragraph of the covenant described above under the caption "*—Certain covenants—Dividend and other payment restrictions affecting subsidiaries*") except that such Person's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to such Person or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary (other than any Guarantor), to the limitation contained in this clause);

(3) the cumulative effect of a change in accounting principles will be excluded;

(4) income resulting from transfers of assets (other than cash) between such Person or any of its Restricted Subsidiaries, on the one hand, and an Unrestricted Subsidiary, on the other hand, will be excluded;

(5) any gain (loss) realized upon the sale or other disposition of any property, plant or equipment of such Person or its consolidated Restricted Subsidiaries (including pursuant to any sale or leaseback transaction) which is

not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by a responsible accounting or financial officer of such Person) and any gain (loss) realized upon the sale or other disposition of any Capital Stock of any Person will be excluded;

(6) any "ceiling limitation" or other asset impairment writedowns on oil and gas properties will be excluded;

(7) any unrealized non-cash gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded;

(8) any non-cash compensation charge or expense arising from any grant of stock, stock option or other equity-based award will be excluded;

(9) to the extent deducted in the calculation of net income, any non-cash or non-recurring charges associated with any premium or penalty paid, write-off of deferred financing costs or other financial recapitalization charges in connection with redeeming or retiring any Indebtedness prior to its Stated Maturity will be excluded; and

(10) (a) extraordinary, exceptional, unusual or non-recurring gains, losses or charges, (b) any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events) or (c) any non-cash charges or reserves in respect of any restructurings, redundancy, integration or severance, or other post-employment arrangements, signing, retention or completion bonuses, transaction costs, acquisition costs, business optimization, system establishment, software or information technology implementation or development, costs related to governmental investigations and curtailments or modifications to pension or post-retirement benefits schemes, litigation or any asset impairment charges, in each case will be excluded.

"**Consolidated Total Assets**" means the total assets of the Company and its Subsidiaries on a consolidated basis, as shown on the most recent consolidated balance sheet of the Company prepared in accordance with IFRS.

"**Contingent Obligations**" means, with respect to any Person, any obligation of such Person Guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that, in each case, does not constitute Indebtedness ("**primary obligations**") of any other Person (the "**primary obligor**"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

  (a) for the purchase or payment of any such primary obligation; or

  (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof; or

(4) for the avoidance of doubt, any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions, or similar claims, obligations or contributions or social security or wage taxes.

"**continuing**" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"**Convertible Bonds**" means the $300,000,000 aggregate principal amount of 6.625 per cent. Guaranteed Convertible Bonds due 2021 issued by Tullow Oil (Jersey) Limited and constituted by the Convertible Bonds Trust Deed.

"**Convertible Bonds Trust Deed**" means the trust deed governing the Convertible Bonds dated July 12, 2016 between, *inter alios*, Tullow Oil (Jersey) Limited, the Company, as parent guarantor, the other guarantors party thereto and Deutsche Trustee Company Limited, as trustee.

"**Currency Exchange Protection Agreement**" means, in respect of any Person, any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates as to which such Person is a party.

"**Default**" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"**Designated Non-Cash Consideration**" means the Fair Market Value of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as "Designated Non-Cash Consideration" pursuant to an Officers' Certificate, setting forth the basis of such valuation, *less* the amount of cash or Cash Equivalents received in connection with a subsequent sale of such Designated Non-Cash Consideration.

"**Disqualified Stock**" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature; *provided* that only the portion of Capital Stock which so matures or is mandatorily redeemable, or is so redeemable at the option of the holder thereof prior to such date, will be deemed to be Disqualified Stock. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Company to repurchase or redeem such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Company may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption *"—Certain covenants—Restricted payments*." For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock, such Fair Market Value to be determined as set forth herein.

"**Dollar-Denominated Production Payments**" means production payment obligations recorded as liabilities in accordance with IFRS, together with all undertakings and obligations in connection therewith.

"**Energy Business**" means:

(1) the acquisition, exploration, exploitation, development, production, operation and disposition of interests in oil, natural gas, natural gas liquids, liquefied natural gas and other Hydrocarbon and mineral properties or products produced in association with the foregoing;

(2) the gathering, marketing, distributing, treating, refining, processing, storing, selling and transporting of any production from oil, natural gas, natural gas liquids, liquefied natural gas and other Hydrocarbon and mineral properties (whether or not such properties are owned by the Company and/or its Subsidiaries) and products produced in association therewith;

(3) any other related energy business, including power generation and electrical transmission business, from alternative and renewable fuel resources, oil, natural gas or other Hydrocarbons and minerals produced substantially from properties in which the Company or its Restricted Subsidiaries, directly or indirectly, participates;

(4) any business relating to oil and gas field seismic mapping, sales, service and technology development; and

(5) any business or activity relating to, arising from, or necessary, appropriate or incidental to the activities described in clauses (1), (2), (3) or (4) of this definition.

"**Equity Interests**" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"**Equity Offering**" means any public or private sale of Capital Stock (other than Disqualified Stock and other than to a Subsidiary of the Company) by the Company after the Issue Date.

"**Euroclear**" means Euroclear Bank SA/NV and its successors, as operator of the Euroclear System.

"**Existing Indebtedness**" means Indebtedness of the Company and its Restricted Subsidiaries (other than Indebtedness under the Revolving Credit Facility and the 2025 Notes Indenture) outstanding on the Issue Date after giving *pro forma* effect to the use of proceeds of the Notes as set forth in the Offering Memorandum.

"**Fair Market Value**" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, as determined in good faith by a responsible accounting or financial officer of the Company.

"**Finance Subsidiary**" means a wholly owned subsidiary of the Company that is formed for the purpose of borrowing funds or issuing securities and lending the proceeds to the Company or a Guarantor and that conducts no business other than as may be reasonably incidental to, or related to, the foregoing.

"**Fitch**" means Fitch, Inc. or any successor to its ratings business.

"**Fixed Charge Coverage Ratio**" means, with respect to any specified Person for any period, the ratio of the Consolidated Cash Flow of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, Guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary course working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "**Calculation Date**"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company) to such incurrence, assumption, Guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable two full half-year reference period; *provided*, *however*, that the *pro forma* calculation of Fixed Charges shall not give effect to (i) any Indebtedness incurred on the Calculation Date (and, for the avoidance of doubt, not reclassified on such Calculation Date) pursuant to the provisions described in the second paragraph under "—Certain covenants—Incurrence of indebtedness and issuance of preferred stock" or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the application of the proceeds of any Indebtedness incurred pursuant to the provisions described in the second paragraph under "*—Certain covenants—Incurrence of indebtedness and issuance of preferred stock*."

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers, consolidations or otherwise (including acquisitions of assets used or useful in the Energy Business), or any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including any related financing transactions and including increases in ownership of Restricted Subsidiaries, during the two half-year reference period or subsequent to such reference period and on or prior to the Calculation Date or that are to be made on the Calculation Date, will be given *pro forma* effect (including Pro Forma Cost Savings) as if they had occurred on the first day of the two half-year reference period;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be

excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such two half-year reference period; and

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such two half-year reference period.

"**Fixed Charges**" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense (net of interest income) of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (excluding any interest attributable to Dollar-Denominated Production Payments but including, without limitation, amortization of discount (but not debt issuance costs, commissions, fees and expenses), non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments), the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings), and net of the effect of all payments made or received pursuant to Hedging Obligations (excluding amortization of fees) in respect of interest rates; *plus*

(2) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period; *plus*

(3) any interest on Indebtedness of another Person that is Guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, to the extent paid in cash by such Person or any of its Restricted Subsidiaries; *plus*

(4) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of Disqualified Stock of such Person or any series of preferred stock of its Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of such Person (other than Disqualified Stock) or to the Person or a Restricted Subsidiary of such Person, *times* (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current statutory tax rate of such Person, expressed as a decimal.

"**FPSO**" means any floating storage and offloading unit, floating storage and production unit or floating production, storage and offloading unit and any related infrastructure in connection with the foregoing.

"**Guarantee**" means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to maintain financial statement conditions or otherwise), or entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided, however*, that the term "Guarantee" will not include the endorsements for collection or deposit in the ordinary course of business or any obligation to the extent it is payable only in Capital Stock of the guarantor that is not Disqualified Stock. The term "Guarantee" used as a verb has a corresponding meaning.

"**Guarantee Subordination Agreement**" means the subordination agreement dated November 6, 2013 (and amended and restated on July 12, 2016), between, among others, the Company and the trustee under the 2025 Notes Indenture, acceded to by the trustee under the 2025 Notes Indenture on March 23, 2018, and to which the Trustee and the facility agent and security trustee under the Revolving Credit Facility will accede to on the Issue Date, as amended, restated or otherwise modified or varied from time to time.

"**Guarantors**" means, collectively, Tullow Côte d'Ivoire Limited, Tullow Oil SPE Limited, Tullow Ghana Limited, Tullow Oil Gabon S.A., Tullow Oil International Limited, Tullow Kenya B.V., Tullow Oil SK Limited, Tullow Overseas Holdings B.V., Tullow Gabon Holdings Limited and Tullow Gabon Limited and any other Person that Guarantees the Notes in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the Indenture.

"**Hedging Obligations**" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements, other agreements or arrangements designed to manage interest rates or interest rate risk;

(2) any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates;

(3) any forward contract, commodity futures contract, commodity option agreement, commodity swap agreement, cap, floor, ceiling or collar agreement or other similar agreement or arrangement designed to protect against fluctuations in the price of commodities used, produced, processed or sold by that Person or any of its Restricted Subsidiaries at the time; and

(4) other agreements or arrangements designed to protect such Person against fluctuations in interest rates, commodity prices or currency exchange rates, including Currency Exchange Protection Agreements.

"**Hydrocarbons**" means oil, gas, natural gas, casing head gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all constituents, elements or compounds thereof and products refined or processed therefrom.

"**Hydrocarbon Interests**" means all rights, titles, interests (legal and/or beneficial) and estates now or hereafter acquired in and to oil and gas leases, oil, gas, mineral and/or other liquid or gaseous Hydrocarbon licenses, concessions, petroleum agreements, production sharing contracts or agreements or other legal and/or beneficial interests therein, mineral fee interests, overriding royalty and royalty interests, net profit interests and production payment interests, including any reserved or residual interests of whatever nature.

"**IFRS**" means International Financial Reporting Standards issued by the International Accounting Standards Board and its predecessors as endorsed by the European Union and in effect on the Issue Date, or, solely with respect to the covenant described under the heading "*—Certain Covenants—Reports*," as in effect from time to time, provided that at any date after the Issue Date, the Company may make an irrevocable election to establish that "IFRS" shall mean IFRS as in effect on a date that is on or prior to the date of such election (except with respect to the covenant described under the heading "*—Certain Covenants—Reports*" which shall mean IFRS as in effect from time to time). For the avoidance of doubt, the impact of IFRS 16 Leases and any successor standard thereto shall be disregarded with respect to all ratios, calculations and determinations based upon IFRS to be calculated or made, as the case may be, pursuant to the Indenture and (without limitation) any lease, concession or license of property that would be considered an operating lease under IFRS as of the Issue Date and any guarantee given by the Company or any Restricted Subsidiary in the ordinary course of business solely in connection with, and in respect of, the obligations of the Company or any Restricted Subsidiary under any such operating lease shall be accounted for in accordance with IFRS as in the effect on the Issue Date.

"**Indebtedness**" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables):

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(3) in respect of bankers' acceptances (or reimbursement obligations in respect thereof except to the extent any such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence);

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property due more than one year after such property is acquired;

(6) representing any Hedging Obligations;

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however,* that the amount of such Indebtedness will be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness of such other Persons; and

(8) the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person (including, with respect to any Production Payment, any warranties or guarantees of production or payment by such Person with respect to such Production Payment, but excluding other contractual obligations of such Person with respect to such Production Payment);

provided that the foregoing indebtedness (other than letters of credit and Hedging Obligations) shall be included in this definition of Indebtedness only if, and to the extent that, the indebtedness would appear as a liability upon a balance sheet of such Person prepared in accordance with IFRS; *provided* that, notwithstanding any consolidation under IFRS, the preceding items shall not constitute "Indebtedness" for purposes hereof if (i) such Indebtedness is incurred by an orphan vehicle whose shares are not owned by such specified Person or any of its Subsidiaries and (ii) such Indebtedness is neither guaranteed by, nor secured by the assets of, such specified Person or any of its Subsidiaries. Notwithstanding the foregoing, indebtedness shall be included in the definition of Indebtedness after deducting any receivable due from another Person (other than the Company and its Restricted Subsidiaries) who has an interest in an asset financed with such indebtedness to the Company or any Restricted Subsidiary in respect of such other Person's interest in the relevant asset. Subject to clause (8) of the preceding sentence, neither Dollar-Denominated Production Payments nor Volumetric Production Payments shall be deemed to be Indebtedness.

The term "Indebtedness" shall not include:

(1) any lease of property which would have been considered an operating lease under IAS 17 as of March 23, 2018;

(2) for the avoidance of doubt, Contingent Obligations;

(3) any obligation of a Person in respect of a farm-in agreement or similar arrangement whereby such Person agrees to pay all or a share of the drilling, completion or other expenses of an exploratory or development well (which agreement may be subject to a maximum payment obligation, after which expenses are shared in accordance with the working or participation interest therein or in accordance with the agreement of the parties) or perform the drilling, completion or other operation on such well in exchange for an ownership interest in an oil or gas property;

(4) in-kind obligations relating to net oil or natural gas balancing positions arising in the ordinary course of business;

(5) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; or

(6) Capital Lease Obligations arising under, or contained in, transport or pipeline agreements entered into in the ordinary course of business.

"**Investment Grade Status**" shall occur when the Notes are rated as follows by two of the following three Rating Agencies: Baa3 or better by Moody's, BBB—or better by S&P and/or BBB—or better by Fitch (or, if any such entity ceases to rate the Notes, the equivalent investment grade credit rating from any other "nationally recognized statistical rating organization," as that term is defined for purposes of Section 3(a)(62) of the U.S. Exchange Act, selected by the Company as a replacement agency).

"**Investments**" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital contributions (excluding endorsements of negotiable instruments and documents in the ordinary course of business, and commission, travel and similar advances to officers, employees and consultants made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with IFRS. If the Company or any Restricted Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Company's Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "*—Certain covenants—Restricted payments*." The acquisition by the Company or any Subsidiary of the Company of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described above under the caption "*—Certain covenants—Restricted payments*." Except as otherwise provided in the Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value and, to the extent applicable, shall be determined based on the equity value of such Investment.

"**Issue Date**" means May 17, 2021. .

"**Lien**" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof.

"**Management Advances**" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers or employees of any Company or any Restricted Subsidiary:

(1) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business;

(2) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility or office; or

(3) in the ordinary course of business and (in the case of this clause (3)) not exceeding $10.0 million in the aggregate outstanding at any time.

"**Minority Interest**" means the percentage interest represented by any shares of stock of any class of Capital Stock of a Restricted Subsidiary of the Company that are not owned by the Company or a Restricted Subsidiary of the Company.

"**Moody's**" means Moody's Investors Service, Inc. or any successor to its ratings business.

"**Net Proceeds**" means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration or Cash Equivalents received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation:

(1) all legal, accounting, investment banking, commissions and other fees and expenses incurred, title and recording tax expenses, and all Taxes required to be paid or accrued as a liability under IFRS, as a consequence of such Asset Sale;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Sale, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Sale, or by applicable law be repaid out of the proceeds from such Asset Sale;

(3) all distributions and other payments required to be made to holders of Minority Interests in Subsidiaries or joint ventures as a result of such Asset Sale; and

(4) the deduction of appropriate amounts to be provided by the seller as a reserve, in accordance with IFRS, or held in escrow, in either case for adjustment in respect of the sale price or for any liabilities associated with the assets disposed of in such Asset Sale and retained by the Company or any Restricted Subsidiary after such Asset Sale.

"**Non-Recourse Debt**" means Indebtedness:

(1) as to which neither the Company nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender;

(2) no default with respect to which (including any rights that the holders of the Indebtedness may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness of the Company or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment of the Indebtedness to be accelerated or payable prior to its Stated Maturity; and

(3) the explicit terms of which provide there is no recourse to the stock or assets of the Company or any of its Restricted Subsidiaries, except as contemplated by clause (26) of the definition of Permitted Liens.

"**Note Guarantee**" means the Guarantee by each Guarantor of the Company's Obligations under the Indenture and the Notes pursuant to the Indenture.

"**Obligations**" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"**Officer**" means, with respect to any Person, a member of the Board of Directors, the chief executive officer, the president, the chief financial officer, any vice president, the treasurer, any managing director, any responsible accounting or financial officer, the secretary or the equivalent position of any of the foregoing or any other Person that the Board of Directors of such Person shall designate for such purpose.

"**Officers' Certificate**" means a certificate signed on behalf of any Person by one or more Officers.

"**Offering Memorandum**" means this offering memorandum dated .

"**Oil and Gas Properties**" means (a) Hydrocarbon Interests, (b) the properties or interests now or hereafter pooled or unitized with Hydrocarbon Interests, (c) all presently existing or future unitization, pooling agreements and declarations of pooled units and the units created thereby (including all units created under orders, regulations and rules of any governmental authority) which may affect all or any portion of the Hydrocarbon Interests, (d) all operating or similar agreements, joint venture or similar agreements, contracts and other agreements, including production sharing contracts and agreements, which relate to any of the Hydrocarbon Interests or the production, sale, purchase, exchange or processing of Hydrocarbons from or attributable to such Hydrocarbon Interests, (e) all Hydrocarbons in and under contract areas covered by Hydrocarbon Interests and/or which may be produced and saved or attributable to the Hydrocarbon Interests, including all oil in tanks, and all rents, issues, profits, proceeds, products, revenues and other incomes from or attributable to the Hydrocarbon Interests, (f) all tenements, hereditaments, appurtenances and properties in any manner appertaining, belonging, affixed or incidental to the Hydrocarbon Interests and (g) all properties, rights, titles, interests and estates described or referred to above, including any and all property, real or personal, now owned or hereafter acquired and situated upon, used, held for use or useful in connection with the operating, working or development of any of such Hydrocarbon Interests or property (excluding drilling rigs, automotive equipment, rental equipment or other personal property which may be on such premises for the purpose of drilling a well or for other similar temporary uses) and including any and all oil wells, gas wells, injection wells or other wells, structures, fuel separators, liquid extraction plants, plant compressors, pumps, pumping units, field gathering systems, gas processing plants and pipeline systems and any related infrastructure to any thereof, tanks and tank batteries, fixtures, valves, fittings, machinery and parts, engines, boilers, meters, apparatus, equipment, appliances, tools, implements, cables, wires, towers, casing, tubing and rods, surface leases, rights-of-way, easements and servitudes together with all additions, substitutions, replacements, accessions and attachments to any and all of the foregoing.

"**Permitted Business Investments**" means Investments made in the ordinary course of, and of a nature that is or shall become customary in, the Energy Business, as a means of actively exploiting, exploring for, acquiring, developing, producing, processing, gathering, marketing, distributing, storing or transporting oil, natural gas or other Hydrocarbons and minerals (including with respect to plugging and abandonment) through agreements, transactions, interests or arrangements that permit one to share risks or costs, comply with regulatory requirements regarding local ownership or satisfy other objectives customarily achieved through the conduct of the Energy Business jointly with third parties, including without limitation:

(1) direct or indirect ownership of crude oil, natural gas, other restricted Hydrocarbon and minerals properties or any interest therein or gathering, transportation, processing, storage or related systems or ancillary real property interests;

(2) Investments in the form of or pursuant to operating agreements, joint ventures, processing agreements, farm-in agreements, farm-out agreements, development agreements, production sharing agreements, area of mutual interest agreements, contracts for the sale, transportation or exchange of crude oil and natural gas and other Hydrocarbons and minerals, participation agreements, unitization agreements, pooling arrangements, joint bidding agreements, service contracts, partnership agreements (whether general or limited), subscription agreements, stock purchase agreements, stockholder agreements and other similar agreement (including for limited liability companies) or other similar or customary agreements, in each case made or entered into with third parties (including Unrestricted Subsidiaries); and

(3) direct or indirect ownership interests in drilling rigs, FPSOs and common processing facilities and in each case related equipment, including, without limitation, transportation equipment.

"**Permitted Collateral Liens**" means:

(1) Liens on the Collateral that are described in one or more of the clauses (3) (to the extent the acquired assets become Collateral and any Liens on such assets at the time they are acquired are not released), (4), (7), (8), (9), (10), (11), (15), (16), (19), (23), (24), (25), (26), (27), (29), (30), (31) and (33) of the definition of Permitted Liens;

(2) Liens on the Collateral to secure any Indebtedness of the Company or any Restricted Subsidiary that is permitted to be incurred under the first paragraph (*provided* that immediately following the incurrence of Indebtedness pursuant to such paragraph and after giving effect thereto on a *pro forma* basis, the 2P Reserves Coverage Ratio would have been equal to or greater than 2.00 to 1.00) or clauses (1), (4), (5) (*provided* that any such Lien may not extend to any assets or property of the Company or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property), (9), (10) (but only to the extent such guarantee is in respect of Indebtedness that is permitted to be secured on the Collateral pursuant to any other clause of this definition), (15) or (22) (*provided* that any incurrence of Indebtedness pursuant to clause (22) that benefits from Liens on the Collateral shall reduce, on a dollar for dollar basis, the amount of Indebtedness permitted to be incurred pursuant to clause (1) that benefits from Liens on the Collateral), in each case, of the second paragraph of the covenant described under the caption "*—Certain Covenants— Incurrence of indebtedness and issuance of preferred stock*";

(3) any Permitted Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clause (2);

provided, however, that, with respect to clauses (2) and (3) above, any such Lien ranks equal or junior to all other Liens on such Collateral securing the Notes or the Guarantees (except that any Indebtedness Incurred under clauses (1) and (9) of the second paragraph of the covenant described under the caption "*—Certain Covenants— Incurrence of indebtedness and issuance of preferred stock*" may receive priority as to enforcement proceeds from such Collateral) and each of the secured parties to any such Indebtedness (acting directly or through its respective creditor representative) will have entered into the Intercreditor Agreement and/or an Additional Intercreditor Agreement.

A Lien shall be deemed to rank equally with another Lien notwithstanding (i) any different preference or hardening period applicable thereto, (ii) any other difference in priority so long as an "assignment of ranking" or other sharing arrangement has been entered into by or for the benefit of beneficiaries of each such Lien or (iii) any difference in validity or enforceability.

For purposes of determining compliance with this definition, (i) a Lien need not be incurred solely by reference to one category of Permitted Collateral Liens described in this definition but may be incurred under any combination of such categories (including in part under one such category and in part under any other such category), (ii) in the event that a Lien (or any portion thereof) meets the criteria of one or more of such categories of Permitted Collateral Liens, the Company shall, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with this definition, (iii) the principal amount of Indebtedness secured by a Lien outstanding under any category of Permitted Collateral Liens shall be determined after giving effect to the application of proceeds of any such Indebtedness to refinance any such other Indebtedness, (iv) any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness shall also be permitted to secure any increase in the amount of such Indebtedness in connection with the accrual of interest and the accretion of accreted value, (v) if any Indebtedness or other obligation is secured by any Lien outstanding under any category of Permitted Collateral Liens measured by reference to a 2P Reserves Coverage Ratio at the time of incurrence of such Indebtedness or other obligations, and is refinanced by any Indebtedness or other obligation secured by any Lien incurred by reference to such category of Permitted Collateral Liens, and such refinancing would cause the 2P Reserves Coverage Ratio not to be complied with if calculated based on the 2P Reserves (other than from any Excluded NPV Restricted Subsidiary) on the date of such refinancing, such 2P Reserves Coverage Ratio shall be deemed to be complied with (and such refinancing Lien shall be deemed permitted) so long as the principal amount of such refinancing Indebtedness or other obligation does not exceed an amount equal to the principal amount of such Indebtedness or other obligation being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing and (vi) if any Indebtedness or other obligation is secured by any Lien outstanding under any category of Permitted Collateral Liens measured by reference to an amount in U.S. dollars, and is refinanced by any Indebtedness or other obligation secured by any Lien incurred by reference to such category of Permitted Collateral Liens, and such refinancing would cause such U.S. dollar amount to be exceeded, such U.S. dollar amount shall not be deemed to be exceeded (and such refinancing Lien shall be deemed permitted) so long as the principal amount of such refinancing Indebtedness or other obligation does not exceed an amount equal to the principal amount of such Indebtedness being refinanced, plus the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing.

"**Permitted Investments**" means:

(1) any Investment in the Company or in a Restricted Subsidiary of the Company;

(2) any Investment in cash and Cash Equivalents;

(3) any Investment by the Company or any Restricted Subsidiary of the Company in any Person whose primary business is the Energy Business, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of the Company; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its properties or assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company;

(4) (4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "*—Repurchase at the option of holders—Asset sales*";

(5) any acquisition of assets or Capital Stock solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company;

(6) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (B) litigation, arbitration or other disputes with Persons who are not Affiliates;

(7) Investments represented by Hedging Obligations;

(8) receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; *provided, however,* that such trade terms may include such concessionary trade terms as the Company or any such Restricted Subsidiary deems reasonable under the circumstances;

(9) surety and performance bonds and workers' compensation, utility, lease, tax, performance and similar deposits and prepaid expenses in the ordinary course of business;

(10) Guarantees of Indebtedness permitted under the covenant contained under the caption "*—Certain covenants—Incurrence of indebtedness and issuance of preferred stock*";

(11) guarantees by the Company or any of its Restricted Subsidiaries of operating leases (other than Capital Lease Obligations) or of other obligations that do not constitute Indebtedness, in each case entered into by any Restricted Subsidiary in the ordinary course of business;

(12) Investments of a Restricted Subsidiary acquired after the Issue Date or of any entity merged into the Company or merged into or consolidated or amalgamated with a Restricted Subsidiary in accordance with the covenant described under "*—Certain covenants—Merger, consolidation or sale of assets*" to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger, consolidation or amalgamation and were in existence on the date of such acquisition, merger or consolidation;

(13) Permitted Business Investments;

(14) Investments received as a result of a foreclosure by the Company or any of its Restricted Subsidiaries with respect to any secured Investment in default;

(15) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; *provided* that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(16) Guarantees of performance or other obligations (other than Indebtedness) arising in the ordinary course in the Energy Business, including obligations under oil and natural gas exploration, development, joint operating, and related agreements and licenses, concessions or operating leases related to the Energy Business;

(17) Investments in the Notes and any other Indebtedness of the Company or any Restricted Subsidiary;

(18) Management Advances;

(19) payroll, commission, travel, relocation and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business, in each case to the extent the same constitutes an Investment;

(20) any Person to the extent such Investments consist of prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and similar deposits made in the ordinary course of business by the Company or any Restricted Subsidiary;

(21) receivables or working capital loans or other such similar forms of credit support owing to the Company or any Restricted Subsidiary of the Company and advances to suppliers, contractors or builders, in each case payable or dischargeable in accordance with such trade terms as the Company or such Restricted Subsidiary deems reasonable under the circumstances;

(22) (a) loans or grants customary or advisable in the Energy Business in respect of community development projects or economic development activities in Africa, as appropriate for the Company's regions of operation or consistent with past practice or counterparty requirements (including loans or grants made to Invest in Africa) and (b) Investments made with funds received by the Company and its Restricted Subsidiaries from grants or donations from third parties; and

(23) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (23) that are at the time outstanding, not to exceed \$100.0 million; *provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described above under the caption "*—Certain covenants—Restricted payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of "*Permitted Investments*" and not this clause.

"**Permitted Liens**" means, with respect to any Person:

(1) *[Reserved]*

(2) Liens in favor of the Company or any Restricted Subsidiary;

(3) Liens on property of a Person existing at the time such Person is merged with or into or consolidated or amalgamated with the Company or any Subsidiary of the Company; *provided* that such Liens were in existence prior to the contemplation of such merger, consolidation or amalgamation and do not extend to any assets other than those of the Person merged into or consolidated or amalgamated with the Company or the Subsidiary;

(4) Liens on property (including Capital Stock) existing at the time of acquisition of the property by the Company or any Subsidiary of the Company; *provided* that such Liens were in existence prior to such acquisition, and not incurred in contemplation of, such acquisition;

(5) Liens existing on the Issue Date;

(6) Liens on Capital Stock of and assets of any Restricted Subsidiary that is not a Guarantor that secures Indebtedness of such Restricted Subsidiary or any other Restricted Subsidiary that is not a Guarantor;

(7) Liens for taxes, assessments or governmental charges or claims that (x) are not yet due and payable or (y) that are being contested in good faith by appropriate proceedings;

(8) survey exceptions, easements or reservations of, or rights of others for, licenses, rights of way, gas and oil pipelines, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(9) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Company or its Restricted Subsidiaries relating to such property or assets;

(10) Liens in favor of customs and revenue authorities arising as a matter of law to secure payments of customs duties in connection with the importation of goods;

(11) any attachment, prejudgment or judgment Lien that does not constitute an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(12) Liens created for the benefit of (or to secure) the Notes (or the Note Guarantees);

(13) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under the Indenture; provided, however, that:

(a) the new Lien shall be limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and

(b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged with such Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such extension, renewal, refunding, refinancing, replacement, exchange, defeasance or discharge;

(14) Liens for the purpose of securing (a) all or any part of the purchase price, lease expense, rental payments or cost of design, construction, installation or improvement of any FPSO used or useful in the Energy Business and any Permitted Refinancing Indebtedness in respect thereof permitted to be incurred under the Indenture and (b) the payment of all or a part of the purchase price of, or Capital Lease Obligations with respect to, or the repair, improvement or construction cost of, assets or property acquired or repaired, improved or constructed in the ordinary course of business;

(15) Liens arising solely by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained or deposited with a depositary institution;

(16) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(17) Liens in respect of Production Payments and Reserve Sales, *provided* such Liens are limited to the property that is the subject of such Production Payment and Reserve Sale;

(18) Liens on pipelines and pipeline facilities that arise by operation of law;

(19) Liens arising under oil and gas leases or subleases, assignments, farm-out agreements, farm-in agreements, division orders, contracts for the sale, purchase, exchange, transportation, gathering or processing of Hydrocarbons, unitizations and pooling designations, declarations, orders and agreements, development agreements, partnership agreements, operating agreements, royalties, royalty trusts, working interests, carried working interests, net profit interests, joint interest billing arrangements, joint venture agreements, participation agreements, production sales contracts, area of mutual interest agreements, gas balancing or deferred production agreements, injection, repressuring and recycling agreements, salt water or other disposal agreements, seismic or geophysical permits or agreements, licenses, sublicenses and other agreements which are customary in the Energy Business; *provided, however*, in all instances that such Liens are limited to the assets that are subject to the relevant agreement, program, order or contract;

(20) any (a) interest or title of a lessor or sublessor under any lease, Liens reserved in oil, gas or other Hydrocarbons, mineral leases for bonus, royalty or rental payments and for compliance with the terms of such leases; (b) restriction or encumbrance that the interest or title of such lessor or sublessor may be subject to (including without limitation, ground leases or other prior leases of the demised premises, mortgages, mechanics' liens, tax liens, and easements); or (c) subordination of the interest of the lessee or sublessee under such lease to any restrictions or encumbrance referred to in the preceding subclause (b);

(21) Liens arising under the Indenture in favor of the Trustee for its own benefit and similar Liens in favor of other trustees, agents and representatives arising under instruments governing Indebtedness permitted to be incurred under the Indenture, provided*, however,* that such Liens are solely for the benefit of the trustees, agents or representatives in their capacities as such and not for the benefit of the holders of the Indebtedness;

(22) Liens securing Hedging Obligations, which obligations are permitted by clause (9) of the second paragraph of the covenant described under "*—Certain covenants—Incurrence of indebtedness and issuance of preferred stock*";

(23) Liens upon specific items of inventory, receivables or other goods (or the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances or receivables securitizations issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory, receivables or other goods (or the proceeds thereof);

(24) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;

(25) (i) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord, contractor or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any real property leased by the Company or any Restricted Subsidiary (including those arising from progress or partial payments by a third party relating to such property or assets) and subordination or similar agreements relating thereto and (ii) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

(26) Liens (including put and call arrangements) on Capital Stock or other securities of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(27) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of the Company or any Restricted Subsidiary's business or operations as Liens only for Indebtedness to a bank or financial institution directly relating to the goods or documents on or over which the pledge exists;

(28) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(29) Liens on any proceeds loan made by the Company or any Restricted Subsidiary in connection with any future incurrence of Indebtedness permitted under the Indenture and securing that Indebtedness;

(30) Liens created on any asset of the Company or a Restricted Subsidiary established to hold assets of any stock option plan or any other management or employee benefit or incentive plan or unit trust of the Company or a Restricted Subsidiary securing any loan to finance the acquisition of such assets;

(31) Liens over treasury stock of the Company or a Restricted Subsidiary purchased or otherwise acquired for value by the Company or such Restricted Subsidiary pursuant to a stock buy-back scheme or other similar plan or arrangement;

(32) Liens with respect to Indebtedness of the Company or any Subsidiary of the Company with respect to Indebtedness at any one time outstanding that does not exceed $15.0 million as determined on the date of incurrence of such Indebtedness after giving *pro forma* effect to such incurrence and the application of the proceeds therefrom;

(33) the following ordinary course items:

(a) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and its Restricted Subsidiaries, taken as a whole;

(b) landlords', carriers', warehousemen's, mechanics', materialmen's, repairmen's or the like Liens arising by contract or statute in the ordinary course of business;

(c) pledges or deposits made in the ordinary course of business (A) in connection with leases, tenders, bids, statutory obligations, surety or appeal bonds, government contracts, performance bonds and similar obligations, (B) in connection with workers' compensation, unemployment insurance and other social security legislation (including, in each case, Liens to secure letters of credit issued to assure payment of such obligations) or (C) to secure plugging and abandonment obligations;

(d) Liens arising from Uniform Commercial Code financing statement filings under U.S. state law (or similar filings under applicable jurisdictions) regarding operating leases entered into by the Company and its Restricted Subsidiaries in the ordinary course of business;

(e) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings in the ordinary course of business;

(f) leases, licenses, subleases and sublicenses of assets in the ordinary course of business; and

(g) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities; and

(34) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (2) through (33) (but excluding clauses (14) and (32)); *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced.

"**Permitted Refinancing Indebtedness**" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, renew, refund, refinance, replace, exchange, defease or discharge other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided* that:

(1) the aggregate principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has (a) a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (ii) after the final maturity date of the Notes and (b) has a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being extended, renewed, refunded, refinanced, replaced, defeased or discharged;

(3) if the Indebtedness being extended, renewed, refunded, refinanced, replaced, defeased or discharged is expressly contractually subordinated in right of payment to the Notes or the Note Guarantees, as the case may be, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or the Note Guarantees, as the case may be, on terms at least as favorable to the holders of Notes or the Note Guarantees, as the case may be, as those contained in the documentation governing the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged; and

(4) if the Company or any Guarantor was the obligor on the Indebtedness being extended, renewed, refunded, refinanced, replaced, defeased or discharged, such Indebtedness is incurred either by the Company, a Finance Subsidiary or by a Guarantor.

"**Permitted Reorganization**" means any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction involving the Company or any of its Restricted Subsidiaries (a "**Reorganization**") that is made on a solvent basis; *provided* that:

(a) any payments or assets distributed in connection with such Reorganization remain within the Company and its Restricted Subsidiaries;

(b) if any of the Guarantees are released pursuant to "*—Guarantees—Release of the Guarantees*," substantially equivalent Guarantees must be granted by a surviving entity, if any; and

(c) if any shares or other assets form part of the Collateral are released pursuant to "*—Security—Release of Security*," substantially equivalent Liens must be granted over such shares or assets of the recipient, if any, such that they form part of the Collateral.

"**Person**" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"**PRMS Definitions**" means the classifications and definitions jointly set out by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers in June 2018 in the "Petroleum Resources Management System".

"**Present Value**" means, as of any date of determination, the discounted net present value of projected future cash flows from the production of the Company's and its Restricted Subsidiaries' 2P Reserves, which is:

(1) calculated in accordance with the Calculation Method;

(2) calculated using an annual discount rate of 10%;

(3) calculated using the 2P Reserves set forth in the most recent Reserve Report;

(4) adjusted to give effect to the Hedging Obligations permitted by this Agreement as in effect on the date of such determination; and

(5) in all cases, adjusted to give pro forma effect to (i) all dispositions and acquisitions of 2P Reserves of the Company and its Restricted Subsidiaries completed since the date of the applicable Reserve Report, (ii) increases in estimated 2P Reserves of the Company and its Restricted Subsidiaries attributable to extensions, discoveries and other additions and upward revisions of estimates of 2P Reserves (including the impact to 2P Reserves from previously estimated development costs incurred and the accretion of discount since the prior period end) due to exploration, development or exploitation, production or other activities, which 2P Reserves were not reflected in the applicable Reserve Report which would, in accordance with standard industry practice, result in such determinations and (iii) reductions in the estimated 2P Reserves of the Company and its Restricted Subsidiaries since the date of such Reserve Report attributable to downward determinations of estimates of 2P Reserves due to exploration, development or exploitation, production or other, activities conducted or otherwise occurring since the date of such Reserve Report which would, in accordance with standard industry practice, result in such determinations.

"**Probable Reserves**" means "Probable Reserves" as this term is defined in the PRMS Definitions.

"**Production Payments**" means, collectively, Dollar-Denominated Production Payments and Volumetric Production Payments.

"**Production Payments and Reserve Sales**" means the grant or transfer by the Company or a Restricted Subsidiary of the Company to any Person of a royalty, overriding royalty, net profits interest, Production Payment, partnership or other interest in oil and gas properties, reserves or the right to receive all or a portion of the production or the proceeds from the sale of production attributable to such properties where the holder of such interest has recourse solely to such production or proceeds of production, subject to the obligation of the grantor or transferor to operate and maintain, or cause the subject interests to be operated and maintained, in a reasonably prudent manner or other customary standard or subject to the obligation of the grantor or transferor to indemnify for environmental, title or other matters customary in the Energy Business, including any such grants or transfers pursuant to incentive compensation programs on terms that are reasonably customary in the Energy Business for geologists, geophysicists and other providers of technical services to the Company or a Subsidiary of the Company.

"**Pro Forma Cost Savings**" means, without duplication, with respect to any period, reductions in costs and related adjustments that have been actually realized or are projected in good faith by a responsible accounting or financial officer of the Company to result from reasonably identifiable and factually supportable actions or events, but only if such reductions in costs and related adjustments are so projected by the Company to be realized during the consecutive two half-year reference period commencing after the transaction giving rise to such calculation.

"**Proved Reserves**" means "Proved Reserves" as this term is defined in the PRMS Definitions.

"**Public Indebtedness**" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (x) a public offering or (y) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A under the U.S. Securities Act (or Rule 144A and Regulation S under the U.S. Securities Act) whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale. For the avoidance of doubt, the term "Public Indebtedness" shall not be construed to include any Indebtedness issued to institutional investors in a direct placement of such Indebtedness that is not underwritten by an intermediary (it being understood that, without limiting the foregoing, a financing that is distributed to not more than fifteen Persons (*provided* that multiple managed accounts and affiliates of any such Persons shall be treated as one Person for the purposes of this definition) shall be deemed not underwritten), or any commercial bank or similar Indebtedness, receivables financing, Capital Lease Obligation or recourse transfer of any financial asset or any other type of Indebtedness incurred in a manner not customarily viewed as a "securities offering."

"**Rating Agencies**" means (1) S&P, (2) Moody's, (3) Fitch and (4) if S&P, Moody's, Fitch or any of these shall not make a rating of the Notes available, an internationally recognized securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for S&P, Moody's, Fitch or any of these, as the case may be.

"**RBL Facilities**" means, collectively, (i) the senior secured revolving credit facility agreement dated as of August 22, 2005, as most recently amended and restated pursuant to an amendment and restatement agreement dated November 21, 2017 and as amended, restated, acceded to or otherwise modified or varied from time to time, entered into by, among others, Tullow Oil plc as an original borrower and Natixis as agent and (ii) the senior secured revolving credit facility agreement dated as of May 29, 2009, as most recently amended and restated pursuant to an amendment and restatement agreement dated November 21, 2017 and as amended, restated, acceded to or otherwise modified or varied from time to time, entered into by, among others, Tullow Oil plc as an original borrower and International Finance Corporation as lender and agent.

"**Reserve Report**" means a report which includes the 2P Reserves and Present Value attributable to the respective participating interests of the Company and its Restricted Subsidiaries in the Oil and Gas Properties and the 2P Reserves Coverage Ratio.

"**Restricted Investment**" means an Investment other than a Permitted Investment.

"**Restricted Subsidiary**" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary. Unless the context requires otherwise, each reference to a Restricted Subsidiary herein is to a Restricted Subsidiary of the Company.

"**Revolving Credit Facility**" means, the senior secured revolving credit facility agreement dated on or prior to the Issue Date, as amended, amended and restated, or acceded to from time to time, entered into by, among others, Tullow Oil plc as an original borrower and J.P. Morgan AG as agent.

"**S&P**" means Standard & Poor's Ratings Services and any successor to its ratings business.

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Security Documents**" means the security arrangements, charge agreements, collateral assignments, debentures and any other instrument and document executed and delivered pursuant to the Intercreditor Agreement or any of the foregoing, and in each case pursuant to which the Collateral is charged, assigned or granted to or on behalf of the Security Agent for the benefit of the holders of the Notes and the Trustee or notice of such charge, assignment or grant is given, in each case as the same may be amended, supplemented or otherwise modified from time to time.

"**Senior Debt**" means, whether outstanding on the Issue Date or thereafter incurred, all amounts payable by, under or in respect of (i) all Indebtedness of the Company or any Guarantor that is not Subordinated Debt and (ii) any Indebtedness of a Restricted Subsidiary that is not a Guarantor other than Indebtedness incurred or issued pursuant to clause (7) of the second paragraph of the caption "*—Incurrence of indebtedness and issuance of preferred stock*."

"**Senior Secured Indebtedness**" means, as of any date of determination, with respect to any specified Person, the total amount of Indebtedness of such Person and its Restricted Subsidiaries on a consolidated basis that is secured by a first-priority Lien on the Collateral that is incurred under the first paragraph and under clauses (1), (4), (5), (15) and (22) of the second paragraph of the covenant described under "*—Certain Covenants—Incurrence of indebtedness and issuance of preferred stock*" and any Permitted Refinancing Indebtedness in respect thereof.

"**Significant Subsidiary**" means, at the date of determination, any Restricted Subsidiary that, together with its Subsidiaries which are Restricted Subsidiaries, (i) for the most recent fiscal year, accounted for more than 10% of the consolidated revenues of the Company or (ii) as of the end of the most recent fiscal year, was the owner of more than 10% of the consolidated assets of the Company.

"**Stated Maturity**" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof; *provided* that, for the avoidance of doubt, in the case of debt securities that are by their terms convertible into Capital Stock (or cash or a combination of cash and Capital Stock based on the value of the Capital Stock) of the Company, any obligation to offer to repurchase such debt securities on a date(s) specified in the original terms of such securities, which obligation is not subject to any condition or contingency, will be treated as a Stated Maturity date of such convertible debt securities.

"**Strip Price**" means as of any date, the average pricing for generic Brent crude futures contracts that trade on the Intercontinental Exchange ("ICE") Futures Europe as quoted in Bloomberg under the ticker "CO1 Comdty" (or any replacement Bloomberg ticker which displays such average pricing) for each of the following periods: (a) with respect to the remainder of the calendar year as of such date, the remaining period of such calendar year, (b) with respect to each of the four full calendar years following such date, the 12 month period of each such calendar year and (c) with respect to the fifth full calendar year following such date and each full calendar year thereafter, the average pricing for the fourth complete calendar year set forth in clause (b) of this definition, in each case, inflated at 2% per annum compared to the previous calendar year. If such ticker or service ceases to be available, the reserve engineer or the Company may, in their reasonable determination, specify another ticker or service displaying the appropriate average pricing.

"**Strip Pricing**" means, for any date of determination, the average of the relevant Strip Price for each of the 30 trading days before the relevant date of determination.

"**Subordinated Debt**" means Indebtedness of the Company or any of the Guarantors that is expressly subordinated in right of payment to the Notes or the Note Guarantees of the Guarantors, as the case may be (including, for the avoidance of doubt, the 2025 Notes).

"**Subordinated Obligation**" means any Indebtedness of the Company (whether outstanding on the Issue Date or thereafter incurred) which is subordinate or junior in right of payment to the Notes pursuant to a written agreement or any Indebtedness of a Guarantor (whether outstanding on the Issue Date or thereafter incurred) which is subordinate or junior in right of payment to the Note Guarantee pursuant to a written agreement, as the case may be.

"**Subsidiary**" means, with respect to any specified Person:

(1) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total ordinary voting power of its Voting Stock is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof);

(2) any corporation, association or other business entity of which that Person or one or more of the other Subsidiaries of that Person (or any combination thereof), directly or indirectly, has the right to appoint a majority of the directors, managers or trustees, as applicable, or has the operational control of the corporation, association or other business entity and the financial results of such corporation, association

or other business entity are consolidated with the financial results of such Person or one or more of the other Subsidiaries of that Person (or any combination thereof); and

(3) any partnership, joint venture, limited liability company or similar entity of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"**Tax**" means any tax, duty, levy, impost, assessment or other governmental charge of whatever nature (including penalties, interest and any other additions thereto). "**Taxes**" and "**Taxation**" shall be construed to have corresponding meanings.

"**Transactions**" means the offering of the Notes and use of proceeds from the offering of the Notes, together with cash on hand, to redeem or repay in full all amounts outstanding under the Convertible Bonds, the 2022 Senior Notes and the RBL Facilities.

"**Treasury Rate**" means, in respect of any redemption date, the yield to maturity as of the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (or, if such statistical release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to May 15, 2023; *provided, however,* that if the period from the redemption date to May 15, 2023 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. The Company will calculate the Treasury Rate no later than the second (and no earlier than the fourth) Business Day preceding the applicable redemption date.

"**U.S. dollars**" or "**$**" means the lawful currency of the United States of America.

"**U.S. Government Obligations**" means direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States pledges its full faith and credit.

"**Unrestricted Subsidiary**" means any Subsidiary of the Company that is designated by the Board of Directors of the Company as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by the covenant described above under the caption "*—Certain covenants—Transactions with affiliates,"* is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company; and

(3) is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results.

All Subsidiaries of an Unrestricted Subsidiary shall also be Unrestricted Subsidiaries.

"**U.S. Exchange Act**" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"**Volumetric Production Payments**" means production payment obligations recorded as deferred revenue in accordance with IFRS, together with all related undertakings and obligations.

"**Voting Stock**" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"**Weighted Average Life to Maturity**" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

Book-entry, delivery and form

General

The Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "**Regulation S Global Note**").

The Notes sold within the United States to qualified institutional buyers, pursuant to Rule 144A, will initially be represented by a global note in registered form without interest coupons attached (the "**144A Global Note**" and, together with the Regulation S Global Note, the "**Global Notes**"). On the closing date the Global Notes will be deposited with a custodian of DTC and registered in the name of Cede & Co., as nominee of DTC.

Investors who are qualified institutional buyers and who purchase Notes in reliance on Rule 144A may hold their interests in a Rule 144A Global Note directly through DTC if they are DTC participants, or indirectly through organizations that are DTC participants. Investors who hold beneficial interests in a Regulation S Global Note may hold such interests directly through Euroclear and Clearstream if they are participants in these systems, or indirectly through organizations that are participants in Euroclear or Clearstream. Euroclear and Clearstream will hold interests in the Regulation S Global Note on behalf of their participants through their respective depositaries, which in turn will hold the interests in the Regulation S Global Note in customers' securities accounts in the depositaries' names on the books of DTC. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC and its participants. The Book-Entry Interests in the Global Notes will be issued only in denominations of $200,000 and integral multiples of $1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, DTC will credit on its book-entry registration and transfer systems a participant's account with the interest beneficially owned by such a participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, owners of interests in the Global Notes will not have the Notes registered in their names, will not receive physical delivery of the Notes in certificated form and will not be considered the registered owners or "holder" of Notes under the Indenture for any purpose.

So long as the Notes are held in global form, DTC (or its nominee) will be considered the holders of Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of DTC and indirect participants must rely on the procedures of DTC and the participants through which they own Book-Entry Interests to exercise any rights of holders under the Indenture.

None of the Company, Guarantor, the Trustee, the Principal Paying Agent, the Transfer Agent, the Registrar or the London Paying Agent under the Indenture, nor any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Issuance of definitive registered notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive definitive Notes in registered form (the "**Definitive Registered Notes**"):

- if DTC notifies the Company that it is unwilling or unable to continue to act as depository and the Company does not appoint a successor depository within 120 days;
- if the Company, at its option but subject to DTC's rules, notifies the Trustee in writing that it elects to exchange in whole, but not in part, the Global Note for Definitive Registered Notes; or
- if DTC so requests following an event of default under the Indenture.

In such an event, the registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of DTC or the Company, as applicable (in accordance with its customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend referred to in "*Notice to investors*," unless that legend is not required by the Indenture or applicable law.

Redemption of global notes

In the event any Global Note, or any portion thereof, is redeemed, DTC will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by DTC in connection with the redemption of such Global Note (or any portion thereof). The Company understands that under existing practices of DTC, if fewer than all of the Notes are to be redeemed at any time, DTC will credit their respective participants' accounts on a by lot basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate (DTC's current procedures dictate that selection of Notes for redemption will be by lot); provided, however, that no Book-Entry Interest of less than $200,000 in principal amount may be redeemed in part.

Payments on global notes

The Company will make payments of amounts owing in respect of the Global Notes (including principal, premium, interest, additional interest and additional amounts) to the Principal Paying Agent. The Principal Paying Agent will, in turn, make such payments to DTC or its nominee, which will distribute such payments to participants in accordance with their respective procedures.

Under the terms of the Indenture, the Company, the Trustee, the Paying Agent, the Transfer Agent and the Registrar will treat the registered holder of the Global Notes (i.e., the nominee for DTC) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Company nor the Trustee, the Paying Agent, the Transfer Agent or the Registrar or any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest, for any such payments made by DTC, Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or

- payments made by DTC, Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest; or

- DTC, Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in "street name."

To tender Book-Entry Interests in the change of control offer, the holder of the applicable Global Note must, within the period specified in such offer, give notice of such tender to the Principal Paying Agent and specify the principal amount of Book-Entry Interests to be tendered.

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests in such Notes through DTC in dollars.

Action by owners of book-entry interests

DTC has advised the Company that it will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. DTC will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of DTC reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Transfers between participants in DTC will be done in accordance with DTC rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of DTC and in accordance with the provisions of the Indenture.

The Global Notes will bear a legend to the effect set forth in "*Notice to investors*." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in "*Notice to investors*."

During the period ending 40 days after the commencement of the offering of the Notes (the "**40-Day Period**"), beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note only if such transfer is made pursuant to Rule 144A and the transferor first delivers to the Trustee a certificate (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*" and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

After the expiration of the 40-day Period, beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Rule 144A Global Note without compliance with these certification requirements.

Subject to the foregoing, and as set forth in "*Notice to investors*" Book-Entry Interests may be transferred and exchanged as described under "*Description of notes—Transfer and exchange.*" Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in the other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it retains such a Book-Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of notes—Transfer and exchange*" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Notice to investors*."

Transfers involving an exchange of a Regulation S Book-Entry Interest for 144A Book-Entry Interest will be done by DTC by means of an instruction originating from the Trustee through the DTC Deposit/Withdrawal at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the 144A Global Note. The policies and practices of DTC may prohibit transfers of Book-Entry Interests in the Regulation S Global Note prior to the expiration of the 40-Day Period. Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Information concerning DTC

All Book-Entry Interests will be subject to the operations and procedures of DTC, as applicable. The Company provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Company nor the Initial Purchasers are responsible for those operations or procedures. DTC has advised the Company that it is:

- a limited purpose trust company organized under New York Banking Law;
- a "*banking organization*" under New York Banking Law;
- a member of the Federal Reserve System;
- a "*clearing corporation*" within the meaning of the New York Uniform Commercial Code; and
- a "*clearing agency*" registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of transactions among its participants. It does this through electronic book-entry changes in the accounts of securities participants, eliminating the need for physical movement of securities certificates. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC's owners are the NYSE Euronext and the National Association of Securities Dealers, Inc. and a number of its direct participants. Other parties, such as banks, brokers and dealers and trust companies, who clear through or maintain a custodial relationship with a direct participant, also have access to the DTC system and are known as indirect participants.

Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in DTC or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited. In addition, owners of beneficial interests through DTC will receive distributions attributable to the 144A Global Note only through DTC participants.

Global clearance and settlement under the book-entry system

The Notes represented by the Global Notes are expected to be admitted to listing on the Official List of the Luxembourg Stock Exchange and to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore be required by DTC to be settled in immediately available funds. You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving Notes through DTC, Euroclear and Clearstream on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

In addition, because of time-zone differences, there may be problems with completing transactions involving DTC on the same business day as in the United States.

Although DTC currently follow the foregoing procedures to facilitate transfers of interests in the Global Notes among participants in DTC, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Company, any Guarantor, the Trustee, the Principal Paying Agent, the Transfer Agent, the Registrar, the London Paying Agent or any of their respective agents will have any responsibility for the performance by DTC or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

Initial settlement

Initial settlement for the Notes will be made in dollars. Book-Entry Interests owned through DTC accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of DTC participants on the Business Day following the settlement date against payment for value on the settlement date.

Secondary market trading

The Book-Entry Interests will trade through participants of DTC and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Limitations on validity and enforceability of the Security and the Guarantees and certain insolvency law considerations

Set out below is a summary of certain limitations on the enforceability of the Guarantees and the security interests in each of the jurisdictions in which Guarantees or Collateral are being provided. It is a summary only, and proceedings of bankruptcy, insolvency or a similar event could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future Guarantor of the Notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply, and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes, the Guarantees and the security interests on the Collateral.

Also set out below is a brief description of certain aspects of insolvency law in England and Wales, the Netherlands, Jersey and Gabon. In the event that any one or more of the Company or the Guarantors experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

European Union

Certain of the Guarantors and providers Collateral are incorporated and organized under the laws of member states of the European Union (each, a "**Member State**"). Pursuant to Regulation (EU) no. 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings (which applies to insolvency proceedings opened on or after June 26, 2017), (the "**Recast Insolvency Regulation**"), which applies within the European Union, other than Denmark, the courts of the Member State in which a company's "center of main interests" ("**COMI**") is situated have jurisdiction to open main insolvency proceedings.

Article 3(1) of the Recast Insolvency Regulation states that a company's COMI "shall be the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties" and that in the case of a company or legal person, COMI is presumed to be located in the country of the registered office in the absence of proof to the contrary, though that presumption shall only apply if the registered office has not been moved to another Member State within the three-month period prior to the request for the opening of insolvency proceedings.

Recital 30 of the Recast Insolvency Regulation contains a number of examples of where a presumption as to COMI may be rebutted: for instance, if the company's central administration is located in a Member State other than the one where it has its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and the center of the management of its interests is located in that other Member State. In that respect, the factors that courts may take into consideration when determining the COMI of a debtor can include where board meetings are held, the location where the debtor conducts the majority of its business or has its head office and the location where the majority of the debtor's creditors are established.

This means that a company's COMI is not a static concept and may change from time to time as the determination of where a company has its COMI is depends on the facts and circumstances as at the date the company enters an insolvency proceeding and on which the courts of the different Member States may have differing and even conflicting views.

The courts of all Member States (other than Denmark) must recognize the judgment of the court commencing main proceedings, which will be given the same effect in the other Member States so long as no secondary insolvency proceedings or territorial insolvency proceedings have been commenced there. The insolvency practitioner appointed by a court in the Member State (in which the debtor's COMI is situated) which has jurisdiction to commence main proceedings may exercise the powers conferred on it by the laws of that Member State in another Member State (other than Denmark) (such as to remove assets of the debtor from that other Member State). These powers are subject to certain limitations (e.g. the powers are available provided that no insolvency proceedings have been commenced in that other Member State nor any preservation measure to the contrary has been taken there further to a request to commence secondary proceedings in that other Member State where the debtor has assets).

If the "**COMI**" of a company is in one Member State (other than Denmark), under Articles 3(2) to Article 3(4) of the Recast Insolvency Regulation, the courts of another Member State (other than Denmark) only have jurisdiction to open insolvency proceedings against that company if such company has an "establishment" in the territory of such other Member State, and such insolvency proceedings must be "secondary." Secondary proceedings may be any insolvency proceeding listed in Annex A of the Recast Insolvency Regulation and for the avoidance of doubt, are not limited to winding-up proceedings.

An "**establishment**" is defined in Article 2(1) of the Recast Insolvency Regulation to mean "any place of operations where a debtor carries out or has carried out in the 3-month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets." Accordingly, the opening of secondary insolvency proceedings in another Member State (other than Denmark) will only be possible if the debtor had an establishment in such Member State in the 3-month period prior to the request for opening of main insolvency proceedings.

The effects of those secondary insolvency proceedings opened in that other Member State are restricted to the assets of the company situated in such other Member State. Where main proceedings in the Member State in which the debtor has its COMI have not yet been commenced, territorial insolvency proceedings may only be commenced in another Member State (other than Denmark) where the debtor has an establishment where either (i) insolvency proceedings cannot be commenced in the Member State in which the debtor's COMI is situated because of the conditions laid down by that Member State's law; or (ii) the opening of territorial insolvency proceedings is requested by (a) a creditor whose claim arises from or is in connection with the operation of an establishment situated within the territory of the Member State where the opening of territorial proceedings is requested, or (b) a public authority which, under the law of the Member State within the territory of which the establishment is situated, has the right to request the opening of insolvency proceedings. When main insolvency proceedings are opened, territorial insolvency proceedings become secondary insolvency proceedings. Irrespective of whether the insolvency proceedings are main or secondary or territorial insolvency proceedings, such proceedings will, subject to certain exceptions, be governed by the local insolvency law of the court that has assumed jurisdiction over the insolvency proceedings of the debtor.

In addition, the concept of "**group coordination proceedings**" has been introduced in the Recast Insolvency Regulation with the aim of bolstering efficiency in the insolvency of several members of a group of companies. Under Article 61 of the Recast Insolvency Regulation, group coordination proceedings may be requested before any court having jurisdiction over the insolvency proceedings of a member of the group, by an insolvency practitioner appointed in insolvency proceedings opened in relation to a member of the group. Participation by the insolvency practitioner of the relevant member of the group in the group coordination proceedings and adherence to the coordinating insolvency practitioner's recommendations or plan however is voluntary.

In the event that any of the Company or Guarantors experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations and the security of the Company or Guarantors.

The United Kingdom ceased to be a member of the EU on January 31, 2020, 11.00 p.m. ("**exit day**") and therefore is no longer a Member State. The EUWA (as amended by the European Union (Withdrawal Agreement) Act 2020) provides that direct EU legislation (which term includes any EU regulation as it had effect in EU law immediately before exit day (subject to certain exceptions)) converts directly applicable EU law (which includes regulations) as it stood at the end of the transition period into UK domestic law. However, while direct EU legislation may continue to form a part of domestic law of the United Kingdom after the end of the transition period, it may be subject to a number of amendments. The Insolvency (Amendment) (EU Exit) Regulations 2019 (SI 2019/146) sets out a number of amendments to be made to the Recast Insolvency Regulation, as it will apply in the United Kingdom after the end of the transition period. On December 30, 2020 the European Union and the United Kingdom formally signed the EU-UK Trade and Cooperation Agreement. This agreement provisionally applies from January 1, 2021, but is still subject to formal approval by the European Parliament. At this stage, there remains considerable political, legislative and regulatory uncertainty throughout the region and the extent to which Brexit could adversely affect business activity, restrict the movement of capital and the mobility of personnel and goods, and otherwise impair political stability and economic conditions in the United Kingdom, the Eurozone, the EU and elsewhere. Any of these developments could have a material adverse effect on business activity in the United Kingdom, the Eurozone, or the EU. Further, the Trade and Cooperation Agreement does not include a replacement for the current automatic recognition of UK insolvency procedures across the EU and vice versa. In the absence of an agreement allowing automatic recognition, it will be harder for UK office holders and UK restructuring and insolvency proceedings to be recognized in EU member states and to effectively deal with assets located in EU member states. Much will then depend upon the private international law rules in the particular EU member state and the need may well arise to open parallel proceedings, increasing the element of risk. In particular in cases where the appointment of a UK office holder has been made in reliance on a UK domestic approach rather than the COMI rules, it is much less certain that there will be recognition in the relevant EU member state.

England and Wales

The Company and certain of the Guarantors and providers of Collateral are companies incorporated under the laws of England and Wales (the "**English Obligors**"). Therefore, any insolvency proceedings by or against the English Obligors would likely be based on English insolvency laws. However, as discussed in the section "—*European Union*" above, pursuant to the Recast Insolvency Regulation, and, where a company incorporated under English law has its COMI in a Member State of the European Union, any main insolvency proceedings for that company could, subject to certain exceptions, be opened in the Member State in which its COMI is located and be, subject to certain exceptions set out in Articles 8 to 18 of the Recast Insolvency Regulation, subject to the laws of that Member State.

Similarly, the UK Cross-Border Insolvency Regulations 2006, which implement the UNCITRAL Model Law on Cross-Border Insolvency in the United Kingdom, provide that a foreign court may have jurisdiction where any English company has its COMI in such foreign jurisdiction, or where it has an "establishment" (being a place of operations in such foreign jurisdiction, where it carries out non-transitory economic activities with human means and assets or services).

English insolvency law is different to the laws of the United States and other jurisdictions with which investors may be familiar. In the event that an English Obligor experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings. Formal insolvency proceedings under the laws of England and Wales may be initiated in a number of ways, including by the company or a creditor making an application for administration in court, the company, its directors or the holder of a "qualifying floating charge" (discussed below) making an application for administration out of court, or by a creditor filing a petition to wind up the company or the company resolving to do so (in the case of a liquidation). The following is a brief description of certain aspects of English insolvency law relating to certain limitations on the Note Guarantees and the security interests over the Collateral. The application of these laws could adversely affect investors, their ability to enforce their rights under the Note Guarantees and/or the Collateral securing the Notes and the Note Guarantees and therefore may limit the amounts that investors may receive in an insolvency of any English Obligor.

The Insolvency Test

The Insolvency Act 1986 (the "**Insolvency Act**") has no test for or definition of insolvency per se but instead relies on the concept of a company's 'inability to pay its debts' as the keystone for many of its provisions. Pursuant to section 123 of the Insolvency Act, the circumstances in which a company is deemed unable to pay its debts include, among others, the following: (i) if it fails to satisfy a creditor's statutory demand for a debt exceeding £750 within 21 days of service or if it fails to satisfy in full or in part a judgment debt (or similar court order); (ii) if it is proved to the satisfaction of the court that the company is unable to pay its debts as they fall due; or (iii) if it is proved to the satisfaction of the court that the value of the company's assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities.

Administration

The Insolvency Act and the Insolvency (Amendment) (EU Exit) Regulations 2019 empower British courts to make an administration order in respect to companies incorporated under the laws of England and Wales, companies incorporated under the laws of an EEA Member State, companies not incorporated under the laws of an EEA Member State but having their COMI in a Member State (other than Denmark), companies (wherever incorporated) having their COMI in the United Kingdom and companies (wherever incorporated) having their COMI in a Member State (other than Denmark) and an establishment (see "—*European Union*" above) in the

United Kingdom. Subject to specific conditions, a court can make an administration order if the court is satisfied that the relevant company is or is likely to become “unable to pay its debts” (although this requirement does not apply if the applicant is a holder of a “qualifying floating charge” (discussed below)) and that the administration order is reasonably likely to achieve the purpose of administration.

Without limitation and subject to specific conditions, an English company, the directors of such company or the holder of a qualifying floating charge (discussed below), where the floating charge has become enforceable, may also appoint an administrator out of court process, subject to certain exceptions pursuant to the Insolvency Act. The purpose of an administration is comprised of three objectives that must be looked at successively: rescuing the company as a going concern or, if that is not reasonably practicable, achieving a better result for the company’s creditors as a whole than would be likely upon immediate liquidation or, if neither of those objectives is reasonably practicable, and the interests of the creditors as a whole are not unnecessarily harmed thereby, realizing property to make a distribution to one or more secured or preferential creditors.

The rights of creditors, including secured creditors, are curtailed in an administration pursuant to the statutory moratorium imposed under the Insolvency Act. Upon the appointment of an administrator, no step may be taken to enforce security or a guarantee over the company’s property except with the consent of the administrator or permission of the court. The same requirements for consent or permission apply to the institution or continuation of legal process (including legal proceedings, execution, distress and diligence) against the company or property of the company. In either case, a court will consider discretionary factors in determining any application for leave in light of the hierarchy of statutory objectives of administration described above.

Accordingly, if any of the Company or the English Obligors were to enter into administration, the Notes, the Note Guarantees, the Collateral, as applicable, could not be enforced against that company while it was in administration without the permission of the court or consent of the administrator. There can be no assurance that the Trustees, or the Security Agent, as applicable, would obtain this permission of the court or consent of the administrator.

In addition, while an administrator is in office, the powers of the board of directors of the Company, the Guarantors or the providers of Collateral (save those that do not interfere with the exercise of that administrators’ powers, and those permitted by the administrator) are suspended, and an administrator is given wide powers to conduct the business and, subject to certain requirements under the Insolvency Act, dispose of the property of a company in administration (including property subject to a floating charge—however an administrator may only dispose of property of a company subject to a fixed charge with the leave of the court or with the consent of the secured creditor). The administrator also has the ability to challenge certain antecedent transactions. A secured creditor cannot appoint an administrative receiver while an administrator is in office although, in certain circumstances (principally where one of the exceptions to the general prohibition on the appointment of an administrative receiver applies as set out in the Insolvency Act), the holder of a floating charge can block the appointment of an administrator where it can appoint an administrative receiver.

However, the general prohibition against enforcement by secured creditors without consent of the administrator or permission of the court, and the administrator’s powers with respect to property subject to a floating charge, does not apply to any security interest created or arising under a financial collateral arrangement within the meaning of the Financial Collateral Agreements (No. 2) Regulations 2003 (SI 2003/3226) (UK) (the “**Financial Collateral Regulations**”). A financial collateral arrangement includes (subject to certain other conditions) a security interest over financial collateral (including a floating charge, a pledge, a mortgage, a fixed charge or a lien) in a company, where both the collateral provider and collateral taker are non-natural persons.

Ordinary corporate administration terminates automatically after a year (albeit the administration may be extended by court order or, subject to a limit of one year, by consent of the creditors). The English Obligor(s) may exit administration if the administrator is satisfied that one or more of the statutory objectives have been achieved (upon application to and order of the court if the administration is pursuant to an administration order) and may resume normal business upon exiting administration. However, the administrator also has the power, should he conclude that there is no reasonable prospect of rescuing the company, to either place the company into liquidation or use his powers under, and in accordance with, the Insolvency Act to distribute the company’s assets and thereby achieve substantially the same result as a liquidation.

Administrative receivership and Receivership

If a company grants a "qualifying floating charge" to a party for the purposes of English insolvency law, that party will be able to appoint an administrative receiver provided the qualifying floating charge pre-dates September 15, 2003 or falls within one of the exceptions under the Insolvency Act to the prohibition on the appointment of administrative receivers. In order to constitute a qualifying floating charge for these purposes, the floating charge must be created by an instrument which (a) states that the relevant statutory provision applies to it; (b) purports to empower the holder to appoint an administrator of the company; or (c) purports to empower the holder to appoint an administrative receiver within the meaning given by Section 29(2) of the Insolvency Act. A party will be the holder of a qualifying floating charge if he holds one or more debentures of the company secured: (a) by a qualifying floating charge which relates to the whole or substantially the whole of the company's property; (b) by a number of qualifying floating charges which together relates to the whole or substantially the whole of the company's property; or (c) by charges and other forms of security which together relate to the whole or substantially the whole of the company's property and at least one of which is a qualifying floating charge. The most relevant exception to the prohibition on the appointment of an administrative receiver is the exception relating to "capital market arrangements" (as defined in paragraph 1 of Schedule 2A of the Insolvency Act), which may apply if the issue of the Notes creates a debt of at least £50.0 million for the relevant English company during the life of the arrangement and the arrangement involves the issue of a "capital market investment" (which is defined in the Insolvency Act, and is generally a rated, listed or traded debt instrument).

If an administrative receiver has been appointed, an administrator can only be appointed by the court (and not by the company, its directors or the holder of a qualifying floating charge using the out of court procedure) and then only if the person who appointed the administrative receiver consents or the court considers that the security pursuant to which the administrative receiver was appointed is capable of challenge as a transaction at an undervalue, a preference or an invalid floating charge. If an administrator is appointed, any administrative receiver will vacate office, and any receiver of part of the company's property must resign if required to do so by the administrator.

The ability to appoint a receiver over secured assets (in contrast to an administrative receiver) is typically provided for in English law security documents. There is also a (limited) statutory right under section 101 of the Law of Property Act 1925 for the holder of a mortgage or charge created by deed over the assets of a chargor to appoint a receiver over the charged assets to collect the income of the charged property and apply it in satisfaction of the secured debt.

A receiver can be appointed in accordance with the terms of the security documentation which typically provide for the ability to appoint a receiver once the relevant security interests become enforceable in accordance with their terms. Once appointed, the receiver acts as the agent of the chargor. The charge document pursuant to which the receiver is appointed will typically set out the powers of the receiver once appointed. Typically, these powers will include the right to take possession of and sell the charged assets, with the proceeds being used to pay the secured creditors.

An administrative receiver's and, typically, a receiver's primary duty is to realize the secured assets and to pay the proceeds to the secured creditor, up to the amount of the secured debt (subject to the requirement to set aside the prescribed part (discussed below)). He does, however, also owe duties to the company, in particular a duty to obtain the best price reasonably obtainable at the relevant time when selling any asset.

There is no moratorium in receivership or administrative receivership, so creditors can enforce any rights that are consistent with the priority of the security, including exercising rights of set-off and forfeiture, collecting goods that are subject to valid retention of title claims and terminating contracts. If a company is already in administration, the moratorium on creditor action will prevent the appointment of a receiver or administrative receiver unless (in the case of a receiver) the administrator consents or the court permits the appointment, or an exception to the moratorium applies (see above).

If an administrative receiver has been appointed, an administrator can only be appointed by the court (and not by the company, its directors or the holder of a qualifying floating charge using the out of court procedure) and then only if the person who appointed the administrative receiver consents or the court considers that the security pursuant to which the administrative receiver was appointed is capable of challenge as a transaction at an undervalue, a preference or an invalid floating charge. In contrast the appointment of a receiver who is not an administrative receiver does not prevent the appointment of an administrator.

If an administrator is appointed, any administrative receiver will vacate office, and any receiver appointed over part of the company's property must resign if required to do so by the administrator unless that receiver was appointed under a charge created or otherwise arising under a financial collateral arrangement, as per Reg. 8(4) of the Financial Collateral Regulations.

Liquidation/winding-up

Liquidation is a company dissolution procedure under which the assets of a company are realized and distributed by the liquidator to creditors and (if applicable) members in the statutory order of priority prescribed by the Insolvency Act. Once the liquidator has completed this task, the company is dissolved and removed from the register of companies.

There are two forms of winding-up: (i) compulsory liquidation, by order of the court; and (ii) voluntary liquidation, by resolution of the company's members, and which is in turn divided into members' voluntary liquidation ("**MVL**") and creditors' voluntary liquidation ("**CVL**"). The primary ground for the compulsory winding-up of an insolvent company is that it is unable to pay its debts (as described above) or the court is of the opinion that it is just and equitable for the company to be wound up.

Companies registered in England and Wales or foreign companies with their COMI in England and Wales, with their COMI in an EU member state (other than Denmark) and an "establishment" in England and Wales or which have a "sufficient connection" with England and Wales to justify the court exercising its jurisdiction may be wound up via compulsory liquidation. Only companies registered in England and Wales may be subject to voluntary liquidation (save that a foreign company where its COMI is in England and Wales or in an EU member state (except Denmark) but which has an "establishment" in England and Wales) may enter a creditors' voluntary liquidation.

The effect of a compulsory winding-up differs in a number of respects from that of a voluntary winding-up. In a compulsory winding-up, under Section 127 of the Insolvency Act, any disposition of the relevant company's property made after the commencement of the winding-up is, unless sanctioned by the court, void. However, this will not apply to any property or security interest subject to a disposition or created or otherwise arising under a "financial collateral arrangement" under the Financial Collateral Regulations and will not prevent a close-out netting provision taking effect in accordance with its terms. Subject to certain exceptions, when an order is made for the winding-up of a company by the court, it is deemed to have commenced from the time of the presentation of the winding-up petition. Once a winding-up order is made by the court, a stay of all proceedings against the company will be imposed. No legal action may be continued or commenced against the company without permission of the court.

In the context of a voluntary winding-up however, there is no equivalent to the retrospective effect of a winding-up order; the winding-up commences on the passing of the resolution to wind up. As a result, there is no equivalent of Section 127 of the Insolvency Act for a voluntary winding-up. There is also no automatic stay in the case of a voluntary winding-up—it is for the liquidator, or any creditor or shareholder of the company, to apply for a stay. This is important because, in the absence of a stay being obtained, it means secured creditors for example can go ahead and enforce their security.

A MVL is a solvent liquidation that is controlled by the shareholders. It commences when the shareholders pass a special resolution to place the company into liquidation and there is no involvement by the court. Not more than five weeks prior to the making of the winding-up resolution, the directors must swear a statutory declaration of solvency stating that, after having made full enquiry into the company's affairs, they have formed the opinion that it will be able to pay its debts, including interest and the costs of the MVL process, within a stated period not exceeding 12 months from the start of the liquidation.

A CVL is also commenced by the shareholders resolving to place the company into liquidation and has no court involvement. In contrast to an MVL, however, the directors do not swear a statutory declaration of solvency for a CVL (meaning the company can be solvent or insolvent). If the creditors choose a different person to act as liquidator from the shareholders, the creditors' choice will prevail.

A liquidator has, among other things, the power to bring or defend legal proceedings on behalf of the company, to carry on the business of the company as far as it is necessary for its beneficial winding-up, to sell the company's property and execute documents in the name of the company and to challenge antecedent transactions.

Under English insolvency law, a liquidator has the power to disclaim any onerous property, which is any unprofitable contract and any other property of the company that cannot be sold, readily sold or may give rise to a liability to pay money or perform any other onerous act. A contract may be unprofitable if it gives rise to prospective liabilities and imposes continuing financial obligations on the company that may be detrimental to creditors. However, this power does not apply to a contract where all of the obligations have been performed nor can it be used to disturb accrued rights and liabilities, and if a contract is disclaimed the contractual counterparty has a right to sue for damages in respect of the terminated contract. In addition, the power to disclaim onerous property does not apply where the collateral-provider or collateral-taker under the arrangement is being wound up, to any financial collateral arrangement.

Company Voluntary Arrangements

A company voluntary arrangement ("**CVA**") is a procedure intended to allow companies to avoid potentially terminal insolvency proceedings and to address their financial difficulties by obtaining a binding agreement or compromise with their unsecured creditors. Though it does not result in the insolvency of a company, a CVA is implemented under the supervision of an insolvency practitioner who will act as the nominee before the CVA proposals are approved, and as the supervisor afterwards. CVAs may also be used as a tool alongside a formal insolvency procedure such as administration in order to implement a compromise between the debtor company and its creditors.

A company is eligible to propose a CVA if it is (i) registered under the Companies Act 2006 (or the preceding legislation) in England and Wales or Scotland (ii) if it is incorporated in a member state of the European Economic Area or (iii) if the company is not incorporated in a member state of the European Economic Area but has its COMI in a member state of the European Union (other than Denmark) or in the UK. The CVA can be proposed by the relevant company's directors (if the relevant company is not in administration or liquidation) or, if the relevant company is in administration or liquidation, by the administrator or the liquidator (as applicable).

The proposal for a CVA would generally include a rescheduling or reduction of the company's unsecured debts, but may also form part of more complex arrangements that seek to balance the interests of many different creditor groups.

If the proposals under the CVA are approved by the requisite majority of creditors (i.e. a majority in excess of 75% in value of creditors who respond in the decision procedure) and provided that those voting against the proposal do not include more than 50% in value of creditors who are unconnected with the company whose claims are admitted for voting, a CVA will bind all unsecured creditors of a company who were entitled to vote on the proposal or who would have been entitled to vote if they had notice of the decision procedure—however a CVA will not affect the rights of secured creditors or preferential creditors unless they agree to the proposals. Shareholders of the company will also be asked to vote on the CVA but whether or not they vote in favor, the CVA will be implemented if the requisite majority of creditors approve the proposal.

Challenges to guarantees and security

There are circumstances under English insolvency law in which the granting by an English company of security and guarantees can be challenged. In most cases, this will only arise if the English company is placed into administration or liquidation within a specified period of the granting of the guarantee or security. Therefore, if during the specified period an administrator or liquidator is appointed to an English company, the administrator or liquidator may challenge the validity of the security or guarantee given by such company. The Company cannot be certain that, in the event that the onset of an English company's insolvency is within any of the requisite time periods set out below, the grant of a security interest and/or guarantee in respect of the Notes would not be challenged or that a court would uphold the transaction as valid.

Priority on insolvency

One of the primary functions of winding-up (and, where the company cannot be rescued as a going concern, one of the possible functions of administration) under English law is to realize the assets of the company in question and distribute the proceeds from those assets to the company's creditors.

Under the Insolvency Act and the Insolvency (England and Wales) Rules 2016, creditors are placed into different classes, with the proceeds from the realization of the insolvent company's property applied in descending order of priority, as set out below. With the exception of the Prescribed Part (as defined below), distributions generally cannot be made to a class of creditors until the claims of the creditors in a prior ranking class have been paid in full. Unless creditors have agreed otherwise with the company, distributions are made on a *pari passu* basis, that is, the assets are distributed in proportion to the debts due to each creditor within a class.

The general priority on insolvency is as follows (in descending order of priority):

- First ranking: holders of fixed charge security but only to the extent the value of the secured assets covers that indebtedness and creditors with a proprietary interest in assets in the possession (but not full legal and beneficial ownership) of the debtor but only with respect to the assets in which they have a proprietary interest;

- Second ranking: expenses of the insolvent estate (there are statutory provisions setting out the order of priority in which expenses are paid);

- Third ranking: ordinary and secondary preferential creditors.

    - Ordinary preferential debts include (but are not limited to) debts owed by the insolvent company in relation to: (i) contributions to occupational and state pension schemes; (ii) wages and salaries of employees for work done in the four months before the insolvency date, up to a maximum of £800 per person; (iii) holiday pay due to any employee whose contract has been terminated, whether the termination takes place before or after the insolvency date; and (iv) bank and building deposits eligible for compensation under the Financial Services Compensation Scheme ("**FSCS**") up to the statutory limit.

    - Secondary preferential debts include (i) bank and building deposits eligible for compensation under the FSCS to the extent that claims exceed the statutory limit; and (ii) VAT and other certain tax debts due to HMRC as set out in section 386 and paragraph 15D of Schedule 6 of the Insolvency Act. These rank for payment after the discharge of the ordinary preferential debts. As between one another, all claims within each category rank equally;

- Fourth ranking: holders of floating charge security, according to the priority of their security.

    - This would include any floating charge that was stated to be a fixed charge in the document that created it but which, on a proper interpretation, was rendered a floating charge. However, before distributing asset realizations to the holders of floating charges, the Prescribed Part (as defined below) must, subject to certain exceptions, be set aside for distribution to unsecured creditors;

- Fifth ranking:

    - firstly, provable debts of unsecured creditors (save where such creditors are deferred under section 74(2(f)) of the Insolvency Act) and any secured creditor to the extent of any unsecured shortfall, in each case including accrued and unpaid interest on those debts up to the date of commencement of the relevant insolvency proceedings. These debts rank equally among themselves unless there are subordination agreements in place between any of them. To pay the secured creditors any unsecured shortfall, the insolvency officeholder can only use realizations from unsecured assets, as secured creditors are not entitled to any distribution from the Prescribed Part unless the Prescribed Part is sufficient to pay out all unsecured creditors;

    - secondly, interest on the company's unsubordinated debts (at the higher of the applicable contractual rate and the official rate) in respect of any period after the commencement of liquidation, or after the commencement of any administration which preceded such liquidation. However, in the case of interest accruing on amounts due under the Notes or the Note Guarantees, such interest due to the holders of the Notes may, if there are sufficient realizations from the secured assets, be discharged out of such security recoveries; and

    - thirdly, non-provable liabilities, being liabilities that do not fall within any of the categories above and therefore are only recovered in the (unusual) event that all categories above are fully paid; and

- Sixth ranking: shareholders. If after the repayment of all unsecured creditors in full, any remaining funds exist, these will be distributed to the shareholders of the insolvent company.

Subordinated creditors are ranked according to the terms of the subordination language in the relevant documentation (and provided that such terms do not contravene the Insolvency Act).

An insolvency practitioner of a company (e.g. an administrator, administrative receiver or liquidator) will generally be required to ring-fence a certain percentage of the proceeds of enforcement of floating charge security for the benefit of unsecured creditors (after making full provision for preferential creditors and expenses out of floating charge realizations) (the "**Prescribed Part**"). Under current law, this ring-fence applies to 50% of the first £10,000 of the company's net property and 20% of the remainder of the company's net property over £10,000, with a maximum aggregate cap of £800,000 (except where the company's net property is available to be distributed to the holder of a first-ranking floating charge created before April 6, 2020, in which case the maximum aggregate cap is £600,000). The Prescribed Part must be made available to unsecured creditors unless the cost of doing so would be disproportionate to the resulting benefit to creditors. The Prescribed Part will not be available for any shortfall claims of secured creditors unless the Prescribed Part is sufficient to first pay out all unsecured creditors.

Foreign currency

Under English insolvency law, where creditors are asked to submit formal proofs of claim for their debts, the office-holder will convert all foreign currency denominated proofs of debt into pound sterling at a single rate for each currency determined by the office-holder by reference to the exchange rates prevailing on the relevant date. This provision overrides any agreement between the parties. If a creditor considers the rate to be unreasonable, they may apply to the court.

Accordingly, in the event that an English Obligor goes into liquidation or administration, holders of the Notes may be subject to exchange rate risk between the date on which such English Obligor goes into liquidation or administration and receipt of any amounts to which such holders of the Notes may become entitled. Any losses resulting from currency fluctuations are not recoverable from the insolvent estate.

Connected persons

A "**connected person**" of a company granting a security interest or guarantee for the purposes of transactions at an undervalue, preferences and invalid floating charges is a party who is (i) a director of the company, (ii) a shadow director, (iii) an associate of such director or shadow director, or (iv) an associate of the relevant company.

A party is associated with an individual if they are (i) a relative of the individual, (ii) the individual's husband, wife or civil partner, (iii) a relative of the individual's husband, wife or civil partner, or (iv) the husband, wife or civil partner of a relative of the individual.

A party is associated with a company if they are employed by that company. A person is also an associate of any person whom he employs. A company is an associate of another person if that person has control of it or if that person and persons who are his associates together have control of it.

A company is associated with another company if (i) the same person has control of both companies, or (ii) it is controlled by a person and that person's associates have control of the other company, or (iii) it is controlled by a group of two or more persons who also control the other company, and the groups either consist of the same persons or could be regarded as consisting of the same persons by treating (in one or more cases) a member of either group as replaced by a person of whom he is an associate.

A person is to be taken as having control of a company if the directors of the company or of another company which has control of it (or any of them) are accustomed to act in accordance with his directions or instructions, or he is entitled to exercise, or control the exercise of, one third or more of the voting power at any general meeting of the company or of another company which has control of it. Where two or more persons together satisfy either of these conditions, they are to be taken as having control of the company.

The potential grounds for challenge available under English law that may apply to any security interest or guarantee granted by an English company include, without limitation, the following described below.

Reviewable Transactions

There are five principal provisions of the Insolvency Act under which transactions entered into prior to a company's insolvency are capable of being set aside. They are: (i) transactions at an undervalue (section 238); (ii) preferences (section 239); (iii) avoidance of certain floating charges (section 245); (iv) transactions defrauding creditors (section 423); and (v) extortionate credit transactions (section 244).

These provisions all apply where the company has gone into an English liquidation or administration, with the exception of section 423 which can be invoked even if the company is not in insolvency proceedings.

Transactions at an undervalue

If a company goes into an English administration or liquidation and it has entered into a transaction at an undervalue, the court may, on the application of the insolvency officeholder, set the transaction aside.

A transaction will constitute a transaction at an undervalue if: (i) the transaction is at an undervalue (a gift or a transaction on terms that provide for the company to receive no consideration or a transaction for a consideration the value of which (in money or money's worth) is significantly less than the value (in money or money's worth) of the consideration provided by the company); (ii) the transaction took place within the relevant time (two years before the onset of insolvency (as described below)); and (iii) the company was at the time of the transaction, or became, as a result of the transaction, unable to pay its debts within the meaning of section 123 of the Insolvency Act.

The court will not make an order in respect of a transaction at an undervalue if it is satisfied that: (i) the company which entered into the transaction did so in good faith and for the purposes of carrying on its business; and (ii) when it did so, there were reasonable grounds for believing that the transaction would benefit the company.

If the court determines that the transaction was a transaction at an undervalue, the court shall make such order as it sees fit to restore the company to the position it would have been in had it not entered into the transaction. In any proceedings, it is for the administrator or liquidator to show that the English company was unable to pay its debts unless a beneficiary of the transaction was a connected person (see "*England and Wales—Connected persons*" above), in which case there is a presumption of insolvency and the connected person must demonstrate that the company was not unable to pay its debts at the time of the transaction or became unable to do so as a consequence of the transaction.

An order by the court for a transaction at an undervalue may affect the property of, or impose any obligation on, any person whether or not they are the person with whom the company entered into the transaction, but such an order will not prejudice any interest in property which was acquired from a person other than the English company in good faith and for value or prejudice any interest deriving from such an interest, and will not require a person who received a benefit from the transaction in good faith and for value to pay a sum to the liquidator or administrator of the company, except where the person was a party to the transaction.

Preferences

If a company goes into an English administration or liquidation and it has granted a preference the court may, on the application of the insolvency officeholder, set the transaction aside.

A company gives a preference to a person if: (i) that person is one of the company's creditors, a surety or a guarantor for any of the company's debts or other liabilities; (ii) the company has done something, or has suffered something to be done which (in either case) has had the effect of putting that person into a position which, in the event that the company goes into insolvent liquidation, will be better than the position he would have been in if that thing had not been done; (iii) the company was influenced in deciding to give the preference by a desire to put the creditor in a better position than he would have been in if the thing had not been done or suffered to be done (this desire is rebuttably presumed in the case of Connected Persons); (iv) the preference was given within the relevant time (six months before the onset of the insolvency or two years from the onset of insolvency where the transaction is with a Connected Person); and (v) the company was at the time of the transaction, or became as a result of the transaction, unable to pay its debts within the meaning of section 123 of the Insolvency Act.

If the court determines that the transaction was a preference, the court shall make such order as it sees fit to restore the company to the position it would have been in had it not entered into the transaction. In any proceedings, it is for the administrator or liquidator to show that the English company was unable to pay its debts at the relevant time and that there was such desire to prefer the relevant creditor. If, however, the beneficiary of the transaction was a connected person (except where such beneficiary is a connected person by reason only of being the company's employee), it is presumed that the company intended to put that person in a better position and the connected person must demonstrate that there was, in fact, no such desire on the part of the company to prefer them.

An order by the court for a preference may affect the property of, or impose any obligation on, any person whether or not they are the person to whom the preference was given, but such an order will not prejudice any interest in property which was acquired from a person other than the English company in good faith and for value or prejudice any interest deriving from such an interest, and will not require a person who received a benefit from the preference in good faith and for value to pay a sum to the liquidator or administrator of the company, except where the payment is to be in respect of a preference given to that person at a time when they were a creditor of the English company.

Voidable floating charges

If a company goes into an English administration or liquidation, a floating charge created by that company over its property may be invalid if it was created at a relevant time. Where the transaction is with a Connected Person, this means within a period of two years before the onset of insolvency. In all other cases, this means within a period of twelve months before the onset of insolvency when the company was at the time of the transaction, or became as a result of the transaction, unable to pay its debts within the meaning of section 123 of the Insolvency Act.

This is the only requirement for setting aside the floating charge and, if met, the security is automatically invalid except to the extent of the aggregate of the value of so much of the consideration for the creation of the charge (as consists of money paid, goods or services supplied or debts discharged and interest thereon) supplied to the company at the time of, or after the creation of, the charge, the value of so much of that consideration as consists of the discharge or reduction, at the same time as, or after, the creation of the charge, of any debt of the company, and of the interest on any such amount. No court action is required.

Section 245 of the Insolvency Act does not apply to a floating charge that has been created under a financial collateral arrangement within the meaning of the Financial Collateral Regulations.

Transactions defrauding creditors

A transaction entered into by a company can be set aside if: (i) the transaction is at an undervalue (see above); and (ii) it was entered into for the purpose of putting assets beyond the reach of a person who is making or may make a claim against the company or otherwise prejudicing his interests.

It is not necessary for the company to be in insolvency proceedings and unlike a transaction at an undervalue or a preference, the claim is not restricted to the officeholder. This provision may be used by any person who claims to be a "victim" of the transaction (with the leave of the court if the company is in liquidation or administration) and is not therefore limited to liquidators or administrators and, subject to certain conditions, the UK Financial Conduct Authority and the UK Pensions Regulator. The Insolvency Act also does not prescribe a set time limit within which to bring the action. The fact that the transaction was not entered into with a dishonest motive is no defense to the claim. It will suffice that the company's subjective purpose was to place the assets out of the reach of creditors or a particular creditor. There is no need to show that the intention was the sole purpose and a substantial purpose is likely to suffice.

If the court determines that the transaction was a transaction defrauding creditors, the court can make such orders as it thinks fit to restore the position to what it would have been if the transaction had not been entered into and to protect the interests of the victims of the transaction. The relevant court order may affect the property of, or impose any obligation on, any person, whether or not he is the person with whom the transaction was entered into. However, such an order will not prejudice any interest in property which was acquired from a person other than the debtor company in good faith, for value and without notice of the relevant circumstances, and will not require a person who received a benefit from such transaction in good faith, for value and without notice of the relevant circumstances to pay any sum to the liquidator or administrator of the company unless such person was a party to the transaction.

Extortionate credit transactions

If a company goes into administration or liquidation and it has entered into an extortionate credit transaction, the court may, on the application of the insolvency officeholder, set the transaction aside.

A transaction is extortionate if, having regard to the risk accepted by the person providing the credit, either: (i) its terms require grossly exorbitant payments to be made (whether unconditionally or in certain contingencies) in respect of the provision of the credit; or (ii) it otherwise grossly contravenes ordinary principles of fair dealing.

The court can make an order in relation to extortionate credit transactions entered into by the company up to three years before the day on which the company entered into administration or went into liquidation (which is slightly different to the concept of the onset of insolvency used in relation to transactions at an undervalue and preferences).

Orders

In the case of any of the above applying and where a court order is required (i.e. not section 245), the court has very wide statutory powers to make such orders as it thinks fit to restore the position to that which existed before the transaction was entered into.

Onset of insolvency

The date of the onset of insolvency, for the purposes of transactions at an undervalue, preferences and invalid floating charges, depends on the insolvency procedure in question.

In administration, the onset of insolvency is the date on which: (a) the court application for an administration order is issued; (b) the notice of intention to appoint an administrator is filed at court; or (c) otherwise, the date on which the appointment of an administrator takes effect.

In a compulsory liquidation the onset of insolvency is the date the winding-up petition is presented to court, whereas in a voluntary liquidation it is the date the company passes a winding-up resolution. Where liquidation follows administration, the onset of insolvency will be the same as the initial administration.

Recharacterization of fixed security interests

There is a possibility that a court could find that any of the fixed security interests expressed to be created by the Security Documents governed by English law properly take effect as floating charges as the description given to them as fixed charges is not determinative. Whether the purported fixed security interests will be upheld as fixed security interests rather than floating security interests will depend, among other things, on whether the secured party has the requisite degree of control over the chargor's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the security holder in practice. Where the chargor is free to deal with the assets that are the subject of a purported fixed charge in its discretion and without the consent of the chargee, the court would be likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

While Recharacterization is a risk for all attempts to create fixed security, it is a particular risk in relation to attempts to create fixed security over receivables. This is because even if a company purports to grant fixed security over its receivables, it will likely retain, in practice, the ability to deal with its receivables in its discretion and without the consent of the chargee.

If any fixed security interests are recharacterized as floating security interests, the claims of (i) any unsecured creditors of the relevant English Obligor in respect of that part of the chargor's net property which is ring fenced (see explanation about ring fencing above); and (ii) certain statutorily defined preferential creditors of the chargor may have priority over the rights of the security agent to the proceeds of enforcement of such security. In addition, as mentioned above, the expenses of a liquidation or administration would also rank ahead of the claims of the security agent as floating charge holder.

Limitation on enforcement

The grant of a Guarantee or Collateral by any of the chargors in respect of the obligations of another group company must satisfy certain legal requirements. More specifically, such a transaction must be allowed by the respective company's memorandum and articles of association. To the extent that the above do not allow such an action, there is the risk that the grant of the guarantee and the subsequent security can be found to be void and the respective creditor's rights unenforceable. Some comfort may be obtained for third parties if they are dealing with an English Obligor in good faith, however the relevant legislation is not without difficulties in its interpretation. Further, corporate benefit must be established for each English Obligor in question by virtue of entering into the proposed transaction. Section 172 of the Companies Act 2006 provides that a director must act in the way that he considers, in good faith, would be most likely to promote the success of the English Obligor for the benefit of its members as a whole. If the directors enter into a transaction where there is no or insufficient commercial benefit, they may be found as abusing their powers as directors and such a transaction may be vulnerable to being set aside by a court. Section 172(3) of the Companies Act 2006 additionally provides that, in certain circumstances, the directors need to consider or act in the interests of the creditors of the company. While the statutory provisions do not prescribe when directors' duties to creditors arise, the Court of Appeal has recently held that the shift takes place when the directors know, or should know, that the company in question is or is likely to become insolvent, with "likely" in this context meaning "probable."

Security and/or guarantees granted by an English Obligor may also be subject to potential limitations to the extent they would result in unlawful financial assistance contrary to UK company law.

Under UK company law, subject to limited exceptions, any security granted by a charging company incorporated in England and Wales (including security governed by law other than English law) (together with prescribed particulars of the relevant security) may be delivered to the Registrar of Companies for registration within 21 days after the date of creation of the relevant security interest. While the Companies Act 2006 does not impose an obligation as such on English companies to register security created on or after April 6, 2013, security will be deemed to be void against a liquidator, administrator and any creditor of the applicable charging company if not registered within the 21-day period. When security becomes so void, the debt which was intended to be secured by such security is deemed to become immediately payable. In limited circumstances, it may be possible to apply to the English courts for an order to rectify a failure to register and allow the relevant charge to be registered after the 21-day period has expired. Due to the COVID-19 pandemic, the 21-day period has been extended to 31 days under the Companies etc. (Filing Requirements) (Temporary Modifications) Regulations 2020. These regulations came into effect on June 27, 2020 and will expire on April 5, 2021, unless further extended by that date.

Security over assets (including shares)

Security (other than by way of a legal mortgage) over assets (including shares of an English Company) granted by an English Obligor or over assets of the English Obligor are, under English law, equitable charges, not legal charges. An equitable charge arises where a chargor creates an encumbrance over the property in favor of the chargee and/or transfers the beneficial interest in the property to the chargee but retains legal title to the property. Remedies in relation to equitable charges may be subject to equitable remedies or are otherwise at the discretion of the court.

Security over bank accounts

With respect to any security over bank accounts (each an "**Account Charge**") granted by an English Obligor, the banks with which some of those accounts are held (each an "**Account Bank**") may hold a right at any time (at least prior to them being notified of a crystallization event under the Account Charge) to exercise the rights of netting or set-off to which they are entitled under their cash pooling or other arrangements with that guarantor. As a result, and if the security granted over those accounts is merely a floating (rather than fixed) charge, the collateral constituted by those bank accounts will be subject to the relevant Account Bank's rights to exercise netting and set-off with respect to the bank accounts charged under the relevant Account Charge. Once the floating charge has crystallized and converted into a fixed charge (as it would on enforcement or the occurrence of certain insolvency events with respect to the relevant English Obligor) and the Account Bank has been formally notified of that fact, the collateral will no longer be subject to the relevant Account Bank's netting and set-off rights.

Scheme of arrangement

A scheme of arrangement is a statutory procedure, pursuant to Part 26 of the Companies Act 2006, which permits a company to enter into an arrangement or compromise with its members or creditors (or any class of them).

The English courts have jurisdiction to sanction a scheme of arrangement that effects a compromise of a company's liabilities with respect to its creditors (or any class of its creditors) where such company (i) is liable to be wound-up under the Insolvency Act and (ii) has "sufficient connection" to the English jurisdiction.

In practice, a non-English company is likely to satisfy the first limb of this test and the second limb has been found to be satisfied where, amongst other things, the company's "centre of main interests" is in England, the company's finance documents are English law governed, or the company's finance documents have been amended in accordance with their terms to be governed by English law. Ultimately, each case will be considered on its particular facts and circumstances so previous cases will not necessarily determine whether or not any of the grounds of the second limb are satisfied in the present case.

Before the court considers the sanction of a scheme of arrangement, affected creditors will vote on the proposed compromise or arrangement in respect of their claims in a single class or in a number of classes, depending on the rights of such creditors that will be affected by the proposed scheme and any new rights that such creditors are given under the scheme. Such compromise can be proposed by the company or its creditors. If a majority in number representing 75% or more by value of those creditors present and voting at the meeting(s) of each class of creditors vote in favor of the proposed scheme, irrespective of the terms and approval thresholds contained in the finance documents, then that scheme will (subject to the sanction of the court) be binding on all affected creditors, including those affected creditors who did not participate in the vote and those who voted against the scheme. The scheme then needs to be sanctioned by the court at a sanction hearing where the court will review the fairness of the scheme and consider whether it is reasonable. The court has discretion as to whether to sanction the scheme as approved, make an order conditional upon modifications being made or reject the scheme.

Unlike an administration proceeding, the commencement of a scheme of arrangement does not trigger a moratorium of claims or proceedings.

Corporate Insolvency and Governance Act 2020

On June 26, 2020, the Corporate Insolvency and Governance Act 2020 ("**CIGA 2020**") enacted fundamental reforms to the United Kingdom's existing insolvency and companies legislation. Some of these measures had been proposed in August 2018 but were fast-tracked through the United Kingdom legislative process in response to the COVID-19 pandemic. The measures include the following:

Moratorium

Part A1 of the Insolvency Act, as introduced by CIGA 2020, provides a standalone moratorium which can benefit certain distressed companies by giving them various protections from creditors and providing them with a breathing space to formulate a rescue and/or restructuring plan. The moratorium is a 'debtor-in-possession' process, meaning that a company in a moratorium remains under the management of its directors, but the moratorium is supervised by an insolvency practitioner, called a 'monitor'. Despite the existence of a "payment holiday" in respect of certain pre-moratorium debts which exists throughout the moratorium, the company will still be expected to pay certain debts incurred while the moratorium is in force under an obligation incurred before the moratorium commenced (known as "priority pre-moratorium debts"), including the costs of goods and services, employees and rent, together with all amounts falling due under loan agreements and other financial services contracts.

Not all companies are eligible for the moratorium. Schedule ZA1 to the Insolvency Act sets out a number of exclusions from eligibility which includes companies that are a party to capital markets arrangements where the debt incurred (or, when entering into the agreement, expected to be incurred) was at least £10 million (at any time during the life of the capital market arrangement) and the arrangement involves the issue of a capital market investment. This includes, amongst other things, secured and unsecured debt, but the debt instrument either has to be rated, listed, traded (or designed to be rated, listed or traded), or bonds or commercial paper issued to professional, high net worth or sophisticated investors.

Ipso Facto Clauses Prohibited

CIGA 2020 introduced a permanent prohibition on the operation and exercise of termination clauses and the imposition of amended terms by a supplier in contracts for goods and services, which would have been triggered by the counterparty company being made subject to a relevant insolvency procedure. Such procedures include winding-up and administration, as well as the new moratorium and restructuring plan. Other rights to terminate under the contract (i.e. other than on the counterparty being subject to a relevant insolvency procedure) are preserved, to the extent the termination event arises after commencement of the insolvency proceeding. A supplier may be allowed to terminate the contract if the company or the relevant insolvency practitioner consents or if permission is granted by the court on it being satisfied that the continuation of the contract would cause the supplier hardship. Financial services contracts and entities involved in financial services are not affected by this new prohibition.

Restructuring Plan

CIGA 2020 also provides for a new restructuring process, similar to a scheme of arrangement under the Companies Act 2006 (see "*England and Wales—Scheme of Arrangement*"), but with an ability for a cross-class cram-down to bind dissenting stakeholders to the restructuring plan proposed. This new standalone restructuring plan under Part 26A of the Companies Act 2006 is available to any company that is liable to be wound up under the Insolvency Act. The Secretary of State is given the express power to exclude regulated companies providing financial services from being able to propose a restructuring plan, and may also provide for other exclusions as to the type of debtor company or creditor entities that may be party to a restructuring plan.

The company must: (i) have encountered, or be likely to encounter, financial difficulties that are affecting, or will or may affect, its ability to carry on business as a going concern; and (ii) have proposed a compromise or arrangement with its creditors or members (or any class of either of them) for the purpose of eliminating, reducing, preventing or mitigating the effect of such financial difficulties. There is no financial eligibility criteria, thereby making it available to both solvent and insolvent companies (in the latter case, the plan would be proposed by the incumbent insolvency practitioner). Where a convening application is made within 12 weeks after the end of the new standalone moratorium (see above), any creditors in respect of "moratorium debts" and "priority pre-moratorium debts" (see "**Moratorium**") may not participate in the vote and may not be compromised under the Restructuring Plan without their consent.

The process closely resembles that for schemes of arrangement, whereby a proposed restructuring plan must be filed at court as part of the proponent's application to convene a meeting of creditors or members. At the convening hearing, the court will examine the classes of stakeholders and whether it has jurisdiction to make judgment on the proposed restructuring plan. Once the court is satisfied it has jurisdiction and with the allocation of classes, it will order a meeting of each class of creditors/members to vote on the proposed restructuring plan: details of such meeting(s) must be sent to every stakeholder in each class, accompanied by a statement explaining the effect of the plan and state any material interests of the directors of the company and the effect on those interests of the plan insofar as it is different from the effects on the like interests of other persons. Creditors and members whose rights would be affected by the restructuring or compromise arrangement must be permitted to participate in the relevant meeting, unless they have been excluded by reason of having no genuine economic interest in the company.

The creditors/members of a class are deemed to approve a restructuring plan if at least 75% in value of the creditors/members of that class who are present and voting (in person or by proxy) have voted in favor of the proposals. Unlike with a scheme of arrangement, there is no requirement for a majority in number of those creditors present and voting to vote in favor of a restructuring plan for class approval to be given.

As stated above, a restructuring plan has an additional feature which a scheme or arrangement does not have, a "cross-class cram down" provision. This allows the court to sanction a restructuring plan even if not all of the relevant classes of creditors and/or members have voted in favor of it. In order for the court to sanction a cross-class cram down the court must be satisfied that none of the dissenting classes are any worse off under the plan than they would be in the event of the "relevant alternative" (being whatever the court considers would be most likely to occur in relation to the company if the restructuring plan were not sanctioned); and that the plan has been agreed by 75% in value of a class of creditors or members present and voting (in person or by proxy) who would receive a payment, or have a genuine economic interest in the company, in the event of the relevant alternative. Similar to a scheme of arrangement, a restructuring plan then needs to be sanctioned by the court at a sanction hearing. Although there are no provisions which expressly set out how the court's discretion is to be exercised, the court will draw on the principles applicable to schemes. For example, the court may refuse to grant sanction if it considers that the restructuring plan is not just and equitable.

Parties' rights following confirmation of a restructuring plan will be as provided for in the plan and any previous rights will be extinguished.

Unlike an administration proceeding, the commencement of a restructuring plan does not trigger a moratorium on claims or proceedings, although the directors may apply for moratorium (see above) to provide protection pending the sanction of the plan if the relevant company is eligible.

Statutory demands and winding-up petitions (temporary measure)

CIGA 2020 (as amended) has temporarily suspended the ability of creditors to present a winding-up petition during the period between April 27, 2020 and March 31, 2021 (subject to change) on the basis of a company's inability to satisfy a statutory demand where the statutory demand was served between March 1, 2020 and March 31, 2021, unless the creditor has reasonable grounds to believe that COVID-19 did not have a financial effect on the company or that the company's inability to pay its debts would have existed even if COVID-19 had not had a financial effect on the company. With regards to petitions that have been presented during this period but before CIGA 2020 came into force, the court can make such order as it thinks appropriate to restore the position to what it would have been if the petition had not been presented. This could lead to the voiding of winding-up orders made in respect of such petitions. Similarly, no winding-up orders may be made by the courts during this period on the basis of an inability to pay debts if: (i) it appears to the court that COVID-19 had a financial effect on the company before the presentation of the petition, and (ii) the court is not satisfied that the inability to pay debts would have existed even if COVID-19 had not had a financial effect on the company. Any winding-up orders made during this period but before CIGA 2020 came into force will be void and the court can give directions to the insolvency official to restore the company to its "pre-petition" position.

So-called "*Henry VIII*" *powers*

CIGA 2020 further confers on the UK government some extensive powers to make a range of further amendments to corporate insolvency and governance legislation under delegated regulations. For example, regulations may be made to amend or modify the conditions that must be met before an insolvency procedure applies to certain entities, or the way in which the procedure applies, or to change or disapply a person's corporate duties and liabilities.

The Netherlands

Where debtors have their COMI or an "establishment" in the Netherlands they may become subject to Dutch insolvency proceedings governed by Dutch insolvency laws. This is particularly relevant to certain Guarantors which are incorporated under the laws of the Netherlands and have their statutory seat (*statutaire zetel*) in the

Netherlands (the "**Dutch Guarantors**"), and which are therefore presumed (subject to proof to the contrary and exceptions under the Recast Insolvency Regulation) to have their COMI in the Netherlands. See further "—*European Union*" below.

Dutch insolvency laws differ significantly from insolvency proceedings in the U.S. and other jurisdictions, and may make it more difficult for you to recover the amount you would normally expect to recover in a liquidation or bankruptcy proceeding in the U.S. or another jurisdiction. There are circumstances under Dutch insolvency law in which the granting by a Dutch Guarantor of security and guarantees can be challenged. The following is a brief description of certain aspects of the Dutch insolvency laws.

There are three insolvency regimes under Dutch law in relation to corporations. The first, a suspension of payments (*surseance van betaling*), is intended to facilitate the reorganization of a debtor's debts and enable the debtor to continue as a going concern. The second, a pre-insolvency plan also known as the Dutch Scheme (*onderhands akkoord*), is also intended to facilitate the reorganization of a debtor's debts and enable the debtor to continue as a going concern. The third, bankruptcy (*faillissement*), is primarily designed to liquidate the assets of a debtor and distribute the proceeds thereof to its creditors. In practice a suspension of payments often results in the bankruptcy of the debtor. All insolvency regimes are set forth in the Dutch Bankruptcy Act (*Faillissementswet*). A general description of the principles of those insolvency regimes is set out below. This general description is subject to the Emergency Legislation discussed under the heading "—*Emergency Legislation to Protect Enterprises in Financial Distress due to the COVID-19 pandemic*" below.

Suspension of payments

Only the debtor can make an application for a suspension of payments, and only if it foresees that it will be unable to continue to pay its debts as they fall due. Once the application has been filed, a court will immediately (*dadelijk*) grant a provisional suspension of payments and appoint one or more administrators (*bewindvoerders*). A meeting of creditors is required to decide on the definitive suspension of payments. If a draft composition (*ontwerp akkoord*) is filed simultaneously with the application for a suspension of payments, the court can order that the composition will be processed before a decision about a definitive suspension of payments. If the composition is accepted and subsequently ratified by the court (*gehomologeerd*), which ratification will be final and binding (*kracht van gewijsde hebben*) the provisional suspension of payments ends. The definitive suspension of payments will generally be granted, unless a qualified minority (meaning, more than one-quarter of the amount of claims held by creditors represented at the creditors' meeting or more than one-third of the number of creditors of the amount of claims held by creditors present at the creditors' meeting) of the unsecured, non-preferential, creditors declare against it or if there is a valid fear that the debtor will try to prejudice the creditors during a suspension of payments or if there is no prospect that the debtor will be able to satisfy its creditors in the (near) future. That the debtor must be able to satisfy its creditors does not mean that they must be paid in full. It suffices that creditors can be satisfied to some extent (for example, by receiving a percentage of their claims within the framework of a composition). Other than in the case of the ordering by a competent court of a statutory stay of execution of up to two months (extendable by another period of up to two months) imposed by court order, a suspension of payments will only affect unsecured, non-preferential creditors. During such stay of execution, a secured creditor may not, without the court's consent (i) claim the asset subject to the security right if it is under the control of (*in de macht van*) the debtor subject to a suspension of payments or (ii) seek recourse against the asset.

The Dutch Scheme

On October 6, 2020, Dutch Parliament passed a bill for the implementation of a composition outside bankruptcy or moratorium of payments proceedings and is referred to as the Act on Confirmation of Extrajudicial Restructuring Plans (*Wet homologatie onderhands akkoord* ("**CERP**")). The bill entered into force on January 1, 2021. Under the CERP, a proceeding will become available to restructure debts of companies in financial distress outside insolvency proceedings (the "**Dutch Scheme**"). The CERP provides that a debtor or a court-appointed restructuring expert may offer creditors (including secured creditors) and shareholders, or any number of them, a composition plan. Upon confirmation by the court, such plan is binding on the creditors and shareholders to which it has been offered and changes their rights. A composition plan under the CERP can also extend to claims against group companies of the debtor on the account of guarantees for the debtor's obligations, if *inter alia* (i) the relevant group companies are reasonably expected to be unable to continue to pay their debts as they fall due and (ii) the Dutch courts would have jurisdiction if the relevant group company would offer its creditors and shareholders a composition plan under the CERP. Jurisdiction of the Dutch courts under the CERP may extend to entities incorporated or residing outside the Netherlands on the basis that there is a connection with the jurisdiction of the Netherlands.

Under the CERP, voting on a composition plan is done in classes. Approval by a class requires a decision adopted with a majority of two-third of the claims of that class that have voted on the plan or, in the case of a class of shareholders, two-thirds of the shares of that class that have voted on the plan. The CERP provides for the possibility for a composition plan to be binding on a non-consenting class (cross-class cram down). Under the CERP, the court will confirm a composition plan if at least one class of creditors (other than a class of shareholders) that can be expected to receive a distribution in case of a bankruptcy of the debtor approves the plan, unless there is a ground for refusal. The court can, *inter alia*, refuse confirmation of a composition plan on the basis of (i) a request by an affected creditor of a consenting class if the value of the distribution that such creditor receives under the plan is lower than the distribution it can be expected to receive in case of a bankruptcy of the debtor or (ii) a request of an affected creditor of a non-consenting class, if the plan provides for a distribution of value that deviates from the statutory or contractual ranking and priority to the detriment of that class.

Under the CERP, the court may grant a stay on enforcement of a maximum of 4 months, with a possible extension of 4 months. During such period, *inter alia*, all enforcement action against the assets of (or in the possession of) the debtor is suspended, including action to enforce security over the assets of the debtor. Accordingly, during such stay a pledgee of claims may not collect nor notify the debtors of such pledged claims of its rights of pledge.

Claims of creditors against the Dutch Guarantors can be compromised as a result of a composition plan adopted and confirmed in accordance with the CERP. A composition plan under the CERP can extend to claims against entities that are not incorporated under Dutch law and/or are residing outside the Netherlands as long as those entities have a sufficient connection with the jurisdiction of the Netherlands. Accordingly, the CERP can affect the rights of the Trustee and/or the holders of the Notes under the Indenture and therefore the Notes.

Bankruptcy

Under Dutch law, a debtor can be declared bankrupt when it has ceased to pay its debts. Bankruptcy can be requested by a creditor of the debtor or the holder of a security interest over a claim from such creditor, when there is at least one other creditor. At least one of the claims (of the creditor requesting bankruptcy or the other creditor) needs to be due and payable. Bankruptcy can also be declared in certain circumstances when a debtor is subject to a suspension of payments. The debtor can also request the application of bankruptcy proceedings itself, provided it has obtained prior approval of its general meeting to file an application for its own bankruptcy. The articles of association of the debtor can preclude the necessity of such general meeting approval. Furthermore, the Public Prosecution Service (*het Openbaar Ministerie*) can request the application of bankruptcy proceedings for reasons of public interest (*openbaar belang*). In Dutch bankruptcy proceedings, a debtor's assets are generally liquidated and the proceeds distributed to the debtor's creditors according to the relative priority of those creditors' claims and, to the extent certain creditors' claims have equal priority, in proportion to the amount of such claims.

Certain parties, such as secured creditors, can benefit from special rights. Secured creditors, such as pledgees and mortgagees, may enforce their rights separately from bankruptcy and do not have to contribute to the liquidation costs; however, enforcement of the security interest might be subject to the following: (i) a statutory stay of execution of up to two months (extendable by another period of up to two months) imposed by court order pursuant to Article 63a of the Dutch Bankruptcy Act (which may be a total period of eight months if the similar statutory stay of execution under Article 241a of the Dutch Bankruptcy Act (referred to above) is first applied during suspension of payments), which has the same effects as set forth above for stays of execution in suspensions of payment; (ii) a receiver in bankruptcy (*curator*) can force a secured party to foreclose its security interest within a reasonable time (as determined by the receiver in bankruptcy pursuant to Article 58(1) of the Dutch Bankruptcy Act), failing which the receiver in bankruptcy will be entitled to sell the relevant rights or assets and distribute the proceeds to the secured party after a deduction of liquidation costs; and (iii) excess proceeds of enforcement must be returned to the company's receiver in bankruptcy and may not be offset against an unsecured claim of the company's secured creditor.

A suspension of payment and bankruptcy proceedings against Dutch debtors would allow secured creditors (and in the case of suspension of payments also preferential creditors (including tax and social security authorities)) to satisfy their claims by proceeding against the assets (that secure their claims) as if there were no bankruptcy or suspension of payments. However, a statutory stay of execution as described above may be ordered by the competent court both in a suspension of payments and bankruptcy. Furthermore, certain preferred creditors have a preference by virtue of law. Unlike secured creditors, preferred creditors are not entitled to foreclose on assets of the bankrupt. They do have priority in the distribution of the proceeds of the bankrupt debtor's assets. Restrictions on the enforcement of security interests may apply. For instance, higher ranking rights must be respected. These may include secured creditors and tax and social security authorities. A statutory stay of execution of security rights and other rights, as described above, may be imposed. Furthermore, a receiver in bankruptcy can force a secured creditor to enforce its security right within a reasonable period of time, failing which the receiver in bankruptcy will be entitled to sell the secured assets, if any, and the secured creditor will have a preferred claim in respect of the proceeds, meaning that the secured creditor will have to share in the bankruptcy costs, which may be significant. Excess proceeds of any enforcement must be returned to the bankrupt estate; they may not be set off against an unsecured claim of the secured creditor. Such set-off may be allowed prior to the bankruptcy, although at that time it may be subject to clawback in the case of fraudulent conveyance or bad faith in obtaining the claim used for the set-off.

Any pending executions of judgments against the debtor will be suspended by operation of law when a suspension of payments is granted, and will terminate by operation of law when bankruptcy is declared. In addition, all attachments on the debtor's assets will cease to have effect upon the suspension of payments having become definitive, a composition having been ratified by the court or the declaration of bankruptcy (as the case may be) subject to the ability of the court to set an earlier date for such termination. Litigation pending on the date of the bankruptcy order is automatically stayed. Both a suspension of payments and bankruptcy have retroactive effect from 00.00 hours of the day on which the suspension of payments or the bankruptcy of the relevant Dutch company is declared.

Both in a definitive suspension of payments and bankruptcy, a composition (*akkoord*) may be offered to creditors. A composition will be binding for all unsecured and non-preferential creditors if it is: (i) approved by a simple majority (*gewone meerderheid*) of the number of creditors represented at the creditors' meeting, representing at least 50% of the amount of the claims that are acknowledged and conditionally admitted; and (ii) subsequently ratified (*gehomologeerd*) by the court. Consequently, Dutch insolvency law could preclude or inhibit the ability of the holders of the Notes to effect a restructuring and could reduce the recovery of a holder of Notes in a Dutch suspension of payments proceeding or bankruptcy. Interest accruing after the date on which a suspension of payments or bankruptcy is granted cannot be claimed in a composition.

All unsecured, pre-bankruptcy claims will have to be verified in the insolvency proceedings in order to be entitled to vote and, in a bankruptcy liquidation, entitled to distributions. If the bankruptcy has ended with a composition, a claim that has not been submitted for verification within the deadline set therefore can no longer be enforced. Any remaining funds will be distributed to the company's shareholders. "**Verification**" under Dutch law means, in the case of a suspension of payments, that the treatment of a disputed claim for voting purposes is determined and, in the case of a bankruptcy, the unsecured, pre-bankruptcy claims are submitted to the receiver in bankruptcy for verification, and the receiver in bankruptcy then makes a determination as to the claim's existence, ranking and value and whether and to what extent it should be admitted in the bankruptcy proceedings (for voting).

In case of bankruptcy, creditors who wish to dispute the receiver in bankruptcy's verification of their claims will be referred to a claim validation proceeding (*renvooiprocedure*) in order to establish the amount and rank of the disputed claim, while in a suspension of payments the court will decide how a disputed claim will be treated for voting purposes. These procedures could cause holders of Notes to recover less than the principal amount of their Notes or less than they could recover in a U.S. liquidation proceeding. The *renvooi* proceedings could also cause payments to the holders of Notes to be delayed. The claim of a creditor, other than a claim to the extent that it is secured by Dutch law security, may be limited depending on the date the claim becomes due and payable in accordance with its terms. Claims that fall due more than one year after the date of the bankruptcy, will be valued for distribution purposes as of the date the bankruptcy was declared. Claims that become payable within one year after the bankruptcy was declared will be considered payable from the day the bankruptcy was declared. Interest on claims accruing after the bankruptcy order date cannot be admitted unless secured by a pledge or mortgage, in which case interest will be admitted *pro memoria*, such as in case of the Notes. To the extent that interest is not covered by the proceeds of the security, the creditor may not derive any rights from the admission. No interest is payable in respect of unsecured claims as of the date of a bankruptcy.

Emergency Legislation to Protect Enterprises in Financial Distress due to the COVID-19 pandemic

On December 17, 2020, the Dutch parliament adopted emergency legislation regarding a temporary suspension of enforcement and other measures in support of enterprises during the COVID-19 pandemic (*Tijdelijke wet COVID-19 SZW en JenV*). The emergency legislation provides for a court-ordered moratorium and several related protections which currently apply and can, if and when necessary, be extended for two-month periods at a time.

The measures of the legislation apply to enterprises (other than regulated entities) whose continuity is threatened due to the COVID-19 pandemic. In response to a request from creditors (other than the Tax authorities) to declare the enterprise bankrupt or initiate the execution or seizure of assets, the enterprise/debtor can request the court to grant a moratorium vis-à-vis those creditors of two months (which may be extended twice at the request of the enterprise/debtor by two-month periods at a time), and if such moratorium is granted by the court then during such period:

(i) the bankruptcy petition is stayed;

(ii) payment obligations to those creditors are suspended, and any prior default does not, in and of itself, provide a legal basis to change the terms or suspend performance of, or terminate, an agreement with those creditors; and

(iii) if the court so decides, conservatory and executory attachments by those creditors are suspended, and no other enforcement measures can (continue to) be taken by those creditors against the assets of their debtor without the prior approval of the court.

The measures referred to in (iii) can also be requested in summary proceedings and attachments can be terminated as part of such proceedings. It is important to note that as currently proposed, any measure of the court only affects those creditors who requested the bankruptcy or initiated the execution or seizure of assets of the debtor. However, any request by other creditors will most likely result in the court taking the same decisions.

When considering the request to apply the measures discussed above, the court will need to establish that the enterprise/debtor has made it plausible that, solely or mainly due to the outbreak of the COVID-19 virus, the enterprise has not been able to continue its business as usual and as a result has temporarily become unable to pay its debts when they fall due. Creditors not covered by the moratorium retain these rights vis-à-vis their debtor. The enterprise/debtor is in any event presumed to be in this position if it can provide financial information that shows that prior to the outbreak of the COVID-19 virus or the restrictive measures announced since March 15, 2020 (i) it had sufficient liquidity to satisfy its due and payable debts, and (ii) its revenue decreased by at least 20% compared to the average revenue in the preceding three months. The court will further need to conclude that following the moratorium the enterprise/debtor will be able to satisfy its debts and that the creditor(s) that are affected are not significantly and unreasonably prejudiced as a result of the moratorium. When granting a moratorium, the court can take any measures it considers necessary to ensure the interests of the creditor(s) are not prejudiced. See further "*Enforceability of Guarantees and Security General Defenses and Corporate Benefit*" below.

Enforceability of Guarantees and Security General Defenses and Corporate Benefit

All actions described in the preceding paragraph are still available to be pursued and have been left to the parties themselves to determine as necessary, under the guidance of general civil law principles on reasonableness and fairness, unforeseen circumstances and the other principles set out above. However, guidelines issued by the Dutch courts provide that applications in insolvency and attachment matters (which may include enforcement of security) should clearly state whether, and how, the matters addressed in the relevant court petition are related to the COVID-19 pandemic and indicate that the Dutch courts will, on the relevant petition, consider all relevant circumstances to determine whether the filing constitutes an abuse of the current situation, which expressly includes the consideration of the impact of COVID-19. Furthermore, any enforcement action or court process may face delays or other practical challenges in light of the COVID-19 pandemic.

Furthermore, if a Dutch Guarantor enters into a transaction (such as the granting of a guarantee or security interest), the validity and enforceability of the relevant transaction may be contested by the Dutch company or its administrator in a suspension of payments or its receiver in bankruptcy, if both (i) the obligations of the company under that transaction do not fall within the scope of the objects clause as set out in the company's articles of association (*doeloverschrijding*) and (ii) the other party to the transaction knew or should have known this without independent investigation. In determining whether the granting of a guarantee or the giving of security is in furtherance of the objects and purposes of the relevant Dutch company, a Dutch court would not only consider the text of the objects clause in the articles of association of the company but also all relevant circumstances, including whether the transaction is in the company's corporate interests (*vennootschappelijk belang*), whether the company derives certain commercial benefits from the transaction in respect of which the guarantee or security interest was granted and any indirect benefit derived by the relevant Dutch company as a consequence of the interdependence of it with the group of companies to which it belongs and whether or not the subsistence of the relevant Dutch company is jeopardized by conducting such transaction. The mere fact that a certain legal act (*rechtshandeling*) is explicitly mentioned in the objects clause in the articles of association of the company may not be conclusive evidence to state that such legal act is in its corporate interest.

The enforceability of the obligations of a Dutch Guarantor may also be limited under the 1977 Sanction Act (*Sanctiewet 1977*) or otherwise by international sanctions.

Under Dutch law, the obligations of a Dutch Guarantor may be affected by (a) the standards of reasonableness and fairness (*maatstaven van redelijkheid en billijkheid*); (b) force majeure (*niet toerekenbare tekortkoming*) and unforeseen circumstances (*onvoorziene omstandigheden*); and (c) the other general defenses available to debtors under Dutch law in respect of the validity, binding effect and enforceability of the Notes. Other general defenses include claims that a security interest should be voided because it was entered into through undue influence (*misbruik van omstandigheden*), fraud (*bedrog*), duress (*bedreiging*) or error (*dwaling*). Other impeding factors include suspension of performance (*opschorting*), dissolution of contract (*ontbinding*) and set off (*verrekening*). Furthermore, the courts of the Netherlands may change the effects of a contractual obligation on the basis of abuse of authority (*misbruik van bevoegdheid*). Moreover, enforcement of the Guarantees or security interests may be capable of being rescinded (*vernietigd*) as a result of lack of consensus ad idem (*wilsgebreken*) and the legal consequences thereof.

Fraudulent Conveyance

Dutch law contains specific provisions dealing with fraudulent conveyance both in and outside bankruptcy: the *actio pauliana* provisions. Under Dutch law, any creditor of a Dutch Guarantor (outside bankruptcy) or its administrator or receiver (in bankruptcy) may nullify any transaction or legal act entered into by a Dutch Guarantor in connection with the Notes, under certain circumstances, if (i) the transaction or legal act entered into by the Dutch Guarantor in connection with the Notes (including the granting of the Guarantee or any security) was conducted without a prior existing legal obligation to do so (*onverplicht*); (ii) the creditor(s) concerned or, in the case of its or their bankruptcy, any creditor was prejudiced as a consequence of such transactions or legal act (irrespective of whether a creditor's claim arose prior to or after such transactions); and (iii) at the time of the transaction or legal act entered into a Dutch Guarantor in connection with the Notes was conducted (including the granting of the Guarantee or any security), the relevant Dutch Guarantor and, unless the transactions were conducted for no consideration (*om niet*), the counterparty knew or should have known that one or more of the entities' creditors (existing or future) would be prejudiced (*actio pauliana*).

A receiver in bankruptcy may nullify a transaction on behalf of and for the benefit of the joint insolvent debtor's creditors, and the burden of proof of the above-mentioned elements of fraudulent conveyance in principle rests on the receiver in bankruptcy. Knowledge of prejudice is, however, presumed by law for certain transactions performed within a "suspect period" of one year prior to an adjudication of bankruptcy. This is applicable for certain transactions only, the most important application being in cases where the obligations of the bankrupt materially exceed those of the other party, the satisfaction of existing obligations of the bankrupt that are not yet due, and acts between the bankrupt and its counterparty when the shares in both are held (indirectly) by the same shareholder or if the bankrupt and its counterparty are part of the same group of companies. The foregoing requirements for invoking fraudulent transfer provisions outside a bankruptcy apply *mutatis mutandis* when invoking fraudulent transfer provisions during a bankruptcy. In addition, the receiver in bankruptcy may challenge a transaction if it was conducted on the basis of a prior existing legal obligation to do so (*verplichte rechtshandeling*), if (i) the transaction was conducted at a time when the counterparty knew that a request for bankruptcy had been filed or (ii) if such transaction was conducted as a result of deliberation between the debtor and the counterparty in order to give preference to the counterparty over the debtor's other creditors. Consequently, the validity of any such transactions conducted by a Dutch legal entity may be challenged and it is possible that such a challenge would be successful.

Jersey

Insolvency

Certain of the Guarantors are incorporated under the laws of Jersey. Consequently, in the event of an insolvency of those Guarantors, insolvency proceedings may be initiated in Jersey. There are two principal regimes for corporate insolvency in Jersey: a "*désastre*" and a creditors' winding up.

In a *désastre*, a creditor makes an application for an Act of the Royal Court of Jersey (the "**Royal Court**") under the Bankruptcy (*Désastre*) (Jersey) Law 1990, as amended (the "**Jersey Bankruptcy Law**") declaring the property of a debtor to be "*en désastre*" (a "**declaration**"). On a declaration of "*désastre*," title and possession of the property of the debtor vest automatically in the Viscount, an official of the Royal Court (the "**Viscount**"). With effect from the date of the declaration, a creditor has no other remedy (except by way of proving in the *désastre*) against the property or person of the debtor, and may not commence or, except with the consent of the Viscount or the Royal Court, continue any action or legal proceedings to recover the debt. However, with effect from the date of the declaration, a secured party under a Jersey law governed security interest agreement may, without the consent of the Viscount or an order of the Royal Court, exercise any power of enforcement it may have under Part 7 (Enforcement of Security Interests) of the Security Interests (Jersey) Law 2012 (the "**2012 Law**") in respect of the relevant collateral.

Alternatively, the shareholders of a Jersey company (but not its creditors) can instigate a winding up of an insolvent company by special resolution, which is known as a "creditors' winding up" pursuant to Chapter 4 of Part 21 of the Companies (Jersey) Law 1991, as amended (the "**Jersey Companies Law**"). Creditors must be given at least 14 days' notice of a meeting of creditors which must be held immediately after the meeting of the company to commence the winding up. A liquidator is nominated by the shareholders of the company and the creditors may either approve the nominated liquidator or appoint a different one. The liquidator will stand in the shoes of the directors and administer the winding up, gather and realize assets, settle claims and distribute assets as appropriate. Similar provisions apply to those relevant on a *désastre* in terms of the ability to take action and enforce Jersey law security against the company after the commencement of the winding up; however, the corporate state and capacity of the company continue until the end of the winding up procedure, when the company is dissolved.

The Jersey Companies Law requires a creditor of a company (subject to appeal) to be bound by an arrangement entered into by the company and its creditors immediately before or in the course of its winding up if (among other things) three quarters in number and value of the creditors acceded to the arrangement.

Compromises and arrangements with creditors

Although not an insolvency proceeding, under Article 125 of the Jersey Companies Law, the Royal Court may sanction a compromise or arrangement (a "**Scheme**") between a Jersey company and its creditors or shareholders (or a class of either of them). The Royal Court may, on application of the company (or a creditor or shareholder or, if the company is being wound up, a liquidator), order a meeting to be called at which the proposed Scheme must be agreed to by a majority in number representing:

- 75% in value of the creditors (or class of creditors); or
- 75% of the voting rights of the shareholders (or class of shareholders),

as the case may be, present and voting either in person or by proxy at a meeting or meetings held before the Royal Court considers the sanction of the Scheme. If the requisite majority of creditors or shareholders (or of the relevant class of either of them) agrees to the Scheme and, following such agreement, the Royal Court sanctions the Scheme, the Scheme is binding on all creditors or shareholders (or on the relevant class of either of them) and on the company (or any liquidator and contributories of the company if the company is being wound up).

Transactions at an undervalue

Under Article 17 of the Jersey Bankruptcy Law and Article 176 of the Jersey Companies Law, the Royal Court may, on the application of the Viscount (in the case of a company whose property has been declared "*en désastre*") or liquidator (in the case of a creditors' winding up, a procedure which is instigated by shareholders not creditors), set aside a transaction (including any guarantee or security interest) entered into by a company with any person (the "**other party**") at an undervalue. There is a five-year look-back period from the date of commencement of the winding up or declaration of "*désastre*" during which transactions are susceptible to examination pursuant to this rule (the "**relevant time**"). The Jersey Bankruptcy Law and the Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a transaction at an undervalue, the operation of the relevant time and the effect of entering into such a transaction with a person connected with the company or with an associate of the company.

Preferences

Under Article 17A of the Jersey Bankruptcy Law and Article 176A of the Jersey Companies Law, the Royal Court may, on the application of the Viscount (in the case of a company whose property has been declared "*en désastre*") or liquidator (in the case of a creditors' winding up), set aside a preference (including any guarantee or security interest) given by the company to any person (the "**other party**"). There is a 12-month look-back period from the date of commencement of the winding up or declaration of "*désastre*" during which transactions are susceptible to examination pursuant to this rule (the "**relevant time**"). The Jersey Bankruptcy Law and the Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a preference, the operation of the relevant time and the effect of entering into a preference with a person connected with the company or with an associate of the company.

Extortionate transactions, disclaimer of onerous property, and customary law fraudulent dispositions

Under Article 17C of the Jersey Bankruptcy Law and Article 179 of the Jersey Companies Law, the Royal Court may, on the application of the Viscount (in the case of a company whose property has been declared "*en désastre*") or liquidator (in the case of a creditors' winding up), set aside a transaction providing credit to the debtor company which is or was extortionate. There is a three-year look-back period from the date of commencement of the winding up or declaration of "*désastre*" during which transactions are susceptible to examination pursuant to this rule. The Jersey Bankruptcy Law and the Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a transaction which is extortionate.

Under Article 15 of the Jersey Bankruptcy Law, the Viscount may within six months following the date of the declaration of "*désastre*" and under Article 171 of the Jersey Companies Law, a liquidator may within six months following the commencement of a creditors' winding up, disclaim any onerous property of the company. "**Onerous property**" is defined to include any moveable property, a contract lease or other immoveable property if it is situated outside of Jersey that is unsaleable or not readily saleable or is such that it might give rise to a liability to pay money or perform any other onerous act, and includes an unprofitable contract.

A disclaimer operates to determine, as of the date it is made, the rights, interests and liabilities of the company in or in respect of the disclaimed property and discharges the company from all liability in respect of the property as of the date of the commencement of the creditors' winding up/*désastre.* However, a disclaimer does not, except so far as is necessary for the purpose of releasing the company from liability, affect the rights or liabilities of any other person. A person sustaining loss or damage as a result of a disclaimer is deemed to be a creditor of the company to the extent of the loss or damage and shall have standing as a creditor in the *désastre* or creditors' winding up. The Jersey Bankruptcy Law and the Jersey Companies Law contain detailed provisions, including (without limitation) in relation to the powers of the Royal Court in respect of disclaimed property.

In addition to the Jersey statutory provisions referred to above, there are certain principles of Jersey customary law (for example, a Pauline action) under which dispositions of assets with the intention of defeating creditors' claims may be set aside.

Enforcement of security and security in insolvency

Under the laws of Jersey, a person incorporated, resident or domiciled in Jersey is deemed to have capacity to grant security governed by foreign law over property situated outside Jersey, but to the extent that any floating charge or other security interest governed by a foreign law is expressed to apply to any asset, property and undertaking of a person incorporated, resident or domiciled in Jersey such floating charge or other security interest is not likely to be held valid and enforceable by the Jersey courts in respect of Jersey situs assets. The Insolvency Act 1986 (either as originally enacted or as amended, including by the provisions of the Enterprise Act 2002) does not apply in Jersey and receivers, administrative receivers and administrators are not part of the laws of Jersey. Accordingly, the Jersey courts may not recognize the powers of an administrator, administrative receiver or other receiver appointed in respect of Jersey situs assets.

The Royal Court (in its inherent jurisdiction) may, however, under Article 49(1) of the Jersey Bankruptcy Law assist the courts of prescribed countries and territories and, applying general principles of comity, assist the courts in other jurisdictions, in all matters relating to the insolvency of any person to the extent that the Royal Court think fit. Further, in doing so, the Royal Court may have regard to the UNCITRAL model law, even though the model law has not been (and is unlikely to be) implemented as a separate law in Jersey.

If insolvency proceedings have been commenced in another jurisdiction in relation to the company, the nature and extent of the cooperation from Jersey is likely to depend on the nature of the requesting country's insolvency regime.

In the case of both statutory and non-statutory requests for assistance, it should be noted that the UNCITRAL provisions will not automatically be followed as this is a matter for the discretion of the Royal Court. The Royal Court's position may also not be in accordance with the Recast Insolvency Regulation (see "*—European Union*" below). Jersey does not form part of the European Union for the purposes of implementation of its directions. Accordingly, the Recast Insolvency Regulation does not apply as a matter of Jersey domestic law and the automatic test of center of main interests does not apply.

Enforcement of a security interest against a Jersey company may be further limited by bankruptcy, insolvency, liquidation, dissolution, re-organization or other laws of general application relating to or affecting the rights of creditors, and laws in relation to transactions at an undervalue, preferences, extortionate credit transactions, disclaimer of onerous property and fraudulent dispositions also apply in Jersey.

Under Jersey law, security over Jersey situs assets is created in accordance with the provisions of Jersey law. The Jersey situs intangible movable assets of the Jersey Guarantors will be secured pursuant to Jersey law governed security interest agreements. The 2012 Law provides that a secured party may enforce security over intangible movable assets by way of sale or appropriation of the collateral or proceeds. In addition, a secured party may take certain ancillary actions, including any bespoke enforcement powers included in a security interest agreement, to the extent not in conflict with the 2012 Law. More than one enforcement option can be taken, and taking one or more of the enforcement options specified above does not preclude the exercise of other rights of a secured party. The power of enforcement is exercisable once an event of default has occurred and written notice specifying the event of default has been served on the grantor of security by the secured party. If enforcement is by way of sale or appropriation, the secured party must give the grantor 14 days' prior written notice. Importantly, the grantor may agree in writing to waive its right to notice of appropriation or sale and it is usual to include such a waiver in the security agreement. The secured party is obliged on sale or appropriation, to give at least 14 days' prior written notice to: (i) any person who, 21 days before the sale or appropriation, has a registered security interest in the collateral; and (ii) any person other than the grantor who has an interest in the collateral and has, not less than 21 days before the sale or appropriation, given the secured party notice of that interest unless, in each case, the secured party and such person have otherwise agreed in writing. There are specific carve-outs from the obligation to give notice of sale. On exercising the power of enforcement by appropriation or sale, the secured party must: (i) take all commercially reasonable steps to determine or, in the case of a sale, obtain the fair market value of the collateral, as at the time of the relevant appropriation or sale; (ii) act in a commercially reasonable manner in relation to the appropriation or sale; and (iii) (in the case of a sale only) enter into any agreement for or in relation to the sale only on commercially reasonable terms. The duty of the secured party is owed to the grantor and also to any other person to whom the secured party was required to give notice of sale or appropriation (whether or not they have agreed in writing to waive the notice requirements). If, in exercising its powers of enforcement, a secured party appropriates or sells collateral, it must, within 14 days after the day on which the collateral is appropriated or sold, give certain persons (being the grantor, any person with a registered subordinate security interest and certain persons claiming an interest in the collateral) a written statement of account setting out certain information in relation to that appropriation or sale. If a secured party has sold or appropriated the collateral and the net value or proceeds of appropriation or sale (as appropriate) of the collateral exceeds the amount of the debt owed to the secured party, the secured party shall pay the amount of any resulting surplus in the following order: (i) in payment, in due order of priority, to any person who has a subordinate security interest in the collateral and has registered a financing statement over that security interest (where the registration remained effective immediately before the appropriation or sale); (ii) in payment to any other person (other than the grantor) who has given the secured party notice that that person claims an interest in the collateral and in respect of which the secured party is satisfied that that person has a legally enforceable interest in the collateral; and (iii) as to the balance (if any) in payment to the relevant grantor. Alternatively, the secured party may discharge its obligation above with respect to any surplus by paying that amount into the Royal Court. The surplus may then only be paid out on the order of the court on application by a person entitled to the surplus.

Jersey guarantee limitations

The Indenture will provide that any right which at any time any Jersey Guarantor has under the existing or future laws of Jersey whether by virtue of the *droit de discussion* or otherwise to require that recourse be had to the assets of any other person before any claim is enforced against such Guarantor in respect of its obligations under the Indenture will be irrevocably and unconditionally abandoned and waived.

The Indenture will also provide that any right which at any time any Jersey Guarantor may have under the existing or future laws of Jersey whether by virtue of the *droit de division* or otherwise to require that any liability under the Indenture be divided or apportioned with any other person or reduced in any manner whatsoever will be irrevocably and unconditionally abandoned and waived.

Gabon

Validity and enforceability of a Gabonese Security

The OHADA Uniform Act on Security of December 2015 is applicable to any Gabonese law Security or Guarantee document. The pledge is the most common type of security that is used by lenders in a transaction of a similar nature.

The execution of a document in counterparts is not recognized in Gabon and the pledge should be executed in French in 6 originals. This means that the wet-ink signatures of each party to the Security document must appear on the last and same page of each original pledge agreement; Furthermore, a single document cannot gather different types of pledges (e.g. pledges over shares, bank accounts and receivables). A separate document needs to be executed for each type of pledge.

A pledge is subject to specific perfection requirements that condition its validity and enforceability in Gabon and before Gabonese courts. In this regard, any Gabonese law pledge, accompanied with the underlying debt instrument (e.g. the Senior Secured Revolving Credit Facility), should be registered with the tax authority and the *Registre du Commerce et du Crédit Mobilier* or *RCCM* (i.e. the Companies Registry) in order for the pedge to be enforceable. In this regard, for instance, the company issuing the pledged shares must be duly incorporated in the Gabon RCCM in order for the registration formalities to be achievable.

Insolvency

The three steps discussed below are applicable to corporate insolvency proceedings against a Gabonese company under the OHADA Uniform Act on collective proceedings of September 10, 2015, (the "**Insolvency Uniform Act**") to the extent that it has its registered office or its main interest in Gabon.

Preventive settlement (règlement préventif)

The preventive settlement, as set out under article 2 of the Insolvency Uniform Act, is a proceeding designed to prevent a debtor company's insolvency or the cessation of activities of such company, and to permit the clearing of its debts by way of a composition agreement (*concordat préventif*). In this proceeding, the competent court is petitioned by a debtor who states his economic and financial situation and presents the prospects for the redress of the company. After the submission of the composition agreement, the court issues a decision suspending any individual proceedings, including provisional measures and enforcement measures that may already have been initiated by creditors against the debtor, and also prohibits any new individual proceedings. The judge also then appoints an expert who assesses the debtor's financial situation and reports to the judge. Where the debtor provides a serious composition agreement, the court has the authority to approve the composition agreement and issue a decision of preventive settlement. Alternatively, if the court establishes the cessation of payment, it must pronounce a court supervised administration or the liquidation of assets of the debtor as explained below.

Court supervised administration (redressement judiciaire)

A court supervised administration is a proceeding designed to save the debtor company and to clear its debts by way of a composition with creditors (*concordat de redressement*). This proceeding is aimed at debtors who are unable to meet their liabilities with their available assets. When such a judgment is pronounced, it results in the continuation of the debtor's business activities, with assistance from an administrator, the suspension and prohibition of any individual proceedings, the declaration and verification of claims and the ratification or approval of a composition proposal. This is then followed by the payment of creditors and the continuation of the debtor's business activities. If the court does not approve the composition proposal or if the composition is cancelled due to the failure of the debtor to honor its commitments, the court then has the authority to convert the court supervised administration into a procedure whereby assets are liquidated.

Liquidation of assets (liquidation des biens)

The liquidation of assets is a procedure for the purpose of disposing of the debtor company's assets to clear its debts. A judge would order liquidation when it appears that the debtor has not made a serious proposal for reorganization that would allow for its creditor's financial recovery and the clearing of its liabilities. When such a judgment is pronounced, it results in the removal of the debtor from the administration and the disposition of the company's assets, declaration and verification of creditor's claims, winding-up of the debtor company, disposition of its assets or sale of its business and payment of claims.

Other

The court supervised administration and the liquidation of assets may be initiated at the request of the debtor, a creditor or the competent court on the basis of information provided by the public prosecutor, the company's auditor or shareholders.

A judgment resulting in the initiation of insolvency proceedings (the bankruptcy order) rendered by a Gabonese court has the effect of forming either a single body of creditors (*la masse des créanciers*) which is represented by an insolvency receiver (*syndic*) for court supervised administration or a collective body (*état d'union*) in respect of liquidation of assets.

The Insolvency Uniform Act provides that the judgment resulting in the initiation of insolvency proceedings suspends and prohibits any individual proceedings against the company as well as any payment of creditors. Such suspension is also applicable to secured creditors. In addition, the opening judgment shall have the effect of suspending the accrual of legal and contractual interests and interest on overdue payments.

Any acts carried out by the debtor during the pre-bankruptcy hardening period (*période suspecte*) starting from the date of the cessation of payments up to the date of the judgment are not effective against third-parties. The hardening period is determined with retroactive effect by the Gabonese court in the bankruptcy judgement and can go back 18 months prior to the date of such judgement.

The period of cessation of payments does not result in automatic termination of ongoing contracts except for *intuitu personae* contracts. Only the insolvency receiver is entitled to require the execution of any ongoing contracts subject to the provision by the other party of the services promised. If the contract is bilateral (*synallagmatique*) and if the insolvency receiver has not provided the promised service, the other party is entitled to raise the *exception non adimpleti* principle.

For the realization of the debtor company's assets, only the insolvency receiver is entitled to undertake the sale of the company's assets, the collection and the settlement of debts. The amount arising from the sales and the collections are immediately deposited in a special banking account. A judge would then order creditors to share this amount. In this respect and in the event of liquidation of the company, creditors are paid in accordance with Article 225 (immovable) and Article 226 (movable) of the Uniform Act on Security.

The creditors' ranking is as follows in respect of immovable properties:

- First, the creditors owed legal costs incurred in the process leading to the sale of the property and in the actual distribution of the assets;
- Second, the creditors of highly preferred wages;
- Third, the creditors having a mortgage and individual creditors registered within the legal deadline, each according to the rank of his registration in the land register;
- Fourth, the creditors with a general lien requiring registration and following their ranking at the registry of commerce;
- Fifth, the creditors with a general lien not requiring registration; and
- Sixth, the unsecured creditors.

The creditors' ranking is as follows in respect of movable properties:

- First, the creditors owed legal costs incurred in the process leading to the sale of the property and in the actual distribution of the assets;
- Second, the creditors who incurred the cost in conserving the debtor's property in the interest of the creditor with older debts;
- Third, the creditors of highly preferred wages;
- Fourth, the creditors guaranteed by a general lien subject to registration or a pledge;
- Fifth, the creditors with a special personal property lien;
- Sixth, the creditors with a general lien not requiring registration; and
- Seventh, the unsecured creditors.

Gabon guarantee limitations

The Indenture will provide that nothing in the Indenture shall be construed to create upon the Gabon Guarantor more onerous obligations than those of the Company as principal debtor.

Unless otherwise agreed in writing, nothing in the Indenture shall be construed to increase the Gabon Guarantor's obligations to an amount exceeding the maximum amount guaranteed as expressly agreed by the Gabon Guarantor in words and in figures. Where the two differ, the guarantee shall be good for the amount in words.

The guarantee is valid only if the principal debtor's obligations have been validly established.

The Gabon Guarantor may invoke against the creditors (i.e. the Trustee and the holders of the Notes) the exceptions inherent in the obligations belonging to the principal debtor, which tend to reduce, extinguish or defer the principal debtor's obligations.

Notwithstanding any clause in the Indenture to the contrary, shortening of the term of the principal debtor's obligations shall not automatically extend to the Gabon Guarantor, which shall only be required to pay on the due date determined at the time when the guarantee was provided.

If the creditors fail to inform the Gabon Guarantor of any payment default within one month following a formal notice of payment addressed to the principal debtor, the Gabon Guarantor cannot be required to pay any penalties or default interests accrued between the date of the default and the date on which the Gabon Guarantor is informed.

Isle of Man

Certain of the Guarantors are incorporated under the laws of the Isle of Man. Consequently, in the event of an insolvency of those Guarantors, insolvency proceedings may be initiated in the Isle of Man.

Under Isle of Man insolvency laws, the following types of proceedings may be opened against a Guarantor:

- winding-up; and
- receivership.

In addition to these proceedings, the ability of creditors to receive payments due to them from an Isle of Man Guarantor may be affected by a scheme of arrangement in respect of such Guarantor. Isle of Man law makes provision for companies to compromise with creditors or classes of creditors. A scheme of arrangement can be proposed between an Isle of Man Guarantor and its creditors. If a majority in number representing 75% in value of the creditors or class of creditors agree to any arrangement or compromise, such arrangement is binding on all the creditors or class of creditors of such Isle of Man Guarantor if sanctioned by the Isle of Man court. The Isle of Man court will sanction a scheme of arrangement if it is reasonable, the interests of all the parties are considered, and the classes of creditors were fairly represented at the meeting considering the proposed scheme, for which due notice was given.

There is no equivalent in Isle of Man law to (among others) the Insolvency Act 1986 of England and Wales. Consequently, Isle of Man law does not provide for many of the insolvency proceedings which exist in England and Wales, and in particular does not recognise the concept of an administrator or an administrative receiver, or provide for company voluntary arrangements. Enforcement against an Isle of Man Guarantor in the Isle of Man, or against its assets (if any) in the Isle of Man, will be governed by Isle of Man law and procedure.

Winding-up

An Isle of Man company can be wound up in one of three ways:

- by the court;
- voluntarily; or
- subject to supervision of the court.

Winding up by the court

The circumstances in which a company may be wound-up by the court include:

- where the company has by special resolution resolved that it should be wound-up by the court;
- where the company is unable to pay its debts (within the meaning of Section 163 of the Isle of Man Companies Act 1931 (as amended) (the "**1931 Act**")); or
- the court is of the opinion that it is just and equitable that the company should be wound-up.

An application to the court for the winding-up of a company must be made by way of a petition and may be made by the company, the Isle of Man Treasury, any creditor or any shareholder of the company.

Any disposition of the company's property and any transfer of shares or alteration in the status of the members of the company after commencement of the winding-up shall, unless the court otherwise orders, be void. In addition, once a winding-up order has been made, or a provisional liquidator has been appointed, no legal action may be continued or commenced against the company without leave of the court.

Voluntary winding up

The shareholders and creditors of a company have the power to appoint a liquidator to the company. Any transfer of shares, not being a transfer made to or with the sanction of the liquidator, and any alteration in the status of the members of the company, made after the commencement of a voluntary winding up, shall be void. In addition, there is no automatic stay on proceedings against the company, although a liquidator (or creditor or shareholder) may apply to the court for such a stay.

Winding up subject to the supervision of the court

In the event that a company has passed a resolution that it will be voluntarily wound-up, the court may order that the voluntary winding-up shall continue subject to the supervision of the court on such terms as the court sees fit.

Receivership

If an Isle of Man Guarantor ceases to make payments it may become subject to receivership proceedings. The Isle of Man has no legislative provisions regarding the appointment and powers of receivers, its law being essentially that of England and Wales before the introduction of the Insolvency Act and the UK Enterprise Act 2002 (as amended). The power to appoint a receiver, and any powers that such a receiver may exercise, may be provided in the security documentation, and are therefore matters of contract. Any charge over assets governed by Isle of Man law would usually have detailed and carefully considered provisions concerning the powers granted to any receiver appointed thereunder.

Preferred Creditors under Isle of Man law

By virtue of the Isle of Man Preferential Payments Act 1908 (as amended) ("**PPA 1908**") and the Isle of Man Recovery of Rents Act 1954, certain preferential debts are payable in a winding up of an Isle of Man company in priority to other creditors save for certain secured debts.

Preferential debts are listed in order in the PPA 1908 as follows:

(i) any amount owed by the debtor in respect of an eligible protected deposit;

(ii) all debts due to the Crown or to any person on behalf of the Crown;

(iii) all rates having become due the payable within the past 12 months;

(iv) wages and salaries owed to employees for a prescribed period and to a prescribed amount;

(v) accrued holiday pay to employees;

(vi) certain sums sue to apprentices and articled clerks and reserve armed forces;

(vii) national insurance contributions owed by the debtors in the past 12 months prior to insolvency;

(viii) sums in respect of occupational pension scheme contributions and state scheme premiums.

As crown preference was abolished under the UK Enterprise Act 2002, this area of preferential creditors is one where the Isle of Man is no longer aligned with English law developments.

Pursuant to section 78 of the 1931 Act and section 5 of the PPA 1908, which would apply when an Isle of Man Guarantor is not at the time in the course of being wound up, an obligation is imposed upon any receiver who is appointed to discharge the preferential debts listed above out of assets coming into his hands which are subject to a floating charge in priority to the claims of the floating charge holder under such charge.

In addition, pursuant to section 4 of the Isle of Man Recovery of Rent Act 1954, landlords in the Isle of Man are entitled to arrears of rent in respect of Isle of Man situs real property arising in the past 12 months in preference to all creditors except for those with fixed security and those listed above as preferential creditors under the PPA 1908.

Priority of Debts

The overall priority of payments to creditors in a winding-up of an Isle of Man Guarantor where the assets of such company have been charged is thought to be as follows:

(i) creditors holding a fixed security (to the extent of their security);

(ii) preferential creditors under the PPA 1908 (see above);

(iii) creditors holding a floating charge (to the extent of the charge);

(iv) the costs of the winding up, including the liquidator's remuneration;

(v) unsecured creditors; and

(vi) company shareholders.

Challenges to guarantees and security

There are circumstances under Isle of Man insolvency law in which the granting by an Isle of Man company of security and guarantees can be challenged.

In some cases, this will only arise if the company is placed into liquidation within a specified period of the granting of the guarantee or security. Therefore, if during the specified period a liquidator is appointed to a company, the liquidator may challenge the validity of the security or guarantee given by such company. An Isle of Man Guarantor cannot be certain that, in the event that the onset of a company's insolvency is within any of the requisite time periods set out below, the grant of a security interest and/or guarantee in respect of the Notes would not be challenged or that a court would uphold the transaction as valid.

As the Isle of Man does not have equivalent legislation to the Insolvency Act 1986 of England and Wales, under Isle of Man law there is, for example, no offence of wrongful trading, no provision dealing with transactions at an undervalue and there is no direct equivalent to either Sections 239 (Preferences) or 423 (Transactions defrauding creditors) of such Insolvency Act.

The principal grounds under Isle of Man law upon which a liquidator would be able to set aside security creates by an Isle of Man Guarantor (whether fixed or floating security) are set out below.

Fraudulent Preferences

Under Section 250 of the 1931 Act anything done or suffered to be done by an Isle of Man Guarantor within four months ending with the commencement of a winding up of that company may be set aside as a preference. The thing done or suffered will be liable to be set aside if at the time it was done or suffered that company was unable to pay its debts within the meaning of Section 163 of the 1931 Act or became unable to pay its debts within the meaning of that section in consequence of the thing done or suffered and that thing has the effect of putting any person in a better position, in the event of that company going into insolvent liquidation, than that person would have been in if the thing had not been done or suffered. However, the Isle of Man court will not make such an order unless it is proved that the thing was done or suffered to be done with the substantial or dominant view of giving that person a preference over other creditors. (Unlike the hardening provisions in the U.K. insolvency legislation, the relevant Isle of Man legislation does not recognize the concept of connected persons.)

Fraudulent transactions

By virtue of section 4 of the Isle of Man Fraudulent Assignments Act 1736, an assignment or disposition of property by a company entered into with a view to defrauding creditors is void and of no effect. This provision may be used at any time by a creditor whether or not the relevant company is in liquidation. The Isle of Man courts have held that transactions will only be void under the Fraudulent Assignments Act 1736 if there is an intention to defraud creditors and that it will be a question of fact in each case whether or not the transaction is bona fide or "a contrivance to defraud creditors." However, a transaction will be void if it is entered into when the debtor is insolvent or with the intent to leave a debtor insolvent and unable to pay creditors. Transactions entered into on an arm's length basis are unlikely to constitute transactions which are capable of being avoided under this statute.

Floating Charges

Pursuant to section 251 of the 1931 Act, where a company is being wound up, any floating charge created by it within six months of the commencement of the winding up shall be invalid unless it can be proved that such company was solvent immediately after the creation of the floating charge or except to the extent of any new consideration provided to it.

Onerous Property

A liquidator has the power to disclaim any onerous property, which is any unprofitable contract and any other property of the company that cannot be sold, readily sold or may give rise to a liability to pay money or perform any other onerous act. A contract may be unprofitable if it gives rise to prospective liabilities and imposes continuing financial obligations on the company that may be detrimental to creditors. However, this power cannot disturb accrued rights and liabilities under an executed contract.

Specific forms of Security

Isle of Man guarantee limitations

The Indenture will provide that any term or provision of the Indenture to the contrary notwithstanding, the maximum aggregate amount of the obligations guaranteed thereunder by any Guarantor incorporated under the laws of the Isle of Man shall not exceed the maximum amount that can be thereby guaranteed by the applicable Isle of Man Guarantor without rendering the guarantee, as it relates to such Isle of Man Guarantor, voidable under applicable laws relating to fraudulent assignment, fraudulent preference, improper corporate benefit or similar laws affecting the rights of creditors generally.

Security over assets (including shares)

Security (other than by way of a legal mortgage) over assets (including shares of an Isle of Man Company) granted by an Isle of Man Guarantor or over assets of an Isle of Man Guarantor are, under Isle of Man law, equitable charges, not legal charges. An equitable charge arises where a chargor creates an encumbrance over the property in favour of the chargee and/or transfers the beneficial interest in the property to the chargee but retains legal title to the property. Remedies in relation to equitable charges may be subject to equitable remedies or are otherwise at the discretion of the court.

Security created by a charge over assets will often be enforced by the lender by appointing a receiver over the asset. There are no statutory powers for receivers under Isle of Man insolvency law. Therefore, a person will only have the power to appoint a receiver (and the receiver will only have such powers) as the terms of the relevant security documentation give it as a matter of contract.

Provided the drafting of the security document allows, the appointment of a receiver under the security agreement can be made without the leave of court and the receiver will have power to collect in any income from the asset and to sell it. If the charge does not permit the appointment of a receiver, or if the lender chooses not to exercise this power, the lender can sue for the covenanted debt and a coroner (an officer of the court of the Isle of Man) will be authorized by the court to sell the charged assets at public auction without reserve in accordance with statutory procedure (under the Isle of Man Administration of Justice Act 1981).

Security over bank accounts

With respect to any security over bank accounts (each an "**Account Charge**") granted by an Isle of Man Guarantor, the banks with which some of those accounts are held (each an "**Account Bank**") may hold a right at any time (at least prior to them being notified of a crystallization event under the Account Charge) to exercise the rights of netting or set off to which they are entitled under their cash pooling or other arrangements with that guarantor. As a result, the collateral constituted by those bank accounts will be subject to the relevant Account Bank's rights to exercise netting and set off with respect to the bank accounts charged under the relevant Account Charge.

Recharacterization of fixed security interests

There is a possibility that a court could find that any of the fixed security interests expressed to be created by the security documents governed by Isle of Man law properly take effect as floating charges as the description given to them as fixed charges is not determinative. Whether the purported fixed security interests will be upheld as fixed security interests rather than floating security interests will depend, among other things, on whether the secured party has the requisite degree of control over the chargor's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the security holder in practice. Where the chargor is free to deal with the assets that are the subject of a purported fixed charge in its discretion and without the consent of the chargee, the court would be likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

While recharacterization is a risk for all attempts to create fixed security, it is a particular risk in relation to attempts to create fixed security over receivables. This is because even if a company purports to grant fixed security over its receivables, it will likely retain, in practice, the ability to deal with its receivables in its discretion and without the consent of the chargee.

If any fixed security interest is recharacterized as floating security interest, this can affect the priority of the security interest under Isle of Man insolvency law.

Registration of security

Under Isle of Man law, any security interest granted by an Isle of Man Guarantor (including security governed by laws other than Isle of Man law) (together with prescribed particulars of the relevant security) must be delivered to the Isle of Man Companies Registry for registration within a month of its creation.

Under the Companies Act 2006 (which the applicable Isle of Man Guarantors are incorporated under), if a charge is not registered within the one month filing period, it can be registered at any time thereafter, but this must be done before the company is put into liquidation. If a charge is not registered within the one-month period, an administrative application can be made to the Companies Registry prior to the start of any winding up procedures.

Failure to register a charge will result in the charge and the security created thereunder being void against a liquidator and any creditor of the company. This means that the debt will remain payable but it will be unsecured and rank behind all other secured creditors and pari passu with unsecured creditors.

Taxation

Certain U.S. federal income tax considerations

The following is a discussion of certain U.S. federal income tax considerations of the purchase, ownership and disposition of the Notes, but does not purport to be a complete analysis of all potential tax effects. This discussion is based upon the United States Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury regulations issued thereunder (the "**Treasury Regulations**"), and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. This discussion is limited to consequences relevant to a U.S. holder (as defined below), except for the discussion of Additional Notes (as defined below) and FATCA (as defined under "*—Foreign Account Tax Compliance Act*"). This discussion does not address the impact of the U.S. federal Medicare tax on net investment income or the effects of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws) or any state, local or non-U.S. tax laws. No rulings from the U.S. Internal Revenue Service (the "**IRS**") have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Notes or that any such position would not be sustained.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder's particular circumstances or to holders subject to special rules, such as financial institutions, U.S. expatriates, insurance companies, dealers in securities or currencies, traders in securities, U.S. holders whose functional currency is not the U.S. dollar, tax-exempt entities, regulated investment companies, real estate investment trusts, partnerships or other pass-through entities (or investors in such entities), persons liable for alternative minimum tax, persons holding the Notes as part of a "straddle," "hedge," "conversion transaction" or other integrated transaction, the holders of 2022 Senior Notes that are redeemed in the substantially simultaneous redemption transaction and persons subject to special tax accounting rules as a result of any item of gross income with respect to the Notes being taken into account in an applicable financial statement. In addition, this discussion is limited to persons who purchase the Notes for cash at original issue and at their "issue price" (i.e., the first price at which a substantial amount of the Notes is sold for money, not including sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the Notes as capital assets within the meaning of Section 1221 of the Code.

For purposes of this discussion, a "**U.S. holder**" is a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation or any entity taxable as a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in place to treat the trust as a U.S. person.

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A holder that is a partnership, and partners in such partnership, should consult their tax advisors regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes.

Prospective purchasers of the Notes should consult their tax advisors concerning the tax consequences of holding Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of U.S. federal estate and gift tax laws, the U.S. federal Medicare tax on net investment income, and state, local, non-U.S. or other tax laws.

Payments of stated interest

Payments of stated interest on a Note (including additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) generally will be includible in the gross income of a U.S. holder as ordinary interest income at the time the interest is received or accrued, in accordance with the U.S. holder's method of accounting for U.S. federal income tax purposes.

Original issue discount

The Notes may be issued with OID for U.S. federal income tax purposes. The Notes will be treated as issued with OID if the stated principal amount of such Notes exceeds their issue price (as defined above) by an amount equal to or greater than 0.0025 multiplied by the stated principal amount of the Notes multiplied by the weighted average maturity of the Notes (such amount, the "**De Minimis Amount**").

In the event the Notes are issued with OID, U.S. holders generally will be required to include such OID in gross income (as ordinary income) for U.S. federal income tax purposes on an annual basis under a constant yield accrual method regardless of their regular method of accounting for U.S. federal income tax purposes. As a result, U.S. holders generally will include any OID in income in advance of the receipt of cash attributable to such income.

The amount of any OID with respect to a Note includible in income by a U.S. holder is the sum of the "daily portions" of OID with respect to the Note for each day during the taxable year or portion thereof in which such U.S. holder holds such Note. A daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID that accrued in such period. The accrual period of a Note may be of any length and may vary in length over the term of the Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first or last day of an accrual period. The amount of OID that accrues with respect to any accrual period other than the final accrual period is the excess of (i) the product of the Note's "adjusted issue price" at the beginning of such accrual period and its "yield to maturity," determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of such period, over (ii) the amount of stated interest allocable to such accrual period. OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of stated interest) and the adjusted issue price of the Note at the beginning of the final accrual period. The adjusted issue price of a Note at the start of any accrual period generally is equal to its issue price, increased by the accrued OID for each prior accrual period, and reduced by any prior Mandatory Prepayment Amounts received, in each case, with respect to the Note. The yield to maturity of a Note is the discount rate that, when used in computing the present value of all principal and interest payments to be made under the Note, produces an amount equal to the issue price of the Note.

A U.S. holder may elect to treat all interest (as well as *de minimis* OID, as defined below, if any) on a Note as OID and calculate the amount includible in gross income under the constant yield method described above. The election is to be made for the taxable year in which the Note was acquired, and may not be revoked without the consent of the IRS. U.S. holders should consult their tax advisors about this election.

Mandatory prepayment amounts

Payments on the Notes which are Mandatory Prepayment Amounts will reduce the U.S. holder's stated principal amount of and adjusted tax basis in the Notes, and generally will be treated as a tax-free payment of accrued and unpaid OID (if any) or principal. However, if the Notes are treated as issued at a discount from their stated principal amount that is less than the *De Minimis* Amount (such discount, "***de minimis* OID**"), a U.S. holder is required to include such *de minimis* OID in income as stated principal payments on the Note are made. The includible amount with respect to each payment will be equal to the product of the total amount of the Note's *de minimis* OID and a fraction, the numerator of which is the amount of the principal payment made and the denominator of which is the stated principal amount of the Note. Any amount of *de minimis* OID includible in income under the preceding sentence is treated as an amount received in retirement of the debt instrument and thus as capital gain.

Foreign tax credit

Any non-U.S. withholding tax paid by a U.S. holder at the rate applicable to such holder may be eligible for foreign tax credits (or deduction in lieu of such credits) for U.S. federal income tax purposes, subject to applicable limitations. Stated interest (and OID, if any) on the Notes generally will be income from sources outside the United States and, for purposes of the U.S. foreign tax credit, generally will be considered passive category income. The calculation of foreign tax credits involves the application of complex rules that depend on a U.S. holder's particular circumstances. U.S. holders should consult their tax advisors regarding the availability of foreign tax credits.

Sale, exchange, retirement, redemption or other taxable disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder generally will recognize gain or loss in an amount equal to the difference between the amount realized upon such disposition (other than amounts attributable to accrued and unpaid stated interest, which will be treated as described above under "*—Payments of stated interest*") and the U.S. holder's adjusted tax basis in the Note. A U.S. holder's adjusted tax basis in a Note generally will equal the cost of the Note to the U.S. holder, increased by any OID accrued by such U.S. holder with respect to the Note, and reduced by any Mandatory Prepayment Amounts received with respect to the Note.

Any gain or loss recognized by a U.S. holder on the sale, exchange, retirement, redemption or other taxable disposition of a Note will generally be U.S. source capital gain or loss and will be long-term capital gain or loss if the U.S. holder has held the Note for more than one year at the time of the sale, exchange, retirement, redemption or other taxable disposition. In the case of an individual U.S. holder, any such gain may be eligible for preferential U.S. federal income tax rates if the U.S. holder satisfies certain prescribed minimum holding periods. The deductibility of capital losses is subject to limitations.

Additional Notes

The Company may issue additional notes ("**Additional Notes**") as described under "*Description of notes.*" These Additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes in some cases may be treated as a separate series for U.S. federal income tax purposes. In such case, the Additional Notes may be considered to have OID (or a greater amount of OID) for U.S. federal income tax purposes, which may adversely affect the market value of the original Notes if the Additional Notes are not otherwise distinguishable from the original Notes.

Information reporting and backup withholding

In general, payments of stated interest (and OID, if any) and the proceeds from sales or other dispositions (including retirements or redemptions) of Notes held by a U.S. holder may be required to be reported to the IRS unless the U.S. holder is an exempt recipient and, when required, demonstrates this fact. In addition, a U.S. holder that is not an exempt recipient may be subject to backup withholding unless it provides a taxpayer identification number and otherwise complies with applicable certification requirements.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the appropriate information is timely furnished to the IRS.

Information with respect to foreign financial assets

Certain U.S. holders who are individuals and who hold an interest in "specified foreign financial assets" (as defined in section 6038D of the Code) are required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions). Under certain circumstances, an entity may be treated as an individual for purposes of the foregoing rules. U.S. holders should consult their tax advisors regarding the effect, if any, of this requirement on their ownership and disposition of the Notes, including the significant penalties for noncompliance.

Foreign Account Tax Compliance Act

Pursuant to Sections 1471 through 1474 of the Code (provisions commonly known as "**FATCA**"), and subject to the proposed regulations discussed below, a "foreign financial institution" may be required to withhold U.S. tax on certain "passthru" payments to the extent such payments are treated as attributable to certain U.S. source payments. Obligations issued on or prior to the date that is six months after the date on which applicable final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be "grandfathered," and thus not subject to the rules regarding foreign passthru payments, unless materially modified after such date. Accordingly, if the Company is treated as a foreign financial institution, FATCA withholding could apply to payments on the Notes only if there is a significant modification of the Notes for U.S. federal income tax purposes after the expiration of this grandfathering period. However, if Additional Notes are issued after the expiration of the grandfathering period, have the same CUSIP or ISIN as the original Notes issued hereby, and are subject to withholding under FATCA, then withholding agents may treat all the notes, including the Notes issued hereby, as subject to withholding under FATCA. Under proposed regulations, any withholding on foreign passthru payments on Notes that are not otherwise grandfathered would apply to passthru payments made on or after the date that is two years after the date of publication in the Federal Register of applicable final regulations defining foreign passthru payments. Taxpayers generally may rely on these proposed regulations until final regulations are issued. Non-U.S. governments have entered into agreements with the United States to implement FATCA in a manner that alters the rules described herein. Holders should consult their own tax advisors on how these rules may apply to their investment in the Notes. In the event any withholding under FATCA is imposed with respect to any payments on the Notes, there will be no additional amounts payable to compensate for the withheld amount.

Certain United Kingdom tax considerations

The following applies only to the position of persons who are the absolute beneficial owners of Notes. It is a summary of current United Kingdom law and published HM Revenue & Customs ("**HMRC**") practice (which may not be binding on HMRC), both of which may be subject to change (sometimes with retrospective effect), relating only to the United Kingdom withholding tax treatment of payments of interest and premium on the Notes and stamp tax considerations on the issue or transfer of the Notes. This summary does not deal with other United Kingdom tax consequences of acquiring, holding or disposing of the Notes. The United Kingdom tax treatment of prospective noteholders depends on their individual circumstances and may be subject to change in the future.

This description does not purport to constitute legal or tax advice and does not describe all of the tax considerations that may be relevant to a prospective noteholder. Prospective noteholders who are in doubt as to their own tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, should consult their professional advisers.

Interest on the Notes

Payment of interest on the Notes

Payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax provided that the Notes continue to be listed on a "recognized stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The Luxembourg Stock Exchange is a "recognized stock exchange." The Notes will satisfy this requirement if they are officially listed in Luxembourg in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Euro MTF of the Luxembourg Stock Exchange in accordance with the rules of the Luxembourg Stock Exchange. Provided, therefore, that the Notes remain so listed and admitted to trading, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom tax.

Interest on the Notes may also be paid without withholding or deduction for or on account of United Kingdom income tax where interest on the Notes is paid to a company that is the beneficial owner and, at the time the payment is made, the Company reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In other cases, including in the event the Notes are not or cease to be listed on a "recognized stock exchange," an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20%). However, where an applicable double taxation treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a noteholder, HMRC can issue a direction to the Company to pay interest to the noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double taxation treaty).

Any premium payable on redemption may be treated as a payment of interest for United Kingdom tax purposes and may accordingly be subject to the withholding tax treatment described above.

Payments by a Guarantor

If a Guarantor makes any payments in respect of interest on the Notes (or in respect of other amounts due under the Notes other than the repayment of amounts subscribed for such Notes) such payments may be subject to United Kingdom withholding tax at the basic rate (currently 20%) subject to such relief as may be available under the provisions of any applicable double taxation treaty following a direction by HMRC or any other exemption which may apply. Such payments by a Guarantor may not, however, be eligible for the exemptions from the obligation to withhold tax described in the paragraphs above.

Further United Kingdom tax issues

Interest and any premium on the Notes constitutes United Kingdom source income for United Kingdom tax purposes and may be subject to United Kingdom income tax or corporation tax by way of assessment (including self-assessment) even where paid without withholding or deduction. Accordingly, and subject to certain exceptions applying to various categories of investors (including, in particular, exceptions applying to persons not resident in the United Kingdom), investors may be subject to United Kingdom tax by assessment (including self-assessment) on such payments of interest and premium even when paid without withholding.

Noteholders may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom by or through whom interest is paid or credited. The details provided to HMRC may, in certain cases, be passed on to the tax authorities of the jurisdiction in which the noteholder is resident for taxation purposes.

The references to "interest" above are to "interest" as understood for the purposes of United Kingdom tax law. They do not take into account any different definition of "interest" or "principal" that may prevail under any other tax law or that may apply under the terms and conditions of the Notes or any related document.

Stamp duty and stamp duty reserve tax

No United Kingdom stamp duty or stamp duty reserve tax should be payable on the issue or transfer of the Notes.

General tax considerations

Payments by a Guarantor

If a Guarantor makes any payments in respect of interest on the Notes (or other amounts due under the Notes other than a repayment of amounts subscribed for the Notes) it is possible that such payments may be subject to withholding tax at applicable rates subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply.

Plan of distribution

Subject to the terms and conditions set forth in a purchase agreement (the "**Purchase Agreement**") dated on or about the date of this Offering Memorandum by and among the Company, the Guarantors and the Initial Purchasers, we have agreed to sell to each Initial Purchaser, and each Initial Purchaser has agreed, severally and not jointly, to purchase from us, together with all other Initial Purchasers, Notes in the aggregate principal amount of $1,800.0 million.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering of the Notes, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice. Sales in the United States will be made through certain affiliates of the Initial Purchasers which are registered as U.S. broker-dealers.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Purchase Agreement provides that we will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. We have agreed, subject to certain limited exceptions, that during the period from the date hereof through and including the date that is 60 days after the date hereof, we will not, and the Guarantors will not, without the prior written consent provided for in the Purchase Agreement, offer, sell, contract to sell or otherwise dispose of any debt securities issued or guaranteed by the Company or any of the Guarantors and having a tenor of more than one year (other than the Notes and Guarantees).

The Notes and the Note Guarantees have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act and to certain persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the U.S. Securities Act. Resales of the Notes are restricted as described under "**Notice to investors.**"

Each Initial Purchaser represents warrants and agrees that it:

- has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to us or the Guarantors; and

- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the Initial Purchaser that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Notes, the distribution of this Offering Memorandum and resale of the Notes. See "*Notice to investors.*"

We and the Guarantors have also agreed that we will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the U.S. Securities Act or the safe harbor of Rule 144A and Regulation S under the U.S. Securities Act to cease to be applicable to the offer and sale of the Notes.

The Notes are a new issue of securities for which there currently is no market. We have applied, through our listing agent, to list the Notes on the Official List of the Luxembourg Stock Exchange and trade the Notes on the Euro MTF, however, we cannot assure you that the Notes will be approved for listing or that such listing will be maintained.

The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchaser without notice. In addition, any such market-making activity will be subject to the limits imposed by the U.S. Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you. See "*Risk factors—Risks relating to the Notes and our structure—There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited.*"

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this Offering Memorandum, which will be five business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes. Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of pricing or the next four business days will be required, by virtue of the fact that the Notes initially will settle in T + 7, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own legal advisor.

In connection with the offering, J.P. Morgan Securities plc (the "**Stabilizing Manager**"), or persons acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in the open markets to stabilize the price of the Notes. The Stabilizing Manager, or persons acting on its behalf, may also over allot the Offering, creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in market making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurances can be given as to the liquidity of, or trading markets for, the Notes.

The Initial Purchasers may engage in over-allotment, stabilizing transactions, covering transactions and penalty bids in accordance with Regulation M under the U.S. Exchange Act. Over-allotment involves sales in excess of the offering size, which creates a short position for the relevant Initial Purchaser. Stabilizing transactions permit bidders to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchase of the Notes in the open market after the distribution has been completed to cover short positions. Penalty bids permit the Initial Purchaser to reclaim a selling concession from a broker or dealer when the Notes originally sold by that broker or dealer are purchased in a stabilizing or covering transaction to cover short positions.

These stabilizing transactions, covering transactions and penalty bids may cause the price of the Notes to be higher than it would otherwise be in the absence of these transactions. These transactions, if commenced, may be discontinued at any time.

Certain of the Initial Purchasers or their respective affiliates from time to time may have provided in the past and may provide in the future investment banking, financial advisory, mergers and acquisitions and commercial banking services to us and our affiliates in the ordinary course of business for which they have received or may receive customary fees and commissions. The Initial Purchasers and/or their affiliates acted as lenders, agents or arrangers under our RBL Facilities and/or Corporate Facility. Certain of the Initial Purchasers and/or their affiliates may have entered and may from time to time enter into hedging arrangements with us (including under our expanded hedging program) and our affiliates, may act as our equity brokers and may advise us, or may have advised us on our sale of the assets disposed in the Uganda Disposal, the Equatorial Guinea Disposal and the Dussafu Disposal. Certain proceeds from the Offering will be used to repay all amounts outstanding under the RBL Facility, for which certain of the Initial Purchasers or their affiliates acted as lenders. In addition, in the ordinary course of their business activities, the Initial Purchasers may make or hold a broad array of investments and actively trade debt and equity securities and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments may involve instruments of Company and its affiliates (including the 2025 Senior Notes, the Notes and the RBL Facilities).

Where the Initial Purchasers or their affiliates have a lending relationship with us, certain of those Initial Purchasers or their affiliates routinely hedge their credit exposure to us consistent with their customary risk management policies.

Notice to investors

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes and the Note Guarantees have not been and will not be registered under the U.S. Securities Act, or any state securities laws, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Notes offered hereby are being offered and sold only to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A under the U.S. Securities Act and in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

We have not registered and will not register the Notes or the Note Guarantees under the U.S. Securities Act and, therefore, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, we are offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

- in the United States to "qualified institutional buyers," commonly referred to as "**QIBs,**" as defined in Rule 144A in compliance with Rule 144A; and

- outside the United States in an offshore transaction in accordance with Regulation S.

We use the terms "offshore transaction," "**U.S. person**" and "**United States**" with the meanings given to them in Regulation S.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with us and the Initial Purchasers as follows:

(1) You understand and acknowledge that the Notes and the Note Guarantees have not been registered under the U.S. Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other securities laws, including sales pursuant to Rule 144A under the U.S. Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below.

(2) You are not our "affiliate" (as defined in Rule 144 under the U.S. Securities Act) or acting on our behalf and you are either:

    (a) a QIB, within the meaning of Rule 144A under the U.S. Securities Act and are aware that any sale of these Notes to you will be made in reliance on Rule 144A under the U.S. Securities Act, and such acquisition will be for your own account or for the account of another QIB; or

    (b) you are purchasing the Notes in an offshore transaction in accordance with Regulation S under the U.S. Securities Act.

(3) You acknowledge that none of us, the Guarantors, or the Initial Purchasers, nor any person representing any of them, has made any representation to you with respect to us or the offer or sale of any of the Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that neither the Initial Purchasers nor any person representing the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this Offering Memorandum. You have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers.

(4) You are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act.

(5) You agree on your own behalf and on behalf of any investor account or accounts for which you are purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes (in the case of the Regulation S Notes only, prior to the date (the "**Resale Restriction Termination Date**") that is 40 days after the later of the date of the original issue and the last date on which we or any of our affiliates were the owner of such Notes (or any predecessor thereto)) only (i) to us, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the Notes are eligible pursuant to Rule 144A under the U.S. Securities Act, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the U.S. Securities Act, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the U.S. Securities Act or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to our and the trustee's rights prior to any such offer, sale or transfer (I) pursuant to clause (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing in the Indenture is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**US SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE US SECURITIES ACT ("**RULE 144A**")) OR (B) IT IS A NON-US PERSON AND IS ACQUIRING THIS SECURITY IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 904 OF REGULATION S UNDER THE US SECURITIES ACT ("**REGULATION S**"), (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, [IN THE CASE OF REGULATION S NOTES: PRIOR TO THE DATE (THE "**RESALE RESTRICTION TERMINATION DATE**") WHICH IS 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S)] ONLY (A) TO THE ISSUER, THE GUARANTORS OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE US SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFSHORE TRANSACTIONS TO NON-US PERSONS OCCURRING OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL

TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "US PERSON," "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANING GIVEN TO THEM BY REGULATION S.

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(6) You agree that you will give to each person to whom you transfer the Notes notice of any restrictions on the transfer of such Notes.

(7) You acknowledge that until 40 days after the commencement of the offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act.

(8) You acknowledge that the Registrar will not be required to accept for registration or transfer any Notes acquired by you except upon presentation of evidence satisfactory to us and the Registrar that the restrictions set forth therein have been complied with.

(9) You acknowledge that we, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by your purchase of the Notes is no longer accurate, it shall promptly notify the initial purchasers. If you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such investor account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(10) You understand that no action has been taken in any jurisdiction (including the United States) by us or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Plan of distribution.*"

Legal matters

The validity of the Notes, the Note Guarantees and certain other legal matters are being passed upon for us by Latham & Watkins (London) LLP with respect to matters of U.S. federal, New York state and English law. Certain legal matters will be passed upon for the Initial Purchasers by Vinson & Elkins RLLP with respect to matters of U.S. federal, New York state and English law.

Independent auditors

Our consolidated financial statements as of and for the years ended December 31, 2018 and 2019 included in this Offering Memorandum have been audited by Deloitte LLP, independent auditors, as stated in their reports appearing herein. Our consolidated financial statements as of and for the year ended December 31, 2020 included in this Offering Memorandum have been audited, consistent with the manner referenced in their audit report, by Ernst & Young LLP, independent auditors, as stated in their report appearing herein.

Independent petroleum engineers

Estimates of our gas and oil commercial reserves and contingent resources as of December 31, 2018, included in this Offering Memorandum were based upon a reserve report prepared by independent petroleum engineers, ERC Equipoise Limited. We have included these estimates in reliance on the authority of such firm as an expert in such matters. Estimates of our gas and oil commercial reserves and contingent resources as of December 31, 2019 and estimates of our gas and oil commercial reserves, contingent resources and NPV-10 of 2P Reserves as of December 31, 2020 included in this Offering Memorandum were based in part upon a reserve report prepared by independent petroleum engineers, TRACS Limited. We have included these estimates in reliance on the authority of such firm as an expert in such matters.

Available information

Each purchaser of Notes from an Initial Purchaser will be furnished a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to the Offering Memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to clause (1) above, no person has been authorized to give any information or to make any representation concerning the Notes or each Note Guarantee offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by either us or the Initial Purchasers.

For so long as any of the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, unless we are then subject to Section 13 or 15(d) under the U.S. Exchange Act, make available to any holder or beneficial holder of a Note, or to any prospective purchaser of a Note designated by such holder or beneficial holder, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the U.S. Securities Act upon the written request of any such holder or beneficial owner. Any such request should be directed to Tullow Oil plc, Investor Relations, 9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom, care of Chris Perry.

We are not subject to the periodic reporting and other information requirements of the U.S. Exchange Act. We are a listed company on the Official List of the London Stock Exchange and while we remain listed on the Official List of the London Stock Exchange, we must comply with the reporting requirements established by the Companies Act 2006, as amended, and the Disclosure & Transparency Rules of the United Kingdom Listing Authority. In addition to our ongoing reporting obligations under these regulations, we must send the United Kingdom Listing Authority our preliminary annual results and our annual financial report. We must also send our semi-annual financial reports, along with interim management statements. Pursuant to the Indenture, we will agree to furnish periodic information to the holders of the Notes. See "*Description of notes—Certain covenants—Reports.*"

So long as the Notes are admitted to trading on the Euro MTF and to listing on the Official List of the Luxembourg Stock Exchange, and the rules and regulations of such stock exchange so require, copies of such information will also be available for review during the normal business hours on any business day at the specified office of the Luxembourg Listing Agent.

Service of process and enforcement of civil liabilities

We are incorporated under the laws of England and Wales and the Guarantors are organized under the laws of England and Wales, Gabon, Jersey and the Netherlands.

Most of our directors, officers and other executives are neither residents nor citizens of the United States. Furthermore, most of our assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons, us or the Guarantors or to enforce against them, us or the Guarantors judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws despite the fact that, pursuant to the terms of the Indenture, we and the Guarantors have appointed, or will appoint, an agent for the service of process in New York. It may be possible for investors to effect service of process within England and Wales, Gabon, Jersey and the Netherlands upon those persons, us or the Guarantors provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 and any relevant rules of court applicable in such jurisdictions are complied with.

There is doubt that a lawsuit based upon U.S. federal or state securities laws could be brought in an original action or an action to enforce judgments of U.S. federal or state courts in England and Wales, Gabon, Jersey and the Netherlands. Therefore, a final judgment for the payment of money rendered by any U.S. federal or state court based on civil liability, whether or not based on United States federal or state securities laws, may not be recognized in such jurisdictions.

Gabon

The following matters relate to the enforceability of certain foreign and U.S. court judgments in Gabon.

Recognition of foreign judgments

A foreign court judgment will only be enforceable in Gabon after a Gabonese court issues an exequatur order. In considering whether to issue an exequatur order, the Gabonese court will review the following:

i. the competent court to hear the disputes is not a Gabonese court;

ii. the foreign court judgment is issued by a competent foreign court in accordance with the applicable laws in the relevant jurisdiction;

iii. the defendant has been given the opportunity to defend his case;

iv. the dispute has been given an exact solution in accordance with the applicable laws in the relevant jurisdiction;

v. the Gabonese court has not already issued a decision for the same dispute;

vi. no proceedings relating to the same dispute are ongoing in Gabon; and

vii. the foreign court judgment is not in breach of Gabonese public order.

While the Gabonese court does not reopen the dispute or reconsider the merits of the case, the Gabonese court is authorized by Gabonese laws to reduce the sanction pronounced by the foreign court.

The party applying for an exequatur is required to submit to the Gabonese court the following documents:

i. the original notification document of the foreign court judgment to the parties;

ii. the original foreign court judgment; and

iii. Clerk certificate evidencing that the judgment is final and definitive and is not subject to appeal.

Jersey

The following matters relate to the enforceability of certain foreign and U.S. court judgments in Jersey.

Recognition of foreign judgments

As a general rule, foreign judgments, including judgments obtained in courts outside of Jersey predicated upon civil liabilities and any judgment obtained in courts outside of Jersey predicated upon United States federal securities laws, cannot be directly enforced in Jersey, although an exception to this rule occurs where the Judgments (Reciprocal Enforcement) (Jersey) Law 1960, as amended (the "**1960 Law**"), applies.

The 1960 Law provides for the registration and enforcement in Jersey of judgments given in the superior courts of countries which accord reciprocal treatment to judgments given in Jersey. Presently, the reciprocating countries and their superior courts are as follows:

i. England and Wales: the High Court of Justice, the Court of Appeal, the House of Lords and the Supreme Court of the United Kingdom;

ii. Scotland: the Court of Session, the Sheriff Court and the Supreme Court of the United Kingdom;

iii. Northern Ireland: the Northern Ireland Court of Judicature and the Supreme Court of the United Kingdom;

iv. Isle of Man: Her Majesty's High Court of Justice of the Isle of Man (including the Staff of Government Division); and

vi. Guernsey: the Royal Court of Guernsey and the Court of Appeal of Guernsey.

Not all judgments given by such superior courts can be registered. The registration procedure set out in Part 2 of the 1960 Law applies only to judgments or orders given or made in civil proceedings, or in criminal proceedings for the payment of a sum of money in respect of compensation or damages to an injured party. It does not apply to judgments given by such superior courts on appeal from an inferior court nor, for example, to an English County Court judgment given in proceedings later transferred to the High Court for enforcement. In addition, the judgment must:

i. be final and conclusive as between the parties (whether or not an appeal in the foreign court is pending or possible);

ii. provide for the payment of a sum of money, but not in respect of taxes or similar charges, or a fine or other penalty;

iii. be a judgment which has not been wholly satisfied; and

iv. be able to be enforced by execution in the country of the original court that issued the judgment.

Further detailed provisions in relation to the enforcement of foreign judgments in Jersey are contained in the 1960 Law. If a foreign judgment falls within Part 2 of the 1960 Law, the judgment creditor must use the registration procedure, as further described in the 1960 Law.

Where registration under the 1960 Law is not available, it will be necessary for a holder of a foreign judgment to commence fresh proceedings in Jersey, which proceedings might, *inter alia*, involve a re-examination of the merits of the case in accordance with the principles of private international law as applied by Jersey law (which are broadly similar to the principles accepted under English common law).

The Netherlands

United states judgments

In the absence of an applicable treaty between the United States of America and the Netherlands, a judgment against the Guarantor incorporated in the Netherlands (or any of its directors) rendered by a United States court will not be enforced by the courts of the Netherlands. In order to obtain a judgment which is enforceable in the

Netherlands, the claim must be reheard on the merits before a competent Netherlands court. A binding effect of the judgment obtained in the United States should generally be obtained if proper service of process has been given and if the judgment rendered by the United States court:

i. results from proceedings compatible with Netherlands concepts of due process;

ii. does not contravene public policy of the Netherlands;

iii. the jurisdiction of the United States court has been based on an internationally acceptable ground; and

iv. the judgment by the United States court is not incompatible with a judgment rendered between the same parties by a Netherlands court, or with an earlier judgment rendered between the same parties by a non-Netherlands court in a dispute that concerns the same subject and is based on the same cause, provided that the earlier judgment qualifies for recognition in the Netherlands.

English judgments

Final and enforceable judgments rendered by an English court will be enforced by the courts in the Netherlands subject to the provisions of treaties subject to treaties regarding matters relating to the jurisdiction of courts in civil proceedings such as the Hague Convention on Choice of Court Agreements 2005 where applicable.

Isle of Man

Recognition of foreign judgments

As a general rule, foreign judgments, including judgments obtained in courts outside the Isle of Man predicated upon civil liabilities cannot be directly enforced in the Isle of Man, although an exception to this rule occurs where the Judgments (Reciprocal Enforcement) (Isle of Man) Act 1968 as amended (the "**1968 Act**") applies.

The 1968 Act provides for the registration and enforcement in the Isle of Man of judgments given in the superior courts of countries which accord reciprocal treatment to judgments given in the Isle of Man. Presently, the reciprocating countries and their superior courts include the following:

i. High Court of Justice, Court of Appeal, or the Supreme Court of England and Wales;

ii. Scotland Court of Session, Sheriff Court;

iii. Northern Ireland Supreme Court of Judicature;

iv. Jersey Royal Court, Court of Appeal; and

v. Guernsey Royal Court, Court of Appeal.

Not all judgments given by such superior courts can be registered. The registration procedure set out in the 1968 Act applies only to judgments or orders given or made in civil proceedings, or in criminal proceedings for the payment of a sum of money in respect of compensation or damages to an injured party. In addition, the judgment must:

i. be final and conclusive as between the parties (whether or not an appeal in the foreign court is pending or possible);

ii. provide for the payment of a sum of money, but not in respect of taxes or similar charges, or a fine or other penalty;

iii. be for a moneys sum which has not been wholly satisfied; and

iv. be able to be enforced by execution.

Further detailed provisions in relation to the enforcement of foreign judgments in the Isle of Man are contained in the 1968 Act. If a foreign judgment falls within the 1968 Act, the judgment creditor must use the registration procedure, as further described in the 1968 Act.

Under Isle of Man common law, a foreign judgment in personam given by the court of a foreign country (such as the United States of America) not covered by the 1968 Act with jurisdiction to give that judgment may be recognized and enforced in the Isle of Man courts by an action for the amount due under it provided that the judgment: (i) is for a debt or definite sum of money (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty); (ii) is final and conclusive; (iii) was not obtained by fraud; (iv) is not one whose enforcement would be contrary to public policy in the Isle of Man; and (v) was not obtained in proceedings which were opposed to natural justice in the Isle of Man.

Where registration of a foreign judgment under the 1968 Act is not available, and the foreign judgment is not otherwise enforceable by an action based on the foreign judgment, it will be necessary for a holder of a foreign judgment to commence fresh proceedings in the Isle of Man, which proceedings might, inter alia, involve a re-examination of the merits of the case.

Listing and general information

Application will be made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be traded on the Luxembourg Stock Exchange's Euro MTF.

We may publish or make available any notices (including financial notices) on the official website of the Exchange (www.bourse.lu) , to the extent and in the manner permitted by the rules of the Exchange.

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Euro MTF and the rules of such exchange shall so require, (i) copies of our articles of association and those of the Guarantors, (ii) the Indenture relating to the Notes (which includes the form of the Notes), (iii) the Intercreditor Agreement, (iv) this Offering Memorandum and (v) copies of all of our annual and interim consolidated financial statements included in this Offering Memorandum and those for all subsequent fiscal periods will be available free of charge during normal business hours on any weekday at the offices of our Paying Agent in New York referred to in paragraph 5 below.

We have obtained all necessary consents, approvals and authorizations in the applicable jurisdiction of incorporation of the issuer of the Notes in connection with the issuance and performance of the Notes.

We accept responsibility for the information contained in this Offering Memorandum. To the best of our knowledge, except as otherwise noted, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of this Offering Memorandum.

Neither we nor any of our subsidiaries is a party to any litigation that, in our judgment, is material in the context of the issue of the Notes, except as disclosed herein.

We will have appointed Deutsche Bank Trust Company Americas as our Principal Paying Agent and our Transfer Agent. We reserve the right to vary such appointment and shall publish notice of such change of appointment in a newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or the Luxembourg Stock Exchange's website. Information on the Luxembourg Stock Exchange's website does not form part of this Offering Memorandum. The Paying Agent in New York will act as intermediary between the holders of the Notes and us so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Euro MTF.

The Notes have been accepted for clearance through the facilities of DTC. The Rule 144A Global Notes have a CUSIP of 899415AG8 and the Regulation S Global Notes have a CUSIP of G91237AB6. The Rule 144A Global Notes have an ISIN of US899415AG89 and the Regulation S Global Notes have an ISIN of USG91237AB60. The Rule 144A Global Notes have a common code of 234311913 and the Regulation S Global Notes have a common code of 234311905.

The Company is incorporated as a public limited company under the laws of England and Wales with registered number 3919249 (LEI code: 2138003EYHWO75RKS857). The Company is listed on the London Stock Exchange, the Irish Stock Exchange and the Ghanaian Stock Exchange and trades under TLW. Both its registered office and its principal place of business are located at 9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom and its telephone number is +44 20 3249 8801.

The following is a brief description of the Guarantors that will guarantee the Notes from the date on which the Notes are issued:

Company	Jurisdiction	Registered Office
Tullow Oil SK Limited......................	England and Wales	9 Chiswick Park 566 Chiswick High Road London W4 5XT United Kingdom
Tullow Oil SPE Limited....................	England and Wales	9 Chiswick Park 566 Chiswick High Road London W4 5XT United Kingdom
Tullow Oil Gabon S.A......................	Gabon	Rue Louise Charron-Fortin, Quartier Batterie IV Libreville BP: 9773—Gabon
Tullow Côte d'Ivoire Limited	Jersey	44 Esplanade, St Helier, Jersey JE4 9WG
Tullow Ghana Limited	Jersey	44 Esplanade, St Helier, Jersey JE4 9WG
Tullow Oil International Limited.....	Jersey	44 Esplanade, St Helier, Jersey JE4 9WG
Tullow Kenya B.V............................	The Netherlands	9 Chiswick Park 566 Chiswick High Road London W4 5XT United Kingdom
Tullow Overseas Holdings B.V........	The Netherlands	9 Chiswick Park 566 Chiswick High Road London W4 5XT United Kingdom
Tullow Gabon Holdings Limited	Isle of Man	First Names House Victoria Road Douglas IM2 4DF Isle of Man
Tullow Gabon Limited	Isle of Man	First Names House Victoria Road Douglas IM2 4DF Isle of Man

Glossary

"**1C**"	low estimate scenario of contingent resources. Pursuant to the classifications and definitions provided by the PRMS, 1C resources is that quantity of contingent resources that have at least 90% a probability of equaling or exceeding the amounts actually recovered.
"**2C**"	best estimate scenario of contingent resources. Pursuant to the classifications and definitions provided by the PRMS, 2C resources is that quantity of estimated contingent resources that in the "best estimate" scenario has a probability of at least 50% of equaling or exceeding the amounts actually recovered
"**2P**"	proved reserves plus probable reserves. Pursuant to the classifications and definitions provided by the PRMS, "proved reserves" is defined as those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations and "probable reserves" is defined as those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves
"**3C**"	high estimate scenario of contingent resources. Pursuant to the classifications and definitions provided by the PRMS, 3C resources is that quantity of estimated contingent resources that in the "high estimate" scenario has a probability of at least 10% of equaling or exceeding the amounts actually recovered
"**3D seismic**".............	geophysical data that depicts the subsurface strata in three dimensions
"**4D seismic**".............	geophysical data that involves comparing the results of 3D seismic surveys at different times in the life of an oil and/or gas field
"**accumulation**"........	an individual body of moveable petroleum. A known accumulation (one determined to contain Reserves or Contingent Resources) must have been penetrated by a well
"**appraisal well**"	well drilled to assess characteristics (such as flow rate or volume) of a proven hydrocarbon accumulation
"**Article 6 of the Paris Climate Agreement**"	Article 6 of the Paris Climate Agreement, which is an agreement within the United Nations Framework Convention on Climate Change, on climate change mitigation, adaptation, and finance, signed in 2016. Article 6 is specifically aimed at promoting integrated, holistic and balanced approaches that will assist governments in implementing their nationally determined contributions through voluntary international cooperation.
"**barrel**" or "**b**" or "**bbl**"	a stock tank barrel, a standard measure of volume for oil, condensate and natural gas liquids, which equals 42 US gallons
"**back-in rights**"........	a reversionary interest in a lease which allows a party to a specified share of the working interest when the assignee has recovered specified costs from production
"**bcf**"	billions of cubic feet
"**Block**"	an area of licensed territory comprising one or more licenses
"**boe**".........................	barrels of oil equivalent
"**boepd**"....................	barrels of oil equivalent per day
"**bopd**"......................	barrels of oil per day
"**Brent**"	a particular type of crude oil that is a light, sweet oil produced in the North Sea with most of it being refined in Northwest Europe. Brent is a benchmark oil

"**bwpd**"	barrels of water per day
"**burner tip**".............	the physical point at which natural gas is consumed
"**crude oil**"................	unrefined oil
"**commercial reserves**".................	those quantities of oil and gas anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions
"**contingent resources**"................	those quantities of oil and gas estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies
"**Dated Brent**"	a cargo of Brent that has been assigned a date when it will be loaded onto a tanker
"**Energy Transition**" .	refers to the global energy sector's shift from fossil-based systems of energy production and consumption – including oil, natural gas and coal – to renewable energy sources like wind and solar, as well as lithium-ion batteries.
"**EOPS**".....................	Early Oil Pilot Scheme
"**ESIA**"......................	Environmental and Social Impact Assessments
"**exploration well**" ...	a well drilled to find hydrocarbons in an unproved area or to extend significantly a known oil or natural gas reservoir
"**farm-in**".................	to acquire an interest in a license from another party
"**farm-down**" or "**farm-out**"	to assign an interest in a license to another party
"**FID**"........................	Final investment decision
"**field**"......................	an area consisting of either a single reservoir or multiple reservoirs, all grouped on or related to the same individual geological structural feature and/or stratigraphic condition
"**formation**".............	a body of rock that is sufficiently distinctive and continuous that it can be mapped
"**FPSO**".....................	a floating production, storage and offloading vessel used by the offshore oil and gas industry for the processing of hydrocarbons and for storage of oil
"**FSO**".......................	a floating storage and offloading vessel used only to store and offload oil (and not process it)
"**FTG survey**"	full tensor gradiometry gravity survey, a form airborne gravity survey
"**Full Tensor Gradiometry**" or "**FTG**".......................	a method of measuring the density of the subsurface to detect subsurface anomalies, which can then be used to more accurately locate oil, gas and mineral deposits
"**GHG Protocol Corporate Standard**"	the Greenhouse Gas Protocol Corporate Standard, which is designed to provide a framework for businesses, governments, and other entities to measure and report their greenhouse gas emissions in ways that support their missions and goals.
"**hydrocarbons**"	compounds formed primarily from the elements hydrogen and carbon and existing in solid, liquid or gaseous forms
"**lifting**"....................	the process of loading a tanker with oil
"**mmbbl**"..................	million barrels of oil
"**mmboe**"	million barrels of oil equivalent

"**Net Zero Company**"	a company who has achieved a state in which the activities within the value chain of the company result in no net impact on the climate from greenhouse gas emissions.
"**overlift**"	oil lifted at a field by a joint venture partner at the balance sheet date that exceeds such partner's working interest in such field
"**play**"	a project associated with a prospective trend of potential prospects, but which requires more data acquisition and/or evaluation in an effort to define specific leads or prospects
"**Petroleum Resources Management System**" or "**PRMS**"..	definitions for the assessment, classification and categorization of hydrocarbon resources jointly set out by the Society of Petroleum Engineers (SPE), the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers (SPEE) in March 2007
"**possible reserves**" ..	those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than probable reserves
"**probable reserves**".	those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves
"**production**"	the cumulative quantity of oil and gas that has been recovered at a given date
"**production sharing (contract) (agreement)**" or "**PSC**"	contract by which the host government takes a share of production determined by the relevant cost recovery mechanism in the contract
"**production well**"	a well drilled to obtain production from a proven oil or gas field. Production wells may be used either to extract hydrocarbons from a field or to inject water or gas into a reservoir to improve production
"**prospect**"................	a project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target
"**proved reserves**"....	are those quantities of oil and gas, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations
"**reservoir**"	a subsurface body of rock having sufficient porosity and permeability to store and transmit fluids. A reservoir is a critical component of a complete oil and gas system
"**seal**"........................	a relatively impermeable rock, commonly shale, anhydrite or salt, that forms a barrier or cap above and around reservoir rock such that fluids cannot migrate beyond the reservoir. A seal is a critical component of a complete oil and gas system
"**seismic survey**"	a method by which an image of the earth's subsurface is created through the generation of shockwaves and analysis of their reflection from rock strata. Such surveys can be done in two or three dimensional form. See "3D seismic" and "4D seismic"
"**single point mooring**"	a loading buoy anchored offshore that serves as a mooring point and interconnect for tankers loading or offloading gas or liquid products
"**subsea manifold**" ...	a large metal piece of equipment, made up of pipes and valves and designed to transfer oil or gas from wellheads into a pipeline
"**underlift**"................	oil lifted at a field by a joint venture partner at the balance sheet date that is less than its working interest in such field
"**upstream**"	activities related to the exploration, appraisal, development and extraction of crude oil, condensate and gas

"**VLCCs**" .... very large crude carriers

"**wellhead**" .... all connections, valves, nozzles, pressure gauges, thermometers, installed at the exits from a production well

"**wildcat**" .... wells drilled outside of and not in the vicinity of known oil or gas fields

"**workover**" .... refers to any kind of oil well intervention involving invasive techniques, such as repairing lines and casing or removing sand build up

Index to financial statements

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
Chief Executive Officer
9 March 2021

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.

Area	Our procedures and key observations
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.
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.

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

99% – Full scope components

-1% – Specific scope components

2% – Other procedures

Revenue

90% – Full scope components

7% – Specific scope components

3% – Other procedures

Total assets

73% – Full scope components

21% – Specific scope components

6% – Other procedures

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	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;	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

Risk	Our response to the risk	Key observations communicated to the Audit Committee
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.	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.	impairment reversals in the Group.
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	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;	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

Risk	Our response to the risk	Key observations communicated to the Audit Committee
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.	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.	on the consideration for Uganda asset we are satisfied that the impairment of the Uganda E&E asset is fairly stated.
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	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	Based on the evidence obtained and the audit procedures performed we are satisfied that the accounting treatment in respect of potential tax

Risk	Our response to the risk	Key observations communicated to the Audit Committee
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.	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.	exposures is appropriate. We also concluded that the disclosures made in the financial statements are appropriate.
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	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;	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.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
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.	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.	
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	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;	Based on the audit procedures performed and evidence obtained we are satisfied that the Ghana decommissioning provision is appropriate.

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

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.

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.

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.

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.

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 realization	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
Chief Executive Officer
9 March 2021

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 amortization	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.

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.

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.

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.

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.

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.

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.

Notes to the Group Financial Statements

Year ended 31 December 2020

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

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)

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.

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.

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).

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.

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.

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.

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)

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.

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.

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:

	Market movement	Effect on finance costs 2020 $m	2019 $m	Effect on equity 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:

	Market movement	Effect on profit before tax 2020 $m	2019 $m	Effect on equity 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

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	31 December 2019 $m	Lease liabilities 31 December 2020 $m	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)**

	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 Number	$m	Share premium $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.

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).

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.

	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]			
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.

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	Jubilee, Wawa,	619	49.95%	Tullow	Kosmos, Anadarko, GNPC, Petro
TEN Development Area[1]	Tweneboa, Enyenra, Ntomme		47.18% 2		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.

Licence/Unit area	Blocks	Fields	Area sq km	Tullow interest	Operator	Other partners
United Kingdom[5, 6]						
Thames Area						
P007	49/24aF1 (Gawain)	Gawain7	69	50.00%	Perenco	
P037	49/28a 49/28b	Thames7, Yare7, Bure7, Wensum7	90	66.67%	Perenco	Spirit Energy
	49/28a (part)	Thurne7, Deben7		86.96%	Tullow	Spirit Energy
Gawain Unit8	49/24F1 (Gawain) 49/29a (part)	Gawain7		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

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 00379	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-3810			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
Chief Executive Officer

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.

Notes to the Company Financial Statements

Year ended 31 December 2020

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.

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

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare the Group Financial Statements for each financial year. Under that law the Directors are required to prepare the Group Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the Parent Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 Reduced Disclosure Framework. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 inappropriate to presume that the Company will continue in business.

In preparing the Group Financial Statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- 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 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;

- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

By order of the Board

Dorothy Thompson	**Les Wood**
Executive Chair	*Chief Financial Officer*
11 March 2020	*11 March 2020*

Independent auditor's report

to the members of Tullow Oil plc

Report on the audit of the Financial Statements

1. Opinion

In our opinion:

- the Financial Statements of Tullow Oil plc (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's loss for the year then ended;

- the Group Financial Statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;

- the Parent Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework; and

- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

We have audited the Financial Statements which comprise:

- the Group income statement;
- the Group statement of comprehensive income;
- the Group and Parent Company balance sheets;
- the Group and Parent Company statements of changes in equity;
- the Group cash flow statement;
- the Group and Parent Company statements of accounting policies;
- the related notes 1 to 30 to the Group Financial Statements; and
- the related notes 1 to 7 to the Parent Company Financial Statements.

The financial reporting framework that has been applied in the preparation of the Group Financial Statements is applicable law and IFRSs as adopted by 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).

2. 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 and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the Financial Reporting Council's (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 confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company.

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

3. Material uncertainty relating to going concern

We draw attention to the accounting policies on page 101 in the Financial Statements and the detailed information on page 20, regarding the Group's ability to continue as a going concern; this is dependent on the Group's ability to generate sufficient cashflows in order to meet scheduled loan repayments and covenant requirements, and hence to operate within its existing debt facilities. Oil price volatility continues to place increased pressure on these cashflows and the ability of the Group to comply in the future with the gearing covenant. As indicated on page 20, given current market conditions, there is a risk that the Group may not be able to complete any planned portfolio management activities and that its lenders may not approve the semi-annual RBL redetermination liquidity assessments or amendments to covenants.

In response to this, we obtained, challenged and assessed management's going concern forecasts, and performed procedures, including:

- testing the clerical accuracy of the model used to prepare the going concern forecasts;
- assessing the historical accuracy of forecasts prepared by management;
- verifying the consistency of key inputs relating to future costs, hedging and production to other financial and operational information obtained during our audit;
- agreeing the available facilities to underlying agreements and external confirmation from debt providers and testing covenant calculation forecasts performed by management;
- challenging management as to the reasonableness of pricing assumptions applied, based on benchmarking to market data;
- performing sensitivity analysis on management's forecasts, including applying downside scenarios such as lower oil prices and reduced production, and considering the mitigating actions highlighted by management in the event that they were required;
- with assistance from Deloitte restructuring specialists, challenging management as to their ability to obtain approvals of the RBL capacity redetermination and amendments to loan covenants if required, including consideration of past precedence and other correspondence with the finance providers; and
- challenging management as to the adequacy of disclosures made in the Annual Report and Accounts.

As stated on page 20, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

4. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: the carrying value of exploration and evaluation (E&E) assets; the carrying value of property, plant and equipment (PP&E); going concern (*see material uncertainty relating to going concern section)*; management override of controls; and the provision for tax claims. Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the Group Financial Statements was $40 million which represents approximately 3 per cent of adjusted EBITDAX (earnings before interest, tax, depreciation, amortisation and exploration) and approximately 4 per cent of net assets.
Scoping	The Group comprises three reporting units and the corporate business unit, all of which were included in our assessment of the risks of material misstatement. Full scope audits were performed on those operations audited by the Group team and by the component teams in Ghana and Gabon. Specified audit procedures were performed in all of the Group's other relevant locations. The materialities applied to components ranged from $16 million to $32 million (2018: $25 million to $40 million).
Significant changes in our approach	Reflecting the shortfall against expected production in 2019 and the reduction in subsequent forecasts, both our work on the going concern and viability statements and management override of controls have been identified as key audit matters in the current year. We have also identified the provision for tax claims as a key audit matter for 2019 due to the quantum of exposure to uncertain tax positions. There have been no other significant changes to our approach to the audit.

5. Conclusions relating to going concern, principal risks and viability statement

Based solely on reading the Directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the Directors' assessment of the Group's and the Company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 31–37 that describe the principal risks, procedures to identify emerging risks, and an explanation of how these are being managed or mitigated;
- the Directors' confirmation on page 52 that they have carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; or
- the Directors' explanation on page 36–37 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to report whether the Directors' statement relating to the going concern and prospects of the Group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

Viability means the ability of the Group to continue over the time horizon considered appropriate by the Directors.

In addition to the impact of the matters disclosed in the material uncertainty relating to going concern section, we draw attention to the disclosures on pages 36–37 regarding the longer-term viability of the Group.

6. 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 forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty relating to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

6.1. Carrying value of exploration and evaluation (E&E) assets

Key audit matter description	The carrying value of E&E assets as at 31 December 2019 is $1,764.4 million (2018: $1,898.6 million) and the Group has written off or impaired E&E expenditure totalling $1,253.4 million (2018: $295.2 million) in the year then ended. The assessment of the carrying value of E&E assets requires management to exercise judgement as described in the 'critical accounting judgements' section of the Annual Report and Accounts on page 107. Management's assessment requires consideration of a number of factors, including, but not limited to, the Group's intention to proceed with a future work programme for a prospect or licence, the likelihood of licence renewal and the success of drilling and geological analysis to date, and the assessment of whether sufficient data exists to indicate that the carrying amount is unlikely to be recovered through successful development or sale.

	If sufficient data exists to indicate that the carrying amount is unlikely to be fully recovered through successful development or sale, an impairment test is performed in accordance with the requirements of IAS 36 Impairment of Assets. As these assets have not yet reached Final Investment Decision stage, there is inherent uncertainty in the estimation of the future timing and amount of forecast cash flows used to perform the impairment test. We have pinpointed the key audit matter in this area to those E&E assets in the Group's portfolio which are at higher risk of future impairment, specifically those with ongoing significant values held, being the Kenyan and Ugandan CGUs. The carrying values in respect of Kenya and Uganda constitute $667 million and $960 million respectively of the Group's E&E assets. Given the assets' importance to the Group in terms of longer-term production and the level of estimation uncertainty in the determination of their recoverable amounts, we also considered there to be a fraud risk that the assumptions applied to the valuations are inappropriate. The impact of climate change on commodity prices and investment decisions were also considered. Please refer to note 10 on page 115 of the Annual Report and Accounts and the Audit Committee Report on page 48 for further information.
How the scope of our audit responded to the key audit matter	We evaluated management's assessment of E&E assets held on the balance sheet at 31 December 2019 with reference to the criteria of IFRS 6 *Exploration for and Evaluation of Mineral Resources,* IAS 36 *Impairment of Assets* and the Group's accounting policy (see page 107). Our work to assess the assets at higher risk of future impairment included, but was not limited to, the following audit procedures: • participating in meetings with operational and finance staff to understand the plan for recovering value from these assets and the level of certainty over the forecast future cash flows, including review of associated evidence; • benchmarking and analysis of oil price assumptions against forward curves and other market data, including the impact of climate change; • agreement of forecast hydrocarbon production profile estimates to third-party resource reports; • verification of estimated future costs by agreement to the latest operator information, internal budgets or third-party estimates where available, and assessment of their appropriateness with reference to field development and production profiles with involvement from Deloitte petroleum engineering experts; • recalculation and benchmarking of discount rates applied, with involvement from Deloitte industry valuation specialists; • reviewing the appropriateness of disclosure in relation to the level of uncertainty around the timing and amount of future cash flows, including the impact of climate change; and • consideration of evidence of potential management bias in the assumptions selected.
Key observations	The assumptions made by management when determining the Kenya and Uganda assets' recoverable amount fall within a reasonable range. Overall, we are satisfied that the recoverable amount of the assets has been determined and impairment charges recognised in accordance with the requirements of IAS 36 *Impairment of Assets.*

	Management has appropriately disclosed the impact of sensitivities on the impairments recognised on the Kenyan and Ugandan CGUs in respect of both the discount rate and commodity prices in particular in the intangible E&E note on page 115. We concur that the risks associated with climate change are appropriately captured in the commodity price sensitivity disclosure.

6.2. Carrying value of property, plant and equipment (PP&E)

Key audit matter description	In 2019 Tullow recognised a net impairment of $781.2 million against the value of its PP&E assets, of which $712.8 million related to the impairment of the TEN asset. Please refer to note 11 and the Audit Committee Report on page 48 for further details. As described in the 'key sources of estimation uncertainty' section of the Annual Report and Accounts on page 108, the assessment of the carrying value of PP&E assets for impairment requires management to compare it against the recoverable amount of the asset. The calculation of the recoverable amount requires judgement in estimating future oil prices, the applicable asset discount rate and the cost and production profiles of reserves estimates. The impact of climate change on commodity prices and investment decisions were also considered. We have identified the TEN asset in Ghana as the Group's only field whose impairment assessment represents a key audit matter as a result of its material size and sensitivity to changes in underlying assumptions. Given the asset's importance to the Group in terms of future production and the estimation uncertainty in the determination of its recoverable amount, we also considered there to be a fraud risk that the assumptions applied to the valuation are inappropriate. Management has disclosed the impact of sensitivities of both the discount rate and commodity prices in the PP&E note on page 116.
How the scope of our audit responded to the key audit matter	We examined management's assessment of impairment indicators, which concluded that a decrease in the forecast oil price assumption and the revisions to the production profiles during the year represented an indicator of impairment for the Group's oil assets. The assumptions that underpin management's calculation of the recoverable amounts of the TEN asset are inherently judgemental. Our audit work therefore assessed the reasonableness of management's key assumptions when calculating its recoverable amount. Specifically our work included, but was not limited to, the following procedures: • benchmarking and analysis of oil price assumptions against forward curves and other market data, including the impact of climate change; • agreement of hydrocarbon production profiles and proven and probable reserves to third-party reserve reports; • verification of estimated future costs by agreement to approved budgets and assessment of their appropriateness with reference to field production profiles, with involvement from Deloitte petroleum engineering experts; • recalculation and benchmarking of discount rates applied, with involvement from Deloitte industry valuation specialists; and • consideration of evidence of management bias in the assumptions selected and the application of professional scepticism to address the risk of fraud.

Key observations	The assumptions made by management when determining the TEN asset's recoverable amount fall within a reasonable range, and the long-term oil price used was comparatively conservative when compared to the range of the forecasts published. Overall, we are satisfied that the recoverable amount of the assets has been determined and impairment charges and reversals have been recognised in accordance with the requirements of IAS 36 Impairment of Assets. We concur that the risks associated with climate change are appropriately captured in the commodity price sensitivity disclosure.

6.3. Management override of controls

Key audit matter description	The risk of management override of controls due to fraud is a pervasive risk of material misstatement in the Financial Statements. This is because management is in a unique position to manipulate accounting records and prepare fraudulent Financial Statements by overriding controls that otherwise appear to be operating effectively. We assessed an increased potential management override risk, as a result of the matters and uncertainties noted on pages 52–53 in the Audit Committee Report. Additionally, in 2019 the Group released a number of market announcements, including in relation to: • the downward revision of the 2019 full-year production guidance primarily due to the underperformance of TEN and Jubilee fields; • a reduction in TEN reserves at 31 December 2019; • negative drilling results from the Guyana wells; and • the subsequent departure of the Group's Exploration Director and CEO. These have had a significant negative impact on Tullow's share price and resulted in a full business review of the operations commissioned by the Board. In addition, as disclosed on pages 52–53, we note that certain operational reporting controls have been identified as needing remediation which includes establishing independent reporting lines to the Board. In light of these events, there is a risk that management override of controls occurred in the period and increased audit effort was required. We have also assessed whether the current or prior year Financial Statements are materially misstated as a result.
How the scope of our audit responded to the key audit matter	Specifically our work included, but was not limited to, the following procedures: • obtaining an understanding of the controls in place around the significant risk areas and key financial reporting cycles; • evaluating whether the judgments and decisions made by management in making accounting estimates even if they are individually reasonable, indicate a possible bias that may represent a risk of material misstatement due to fraud; • testing the appropriateness of journal entries and other adjustments recorded in the general ledger using Deloitte analytics software and evaluating the business rationale and evidence for the entries; • making inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments; • holding meetings with the internal audit, legal and compliance teams, including reviewing their 2019 reports and considering the impact on current and prior year financial reporting; and

	• reviewing the disclosures regarding certain operational reporting controls that have been identified as needing remediation for consistency with the recommendations provided to the Audit Committee and our understanding of the business.
Key observations	Certain operational reporting controls have been identified as needing remediation during the period as set out on pages 52–53. Through our procedures, we have not identified issues that have an impact on financial reporting in either 2018 or 2019 and are satisfied that the current and prior year Financial Statements are not materially misstated as a result of fraud.

6.4. Provision for tax claims

Key audit matter description	The nature, rate and type of taxation which is applicable to hydrocarbon exploration and production activities varies widely by jurisdiction. In addition, 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. Significant judgement is required to estimate the appropriate level of provision for the tax claims against the Group as the validity and ultimate outcome of such claims can be uncertain. As such, the Group has included uncertain tax and regulatory positions in its disclosure of key sources of estimation uncertainty on page 108.
How the scope of our audit responded to the key audit matter	We have challenged the assumptions made by management regarding each significant claim with Tullow's tax team, such as its assessment of the likely outcome of the claim, and its estimate of any future settlement value. We have also evaluated the provisions and potential exposures together with tax specialists within the audit team from the relevant jurisdictions. Our audit work included the review of correspondence with the relevant tax authorities and the review of legal advice relating to the tax claims. We used our knowledge of the specific tax regimes to challenge the Group's assumptions and judgements regarding the level of provisions made and the disclosures provided to ensure these are appropriate and sufficient.
Key observations	We are satisfied that the judgements made by management are reasonable, based on the audit evidence gathered. The ultimate outcome of tax dispute proceedings can be unpredictable. It is therefore appropriate that management has disclosed the maximum potential impact of the current claims against the Group in its disclosure of key sources of estimation uncertainty on page 108.

7. Our application of materiality

7.1. Materiality

We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

	Group Financial Statements	Parent Company Financial Statements
Materiality	$40 million (2018: $50 million)	$32 million (2018: $40 million)
Basis for determining materiality	3 per cent of adjusted EBITDAX (2018: 2 per cent of net assets, equating to 3 per cent of adjusted EBITDAX). Management has presented a reconciliation of adjusted EBITDAX to loss from continuing activities on page 22 of the Annual Report and Accounts.	Parent Company materiality equates to 1.6 per cent (2018: 1 per cent) of net assets, which is capped at 80 per cent (2018: 80 per cent) of Group materiality.
Rationale for the benchmark applied	Materiality was determined based on 3 per cent of adjusted EBITDAX. In previous years, due to the volatility of commodity prices, we determined materiality based on the net asset position of the Group, benchmarked to adjusted EBITDAX.	The Parent Company does not trade, as a result a profitability metric is not key to understanding the performance of the business. It holds material investments in subsidiaries, intercompany receivables and external debt. As a result, the net assets are the key metric of the Parent Company.

[Chart to be inserted]

7.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the Financial Statements as a whole. Group performance materiality was set at 70 per cent of Group materiality for the 2019 audit (2018: 70 per cent). In determining performance materiality, we considered the following factors:

- the control environment and the lack of significant control deficiencies identified;
- the lack of changes in the operations of the business; and
- the limited number of uncorrected misstatements historically.

7.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $2.0 million (2018: $2.5 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

8. An overview of the scope of our audit

8.1. Identification and scoping of components

The Group comprises three reporting units and the corporate business unit, all of which were included in our assessment of the risks of material misstatement. Full scope audits were performed on those operations audited by the Group team and by the component teams in Ghana and Gabon. Specified audit procedures were performed at the Group's other locations. The materialities applied to components ranged from $16 million to $32 million (2018: $25 million to $40 million).

8.2. Working with other auditors

The Group team either directly performed or worked as an integrated team for the audit work in certain locations including the UK, Kenya and Uganda, as well as the consolidation process. The Group team planned and oversaw the work performed by component auditors in Ghana, Gabon and South Africa; the level of direct involvement varied by location and included, at a minimum, a review of the reports provided on the results of the work undertaken by the component audit teams.

In addition, the senior statutory auditor and senior members of his Group audit team visited Ghana to direct and review the audit work performed by the component auditors.

9. Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the Financial Statements and our Auditor's Report thereon.

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

In connection with our audit of the Financial Statements, 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 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 or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- Fair, balanced and understandable – the statement given by the Directors that they consider the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

- Audit Committee reporting – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or

- Directors' statement of compliance with the UK Corporate Governance Code – the parts of the Directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

10. Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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's and the 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.

11. 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

12. Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

12.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, the Group's ethics and compliance manager and the Audit Committee about their own identification and assessment of the risks of irregularities, including the disclosures of their review of internal controls as set out on pages 52–53;
- any matters we identified having obtained and reviewed the Group's documentation of its policies and procedures relating to:
- identifying, evaluating and complying with laws and regulations and whether it was aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether it has knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations,
- the matters discussed among the audit engagement team, including significant component audit teams and were communicated to relevant internal specialists, including tax, valuations, IT and industry specialists regarding how and where fraud might occur in the Financial Statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: the carrying value of exploration and evaluation (E&E) assets and the carrying value of property, plant and equipment (PP&E). In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the Financial Statements. The key laws and regulations we considered in this context included the UK Companies Act 2006, the UK Corporate Governance Code and the Listing Rules of the UK Listing Authority, Market Abuse Regulation and the relevant tax compliance regulations in the jurisdictions in which Tullow operates.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the Financial Statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included environmental laws and regulations in the countries in which the Group operates and anti-bribery and corruption legislation.

12.2. Audit response to risks identified

As a result of performing the above, we identified the carrying value of exploration and evaluation (E&E) assets, the carrying value of property, plant and equipment (PP&E) and management override of controls as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the Financial Statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the Financial Statements;
- enquiring of management, the Audit Committee and in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, the Ghana Revenue Authority and the Ghana Ministry of Energy;
- reviewing the disclosures in the Audit Committee Report on pages 52–53 relating to instances of management override of controls in 2019; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

13. 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.

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.

In the 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 any material misstatements in the Strategic Report or the Directors' Report.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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 are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters

15.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the Directors on 1 August 2002 to audit the Financial Statements for the year ended 31 December 2002 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 17 years, covering the years ended 31 December 2002 to 31 December 2019. 31 December 2019 is our final year as auditor to the Group.

15.2. Consistency of the Audit Report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. 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.

Anthony Matthews FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK
11 March 2020

Group income statement
Year ended 31 December 2019

	Notes	2019 $m	2018 $m
Continuing activities			
Sales revenue	2	**1,682.6**	1,859.2
Other operating income – lost production insurance proceeds	6	**42.7**	188.4
Cost of sales	4	**(966.7)**	(966.0)
Gross profit		**758.6**	1,081.6
Administrative expenses	4	**(111.5)**	(90.3)
Gain on disposal	9	**6.6**	21.3
Exploration costs written off	10	**(1,253.4)**	(295.2)
Impairment of property, plant and equipment, net	11	**(781.2)**	(18.2)
Provisions for onerous contracts and restructuring	4,21	**(4.2)**	(170.8)
Operating (loss)/profit		**(1,385.1)**	528.4
(Loss)/gain on hedging instruments	19	**(1.5)**	2.4
Finance revenue	5	**55.5**	58.4
Finance costs	5	**(322.3)**	(328.7)
(Loss)/profit from continuing activities before tax		**(1,653.4)**	260.5
Income tax expense	7	**(40.7)**	(175.1)
(Loss)/profit for the year from continuing activities		**(1,694.1)**	85.4
Attributable to:			
Owners of the Company		**(1,694.1)**	84.8
Non-controlling interest		**–**	0.6
		(1,694.1)	85.4
(Loss)/earnings per ordinary share from continuing activities	8	**¢**	¢
Basic		**(120.8)**	6.1
Diluted		**(120.8)**	5.9

Group statement of comprehensive income and expense

Year ended 31 December 2019

	Notes	2019 $m	2018 $m
(Loss)/profit for the year		**(1,694.1)**	85.4
Items that may be reclassified to the income statement in subsequent periods			
Cash flow hedges			
(Loss)/gain arising in the year	19	**(118.6)**	100.7
(Loss)/gain arising in the year – time value	19	**(73.6)**	16.2
Reclassification adjustments for items included in (loss)/profit on realization	19	**(7.6)**	32.7
Reclassification adjustments for items included in loss on realisation – time value	19	**61.0**	52.7
Exchange differences on translation of foreign operations		**(3.5)**	(15.4)
Other comprehensive (loss)/profit		**(142.3)**	186.9
Total comprehensive (expense)/income for the year		**(1,836.4)**	272.3
Attributable to:			
Owners of the Company		**(1,836.4)**	271.7
Non-controlling interest		**–**	0.6
		(1,836.4)	272.3

Group balance sheet

As at 31 December 2019

	Notes	2019 $m	2018 $m
ASSETS			
Non-current assets			
Intangible exploration and evaluation assets	10	**1,764.4**	1,898.6
Property, plant and equipment	11	**3,891.7**	4,916.4
Other non-current assets	12	**623.2**	696.4
Derivative financial instruments	19	**3.1**	51.2
Deferred tax assets	22	**517.5**	649.4
		6,799.9	8,212.0
Current assets			
Inventories	13	**191.5**	134.8
Trade receivables	14	**38.7**	159.4
Other current assets	12	**928.7**	969.0
Current tax assets	7	**42.9**	60.5
Derivative financial instruments	19	**0.7**	79.7
Cash and cash equivalents	15	**288.8**	179.8
Assets classified as held for sale	16	**–**	840.2
		1,491.3	2,423.4
Total assets		**8,291.2**	10,635.4
LIABILITIES			
Current liabilities			
Trade and other payables	17	**(1,127.6)**	(1,204.3)
Provisions	21	**(172.8)**	(198.5)
Current tax liabilities		**(159.6)**	(83.0)
Derivative financial instruments	19	**(14.8)**	(2.7)
		(1,474.8)	(1,488.5)
Non-current liabilities			
Trade and other payables	17	**(1,212.9)**	(1,282.3)
Borrowings	18	**(3,071.7)**	(3,219.1)
Provisions	21	**(753.6)**	(677.0)
Deferred tax liabilities	22	**(793.4)**	(1,075.3)
Derivative financial instruments	19	**(1.2)**	–
		(5,832.8)	(6,253.7)
Total liabilities		**(7,307.6)**	(7,742.2)
Net assets		**983.6**	2,893.2
EQUITY			
Called-up share capital	23	**210.9**	209.1
Share premium	23	**1,380.0**	1,344.2
Equity component of convertible bonds		**48.4**	48.4
Foreign currency translation reserve		**(242.1)**	(238.6)
Hedge reserve	19	**4.6**	130.8
Hedge reserve – time value	19	**(17.5)**	(4.9)
Other reserves		**755.2**	755.2
Retained earnings		**(1,155.9)**	649.0
Equity attributable to equity holders of the Company		**983.6**	2,893.2
Total equity		**983.6**	2,893.2

Approved by the Board and authorised for issue on 11 March 2020.

Dorothy Thompson
Executive Chair
11 March 2020

Les Wood
Chief Financial Officer
11 March 2020

Group statement of changes in equity

Year ended 31 December 2019

	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	Other reserves[3] $m	Retained earnings $m	Total $m	Non-controlling interest $m	Total equity $m
At 1 January 2018		208.2	1,326.8	48.4	(223.2)	(2.6)	(73.8)	740.9	681.3	2,706.0	10.4	2,716.4
Adjustment on adoption of IFRS 9[4], net of tax		–	–	–	–	–	–	–	(110.8)	(110.8)	–	(110.8)
Profit for the year		–	–	–	–	–	–	–	84.8	84.8	0.6	85.4
Hedges, net of tax......	19	–	–	–	–	133.4	68.9	–	–	202.3	–	202.3
Currency translation adjustments..............		–	–	–	(15.4)	–	–	–	–	(15.4)	–	(15.4)
Issue of shares	23	0.9	17.4	–	–	–	–	–	–	18.3	–	18.3
Issue of employee share options............	23	–	–	–	–	–	–	–	(18.2)	(18.2)	–	(18.2)
Transfers...................		–	–	–	–	–	–	14.3	(14.3)	–	–	–
Share-based payment charges	24	–	–	–	–	–	–	–	26.2	26.2	–	26.2
Acquisition of non-controlling interests ..		–	–	–	–	–	–	–	–	–	(11.0)	(11.0)
At 1 January 2019		**209.1**	**1,344.2**	**48.4**	**(238.6)**	**130.8**	**(4.9)**	**755.2**	**649.0**	**2,893.2**	**–**	**2,893.2**
Loss for the year		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,694.1)**	**(1,694.1)**	**–**	**(1,694.1)**
Hedges, net of tax......	19	**–**	**–**	**–**	**–**	**(126.2)**	**(12.6)**	**–**	**–**	**(138.8)**	**–**	**(138.8)**
Currency translation adjustments..............		**–**	**–**	**–**	**(3.5)**	**–**	**–**	**–**	**–**	**(3.5)**	**–**	**(3.5)**
Vesting of employee share options............	23	**1.8**	**35.8**	**–**	**–**	**–**	**–**	**–**	**(37.6)**	**–**	**–**	**–**
Share-based payment charges	24	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**27.7**	**27.7**	**–**	**27.7**
Dividends paid	30	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(100.9)**	**(100.9)**	**–**	**(100.9)**
At 31 December 2019		**210.9**	**1,380.0**	**48.4**	**(242.1)**	**4.6**	**(17.5)**	**755.2**	**(1,155.9)**	**983.6**	**–**	**983.6**

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. Other reserves include the merger reserve. The value associated with the treasury shares reserve, disclosed in the previous year, has been represented as part of retained earnings, consistent with share-based payment reserve movements. At 31 December 2019 the Group did not hold any shares in a Tullow Oil Employee Trust to satisfy awards held under the Group's share incentive plans (note 24).
4. Figures as at 1 January 2018 have been restated in relation to the adoption of IFRS 9.

Group cash flow statement

Year ended 31 December 2019

	Notes	2019 $m	2018 Restated $m
Cash flows from operating activities			
(Loss)/profit before taxation		**(1,653.4)**	260.5
Adjustments for:			
Depreciation, depletion and amortization	11	**724.6**	584.1
Gain on disposal	9	**(6.6)**	(21.3)
Exploration costs written off	10	**1,253.4**	295.2
Impairment of property, plant and equipment, net	11	**781.2**	18.2
Provision for onerous contracts	21	**(0.4)**	167.4
Payment under onerous contracts	21	**(20.4)**	(208.6)
Decommissioning expenditure	21	**(75.1)**	(99.1)
Share-based payment charge	24	**24.8**	23.8
Loss/(gain) on hedging instruments	19	**1.5**	(2.4)
Finance revenue	5	**(55.5)**	(58.4)
Finance costs	5	**322.3**	328.7
Operating cash flow before working capital movements		**1,296.4**	1,288.1
Decrease/(increase) in trade and other receivables		**241.4**	(100.2)
(Increase)/decrease in inventories		**(56.6)**	32.5
(Decrease)/increase in trade payables		**(131.5)**	86.9
Cash generated from operating activities		**1,349.7**	1,307.3
Income taxes paid		**(91.0)**	(103.3)
Net cash from operating activities		**1,258.7**	1,204.0
Cash flows from investing activities			
Proceeds from disposals	9	**7.0**	9.9
Purchase of intangible exploration and evaluation assets	29	**(259.4)**	(202.1)
Purchase of property, plant and equipment	29	**(261.5)**	(238.4)
Interest received		**1.9**	2.9
Net cash used in investing activities		**(512.0)**	(427.7)
Cash flows from financing activities			
Debt arrangement fees		**–**	(15.0)
Repayment of borrowings	29	**(520.0)**	(1,755.1)
Drawdown of borrowings	29	**375.0**	1,240.0
Repayment of obligations under leases	20	**(172.1)**	(117.4)
Finance costs paid		**(215.4)**	(234.5)
Dividends paid	30	**(100.9)**	–
Net cash used in financing activities		**(633.4)**	(882.0)
Net increase/(decrease) in cash and cash equivalents		**113.3**	(105.7)
Cash and cash equivalents at beginning of year	15	**179.8**	284.0
Foreign exchange (loss)/gain		**(4.3)**	1.5
Cash and cash equivalents at end of year	15	**288.8**	179.8

Accounting policies

Year ended 31 December 2019

(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 2019:

- IFRS 16 Leases
- Prepayment Features with Negative Compensation – Amendments to IFRS 9
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatments
- Annual IFRS Improvement Process IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity
- Annual IFRS Improvement Process IAS 12 Borrowing Costs – Borrowing costs eligible for capitalisation

The Group had to change its accounting policies as a result of adopting IFRS 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. This is disclosed in note 28. The other 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.

IFRS 16 Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for the periods commencing on, and after, 1 January 2019. The standard eliminates the dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model. IFRS 16 replaces IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease.

In accordance with the transition provisions in IFRS 16 the modified retrospective approach has been followed by the Group. The adoption of IFRS 16 in the year resulted in $123.2 million being recorded on the balance sheet as property, plant and equipment right-of-use assets and $195.1 million as lease liabilities. During the current year the effect on income statement was recognised through a depreciation charge on the right-of-use asset and interest expense on the lease liability. In the statement of cash flows, the Group separated the total amount of cash paid into principal (presented within financing activities) and interest (presented within operating activities) in accordance with IFRS 16. In prior periods operating lease payments were all presented as operating cash flows under IAS 17.

A summary of the impact of the implementation of IFRS 16 is shown in note 28.

Upcoming International Financial Reporting Standards not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 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

Following the implementation of IFRS 16, the Group amended the accounting policy for leases. Other accounting policies are consistent with the prior year.

(d) Basis of accounting

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Financial Statements have also been prepared in accordance with IFRS as adopted by the European Union and therefore the Group Financial Statements comply with Article 4 of the EU IAS Regulation.

The Financial Statements have been prepared on the historical cost basis, except for derivative financial instruments that have been measured at fair value and assets classified as held for sale 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 Financial Statements have been prepared on a going concern basis (refer to the Finance Review section of the Director's Report).

The principal accounting policies adopted by the Group are set out below.

(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. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling share of changes in equity since the date of the combination. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. The Group does not have any material non-controlling interests.

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 net assets 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 views this trigger as signature of a Sales and Purchase Agreement or Board approval. 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 classified as held for sale and the corresponding liabilities are classified with current assets and liabilities on a separate line in the balance sheet.

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

Sales revenue from contracts with customers represents the sales value, net of VAT, of the Group's share of liftings in the year together with the gain/loss on realisation of cash flow hedges and tariff income. Revenue is recognised when performance obligations have been met, which is typically when goods are delivered and title has passed.

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.

(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.

In respect of redeterminations, any adjustments to the Group's net entitlement of future production are accounted for prospectively in the period in which the make-up oil is produced. Where the make-up period extends beyond the expected life of a field an accrual is recognised for the expected shortfall.

(i) Inventory

Inventories, other than oil products, are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method and comprises direct purchase costs, costs of production and transportation and manufacturing expenses. 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 functional entities are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates 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.

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) Exploration, evaluation and production 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. Interest payable is capitalised insofar as it relates to specific development activities.

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.

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.

(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

Where there has been a change in economic conditions that indicates a possible impairment in a discovery field, the recoverability of the net book value relating to that field is assessed by comparison with the estimated 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 and subsequently applies additional country risk premium for CGUs in Gabon, 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 at a risk-free discount rate, and is reassessed 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

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) Finance costs and debt

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 the 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 accruals 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.

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.

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 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

From 1 January 2019, 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 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, 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, those leases with a remaining lease term of less than 12 months as at 1 January 2019 and leases of low-value assets with an annual cost of $5,000. For certain leases on property rental for expat staff, a threshold of $100,000 was applied. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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 below.

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 2019, 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.

(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 2019 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.

(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) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

(ae) 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 the Hull and Machinery insurance policy where no asset is disposed are recorded within additions to property, plant and equipment.

(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 exists 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 in where this judgement was applied during 2019 was in the assessment of the value in use (VIU) of the Kenyan and Ugandan CGUs, following the Group's reduction in long-term oil price assumption being identified as an impairment trigger. Due to the stage of these projects 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 28):

On initial application of IFRS 16 Leases, the following key judgements were applied:

Discount rate

The Group applied an incremental borrowing rate on transition, as no contract contained an implicit discount rate. 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", which was 6.9 per cent at 31 December 2018.

Joint Venture Partner approvals

Where Tullow are Operators and have signed a leased contract that extends beyond the duration of JV Partner approvals, the Group have concluded that under certain circumstances the lease would fall outside the scope of IFRS 16. These circumstances are when the JV Partner approval is for a period of 12 months or less, where the lease is not critical to ongoing operations, and when there is no financial penalty for cancellation, or non-extension.

Low value leases

The Group holds a significant number of low-value leases, mainly property rentals for expat staff accommodations that are above the revised annual $100,000 threshold but are immaterial to the Group in aggregate.

(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 and 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.

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 2019 Financial Statements should management had concluded differently. Details on impact of these key estimates and judgements using sensitivity applied to impairment models can be found in note 11.

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 of 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 and regulatory positions (note 7):

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 a number of the jurisdictions in which the Group operates. The Group is in formal dispute proceedings regarding a number of these claims. In order to assess whether these claims should be provided for in the Financial Statements, management has assessed all claims in the context of the laws and operating agreements of the countries in which it operates. 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.

If management had concluded differently regarding the estimated claims the maximum potential impact of the Group's income statement would be $990 million- by their nature these matters can take many years to finalise.

Notes to the Group Financial Statements
Year ended 31 December 2019

Note 1. Segmental reporting

The information reported to the Group's Chief Executive Officer and the Executive Chair for the purposes of capital allocation and assessment of segment performance is focused on three Business Delivery Teams – West Africa including European decommissioning assets, East Africa and New Ventures. Therefore the Group's reportable segments under IFRS 8 are West Africa; East Africa; and New Ventures. 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 2019 and 31 December 2018.

	Notes	West Africa $m	East Africa $m	New Ventures $m	Unallocated $m	Total $m
2019						
Sales revenue by origin		**1,682.6**	**–**	**–**	**–**	**1,682.6**
Other operating income –lost production insurance proceeds		**–**	**–**	**–**	**42.7**	**42.7**
Segment result[1]		**(11.1)**	**(1,073.6)**	**(172.3)**	**(19.4)**	**(1,276.4)**
Gain on disposal						**6.6**
Unallocated corporate expenses						**(115.3)**
Operating loss						**(1,385.1)**
Loss on hedging instruments						**(1.5)**
Finance revenue						**55.5**
Finance costs						**(322.3)**
Profit before tax						**(1,653.4)**
Income tax expense						**(40.7)**
Profit after tax						**(1,694.1)**
Total assets		**6,315.8**	**1,762.2**	**175.1**	**38.1**	**8,291.2**
Total liabilities		**(3,986.9)**	**(85.9)**	**(52.5)**	**(3,182.3)**	**(7,307.6)**
Other segment information						
Capital expenditure:						
Property, plant and equipment	11	**434.2**	**14.2**	**0.4**	**79.6**	**528.4**
Intangible exploration and evaluation assets	10	**8.9**	**134.4**	**136.0**	**–**	**279.3**
Depreciation, depletion and amortization	11	**(701.1)**	**(1.5)**	**–**	**(22.0)**	**(724.6)**
Impairment of property, plant and equipment, net	11	**(737.4)**	**–**	**–**	**(43.8)**	**(781.2)**
Exploration costs written off	10	**(9.0)**	**(1,071.0)**	**(173.4)**	**–**	**(1,253.4)**

1. Segment result is a non IFRS measure which includes gross profit, exploration costs written off, impairment of property, plant and equipment, and provisions for onerous contracts.

All sales are made to external customers. Included in revenue arising from West Africa are revenues of approximately $362.6 million, $247.0 million, $186.6 million and $181.6 million relating to the Group's customers who each contribute more than 10 per cent of total sales revenue (2018: $429.8 million, $280.9 million, $222.8 million, $203.6 million and $189.4 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.

Unallocated expenditure and net liabilities include amounts of a corporate nature and not specifically attributable to a reportable segment. The liabilities comprise the Group's external debt and other non-attributable corporate liabilities. The unallocated capital expenditure for the period comprises the acquisition of non-attributable corporate assets.

	Notes	West Africa $m	East Africa $m	New Ventures $m	Unallocated $m	Total $m
2018						
Sales revenue by origin		1,859.2	–	–	–	1,859.2
Other operating income – lost production insurance proceeds		–	–	–	188.4	188.4
Segment result		528.0	(74.5)	(100.7)	248.0	600.8
Gain on disposal						21.3
Unallocated corporate expenses						(93.7)
Operating profit						528.4
Loss on hedging instruments						2.4
Finance revenue						58.4
Finance costs						(328.7)
Profit before tax						260.5
Income tax credit						(175.1)
Profit after tax						85.4
Total assets		7,618.9	2,662.0	280.8	73.7	10,635.4
Total liabilities		(4,252.7)	(141.8)	(96.9)	(3,250.8)	(7,742.2)
Other segment information						
Capital expenditure:						
Property, plant and equipment	11	257.1	1.4	4.3	5.3	268.1
Intangible exploration and evaluation assets	10	2.1	168.3	60.0	–	230.4
Depreciation, depletion and amortization	11	(569.2)	(0.2)	–	(14.7)	(584.1)
Impairment of property, plant and equipment, net	11	(18.2)	–	–	–	(18.2)
Exploration costs written off	10	(139.9)	(74.5)	(80.8)	–	(295.2)

Sales revenue and non-current assets by origin	Sales revenue 2019 $m	Sales revenue 2018 $m	Non-current assets 2019 $m	Non-current assets 2018 $m
Congo	**–**	1.1	**–**	–
Côte d'Ivoire	**51.0**	44.9	**73.7**	86.7
Equatorial Guinea	**57.2**	146.6	**83.5**	72.2
Gabon	**312.9**	213.6	**154.3**	171.1
Ghana	**1,261.5**	1,404.1	**4,082.4**	5,171.5
Mauritania	**–**	2.1	**–**	–
UK	**–**	46.8	**–**	–
Total West Africa	**1,682.6**	1,859.2	**4,393.9**	5,501.5
Kenya	**–**	–	**679.2**	1,131.2
Uganda	**–**	–	**1,000.2**	631.9
Total East Africa	**–**	–	**1,679.4**	1,763.1
Norway	**–**	–	**11.3**	12.3
Other	**–**	–	**133.3**	169.7
Total New Ventures	**–**	–	**144.6**	182.0
Unallocated	**–**	–	**61.5**	63.8
Total revenue/non-current assets	**1,682.6**	1,859.2	**6,279.3**	7,511.4

Non-current assets excludes derivative financial instruments and deferred tax assets.

Note 2. Total revenue

	Notes	2019 $m	2018 $m
Sales revenue (excluding tariff income)			
Oil and gas revenue from the sale of goods		**1,736.8**	1,943.0
Loss on realisation of cash flow hedges	19	**(53.4)**	(86.8)
		1,683.4	1,856.2
Tariff income		**(0.8)**	3.0
Total sales revenue		**1,682.6**	1,859.2
Other operating income – lost production insurance proceeds	6	**42.7**	188.4
Total revenue		**1,725.3**	2,047.6

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:

	2019 Number	2018 Number
Administration	**491**	501
Technical	**498**	530
Total	**989**	1,031

Staff costs in respect of those employees were as follows:

	2019 $m	2018 Restated[1] $m
Salaries	**168.6**	179.6
Social security costs	**17.3**	16.5
Pension costs	**13.7**	10.7
	199.6	206.8

1. Staff costs in 2018 have been restated reflecting a calculation error identified during the preparation of the 2019 financial statements and increased by $17 million. This error related to this note only and has no impact on the rest of the financial statements.

Average staff costs remained in line with prior year, with a decrease in overall expense due to decrease in average head count. 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 cost recognised in the income statement was $67.3 million (2018: $66.0 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 $13.7 million (2018: $10.7 million). As at 31 December 2019, there was a liability of $1.3 million (2018: $0.3 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	2019 $m	2018 $m
Operating loss is stated after charging/(deducting):			
Operating costs		**351.3**	327.0
Depletion and amortisation of oil and gas and leased assets[1]	11	**696.1**	567.7
Underlift, overlift and oil stock movements		**(137.3)**	40.7
Share-based payment charge included in cost of sales	24	**2.6**	1.0
Other cost of sales		**54.0**	29.6
Total cost of sales		**966.7**	966.0
Share-based payment charge included in administrative expenses	24	**22.2**	22.8
Depreciation of other fixed assets[1]	11	**28.5**	16.4
Relocation costs associated with restructuring		**–**	(1.3)
Other administrative costs		**60.8**	52.4
Total administrative expenses		**111.5**	90.3
Total restructuring costs		**3.8**	3.4
Fees payable to the Company's auditor for:			
The audit of the Company's annual accounts		**0.4**	0.4
The audit of the Company's subsidiaries pursuant to legislation		**1.8**	1.8
Total audit services		**2.2**	2.2
Non-audit services:			
Audit-related assurance services – half-year review		**0.4**	0.4
Corporate finance services		**–**	0.1
Other services		**0.1**	0.1
Total non-audit services		**0.5**	0.6
Total		**2.7**	2.8

1. Depreciation expense on leased assets of $85.9 million as per note 11 includes a charge of $9.9 million on leased administrative assets, which is presented within administrative expenses in the income statement. The remaining balance of $76.0 million relates to other leased assets and is included within cost of sales.

Fees payable to Deloitte 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 ad hoc assurance services in relation to the Group's JV agreements. The per cent of non-audit services to audit services during the year was 23 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 48 to 53. No services were provided pursuant to contingent fee arrangements.

Note 5. Net financing costs

	Notes	2019 $m	2018 $m
Interest on bank overdrafts and borrowings		**216.0**	276.0
Interest on obligations under leases		**103.5**	101.5
Total borrowing costs		**319.5**	377.5
Less amounts included in the cost of qualifying assets	10	**(16.3)**	(65.3)
		303.2	312.2
Finance and arrangement fees		**0.7**	(0.6)
Other interest expense		**2.1**	2.7
Unwinding of discount on decommissioning provisions	21	**16.3**	14.4
Total finance costs		**322.3**	328.7
Interest income on amounts due from Joint Venture Partners for leases		**(50.0)**	(52.7)
Other finance revenue		**(5.5)**	(5.7)
Total finance revenue		**(55.5)**	(58.4)
Net financing costs		**266.8**	270.3

Borrowing costs included in the cost of qualifying assets during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7.0 per cent (2018: 6.9 per cent) to cumulative expenditure on such assets.

Note 6. Insurance proceeds

During 2019 the Group continued to issue insurance claims in respect of the Jubilee Turret Remediation Project. Insurance proceeds of $123.8 million were recorded in the year ended 31 December 2019 (2018: $310.8 million). Proceeds related to lost production under the Business Interruption insurance policy of $42.7 million (2018: $188.4 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 $4.2 million (2018: $45.6 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 $76.9 million (2018: $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.

Note 7. Taxation on (loss)/profit on continuing activities

Analysis of expense for the year

	Notes	2019 $m	2018 $m
Current tax			
UK corporation tax		**(31.8)**	(37.3)
Foreign tax		**197.2**	171.7
Total corporate tax		**165.4**	134.4
UK petroleum revenue tax		**–**	–
Total current tax		**165.4**	134.4
Deferred tax			
UK corporation tax		**91.7**	33.9
Foreign tax		**(218.7)**	(11.3)
Total deferred corporate tax		**(127.0)**	22.6
Deferred UK petroleum revenue tax		**2.3**	18.1
Total deferred tax	22	**(124.7)**	40.7
Total income tax expense		**40.7**	175.1

Factors affecting tax credit for the year

The tax rate applied to profit on ordinary 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 expense/(credit) shown above and the amount calculated by applying the standard rate of UK corporation tax applicable to UK profits of 19 per cent (2018: 19 per cent) to the (loss)/profit before tax is as follows:

	2019 $m	2018 $m
(Loss)/profit from continuing activities before tax	**(1,653.4)**	260.5
Tax on (loss)/profit from continuing activities at the standard UK corporation tax rate of 19% (2018: 19%)	**(314.1)**	49.5
Effects of:		
Non-deductible exploration expenditure	**208.7**	20.8
Net tax on fair value movements on derivatives	**(1.3)**	32.0
Other non-deductible expenses	**18.8**	12.8
Derecognition of deferred tax previously recognized	**12.4**	37.3
Utilisation of tax losses not previously recognized	**(0.8)**	(10.6)
Net losses not recognized	**73.7**	7.7
Adjustment relating to prior years	**49.4**	1.0
Adjustments to deferred tax relating to change in tax rates	**–**	(2.1)
Higher rate of taxation on Norway losses	**–**	(10.0)
Other tax rates applicable outside the UK and Norway	**11.3**	52.4
PSC income not subject to corporation tax	**(17.2)**	(8.8)
Other income not subject to corporation tax	**(0.2)**	(6.9)
Total income tax expense for the year	**40.7**	175.1

The Finance Act 2016 further reduced the main rate of UK corporation tax applicable to all companies subject to corporation tax, except for those within the oil and gas ring fence, to 19 per cent from 1 April 2017 and 17 per cent from 1 April 2020. These changes were substantively enacted on 6 September 2016 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 $5,120.3 million (2018: $5,347.1 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 $4,102.7 million (2018: $3,581.3 million) as they may not be used to offset taxable profits due to uncertainty of recovery.

The Group has recognised deferred tax assets of $348.8 million (2018: $527.5 million) in relation to tax losses only to the extent of anticipated future taxable income or gains in relevant jurisdictions.

A deferred tax liability of $8.8 million (2018: $7.8 million) is not recognised on temporary differences of 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 2019 $nil (2018: $nil) of tax has been recognised through other comprehensive income.

Current tax assets

As at 31 December 2019, current tax assets were $42.9 million (2018: $60.5 million) of which all relates to the UK (2018: $58.7 million).

Note 8. Earnings/ (loss) per ordinary share

Basic earnings/(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.

Diluted earnings/(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.

	2019 $m	2018 $m
(Loss)/profit for the year		
Net (loss)/profit attributable to equity shareholders	**(1,694.1)**	84.8
Effect of dilutive potential ordinary shares	**–**	–
Diluted net (loss)/profit attributable to equity shareholders	**(1,694.1)**	84.8

	2019 Number	2018 Number
Number of shares		
Basic weighted average number of shares	**1,402,186,891**	1,391,103,880
Dilutive potential ordinary shares	**42,690,148**	47,493,251
Diluted weighted average number of shares	**1,444,877,039**	1,438,597,131

Note 9. Disposals

On 10 November 2017, Tullow completed the sale of its remaining Dutch assets to Hague and London Oil plc (HALO). Under the terms of the agreement, a contingent deferred consideration is to be recognised over the course of four years following the sale, subject to certain criteria being met. During 2019, the Group recognised a gain on disposal of $9.5 million equivalent to the entire proceeds relating to this transaction.

Note 10. Intangible exploration and evaluation assets

	Notes	2019 $m	2018 $m
At 1 January		**1,898.6**	1,933.4
Additions	1	**279.3**	230.4
Disposals		**(0.4)**	(4.0)
Amounts written off		**(1,253.4)**	(295.2)
Net transfer from assets held for sale	16	**840.2**	32.2
Currency translation adjustments		**0.1**	1.8
At 31 December		**1,764.4**	1,898.6

Included within 2019 additions is $16.3 million (note 5) of capitalised interest (2018: $65.3 million). The Group only capitalises interest in respect of intangible exploration and evaluation assets where it is considered that development is ongoing.

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 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			
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, using a pre-tax discount rate of 14%.

Oil prices stated in note 11 are benchmark prices to which an individual field price differential is applied. Exploration write-offs for the Kenya and Uganda 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, are 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	2019 Oil and gas assets $m	2019 Other fixed assets $m	2019 Leased assets $m	2019 Total $m	2018 Oil and gas assets $m	2018 Other fixed assets $m	2018 Total $m
Cost								
At 1 January		**11,794.0**	**271.0**	**–**	**12,065.0**	11,592.6	279.7	11,872.3
Adjustment on adoption of IFRS 16 Leases	28	**(907.7)**	**–**	**907.7**	**–**	–	–	–
Additions	1,6	**357.1**	**21.0**	**150.3**	**528.4**	261.5	6.6	268.1
Disposals		**–**	**(0.3)**	**(20.6)**	**(20.9)**	–	(0.7)	(0.7)
Currency translation adjustments		**36.2**	**7.0**	**1.1**	**44.3**	(60.1)	(14.6)	(74.7)
At 31 December		**11,279.6**	**298.7**	**1,038.5**	**12,616.8**	11,794.0	271.0	12,065.0
Depreciation, depletion and amortization								
At 1 January		**(6,951.1)**	**(197.5)**	**–**	**(7,148.6)**	(6,425.3)	(192.3)	(6,617.6)
Adjustment on adoption of IFRS 16 Leases	28	**151.5**	**–**	**(151.5)**	**–**	–	–	–
Charge for the year	4	**(620.1)**	**(18.6)**	**(85.9)**	**(724.6)**	(567.7)	(16.4)	(584.1)
Impairment loss		**(737.4)**	**(43.8)**	**–**	**(781.2)**	(55.8)	–	(55.8)
Reversal of impairment loss		**–**	**–**	**–**	**–**	37.6	–	37.6
Capitalised depreciation		**–**	**–**	**(29.0)**	**(29.0)**	–	–	–
Disposal		**–**	**0.3**	**1.8**	**2.1**	–	0.7	0.7
Currency translation adjustments		**(37.5)**	**(6.2)**	**(0.1)**	**(43.8)**	60.1	10.5	70.6
At 31 December		**(8,194.6)**	**(265.8)**	**(264.7)**	**(8,725.1)**	(6,951.1)	(197.5)	(7,148.6)
Net book value at 31 December		**3,085.0**	**32.9**	**773.8**	**3,891.7**	4,842.9	73.5	4,916.4

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 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
Echira, 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 (Equatorial Guinea)	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	–
SAP (UK)	e	43.8	n/a	–
Impairment		781.2		

a. Decrease to long term 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. Reassessment of useful life.

During 2019 and 2018 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
2019	**Forward curve***	**Forward curve***	$60/bbl	$63/bbl	$65/bbl	$65/bbl inflated at 2%
2018	Forward curve*	Forward curve*	$66/bbl	$68/bbl	$75/bbl	$75/bbl inflated at 2%

* Forward curve as at 31 December.

Oil prices stated above 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 $15/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 $15/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 $801.5 million, whilst increases to oil prices specified above would result in a credit to the impairment charge of $668.9 million. A 1 per cent increase in the pre-tax discount rate would increase the impairment by $56.8 million. A 1 per cent decrease in the pre-tax discount rate would decrease the impairment by $56.8 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' impairment discount rates.

Note 12. Other assets

	2019 $m	2018 $m
Non-current		
Amounts due from Joint Venture Partners	**576.6**	614.9
Uganda VAT recoverable	**33.5**	33.1
Other non-current assets	**13.1**	48.4
	623.2	696.4
Current		
Amounts due from Joint Venture Partners	**711.8**	670.8
Underlifts	**97.8**	22.9
Prepayments	**69.5**	73.4
VAT and WHT recoverable	**4.9**	3.8
Other current assets	**44.7**	198.1
	928.7	969.0

Other current assets mainly relate to receivables from the insurers, which were collected during the year.

Note 13. Inventories

	2019 $m	2018 $m
Warehouse stock and materials	**64.9**	54.6
Oil stock	**126.6**	80.2
	191.5	134.8

Inventories include a provision of $15.3 million (2018: $20.9 million) for warehouse stock and materials where it is considered that the net realisable value is lower than the original cost.

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.

Impairment of trade 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 historical data the expected credit loss of trade receivables as at 31 December 2019 would be immaterial; therefore, in line with IFRS 9, no further assessment has been performed and no impairment was recognised (2018: $nil).

In order to minimise the risk of default, credit risk is managed on a Group basis (note 19).

Note 15. Cash and cash equivalents

	Notes	2019 $m	2018 $m
Cash at bank	19	**288.8**	175.5
Short-term deposits		**–**	4.3
		288.8	179.8

Cash and cash equivalents includes an amount of $183.0 million (2018: $78.0 million) which the Group holds as operator in Joint Venture bank accounts. In addition to the cash held in Joint Venture bank accounts the Group had $nil (2018: $14.1 million) held in restricted bank accounts.

Note 16. Assets classified as held for sale

In 2017, Tullow announced that it had agreed a substantial farm-down of its assets in Uganda. Under the Sale and Purchase Agreement, Tullow agreed to transfer 21.57 per cent of its 33.33 per cent Uganda interests for a total consideration of $900 million. As a result, the portion of the Ugandan assets being disposed were classified as assets held for sale. In August 2019 the Sale and Purchase Agreements lapsed as a result of being unable to agree all aspects of the tax treatment of the transaction with the Government of Uganda which was a condition to completing the SPAs. Following expiry of the SPA, the Uganda assets have been reclassified from assets held for sale to intangible assets.

The major classes of assets and liabilities comprising the assets classified as held for sale as at 31 December 2019 were as follows:

	Uganda 2019 $m	Total 2019 $m	Uganda 2018 $m	Total 2018 $m
Intangible exploration and evaluation assets	–	–	840.2	840.2
Total assets classified as held for sale	–	–	840.2	840.2
Net assets of disposal groups	–	–	840.2	840.2

Note 17. Trade and other payables

Current liabilities

	Notes	2019 $m	2018 $m
Trade payables		**95.4**	97.1
Other payables[1]		**95.7**	105.1
Overlifts		**–**	16.6
Accruals		**636.1**	747.8
VAT and other similar taxes		**16.2**	16.5
Current portion of leases	20	**284.2**	221.2
		1,127.6	1,204.3

1. Other payables include accrued interest of $43.2 million (2018:$40.0 million).

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, and implementation of IFRS 9.

Non-current liabilities

	Notes	2019 $m	2018 $m
Other non-current liabilities		**72.0**	91.3
Non-current portion of leases	20	**1,140.9**	1,191.0
		1,212.9	1,282.3

Trade and other payables are non-interest bearing except for leases (note 20).

Note 18. Borrowings

	2019 $m	2018 $m
Non-current		
Bank borrowings – after two years but within five years		
Reserves Based Lending credit facility	**1,357.4**	568.0
6.25% Senior Notes due 2022 ($650 million)	**645.5**	644.4
6.625% Convertible Bonds due 2021 ($300 million)	**278.2**	267.0
Bank borrowings – more than five years		
Reserves Based Lending credit facility	**–**	950.0
7.0% Senior Notes due 2025 ($800 million)	**790.6**	789.7
	3,071.7	3,219.1
Carrying value of total borrowings	**3,071.7**	3,219.1

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.

During the year, the Group continued to have access to a Reserves Based Lending (RBL) facility which was split between a commercial bank facility and an International Finance Corporation (IFC) facility. Commitments under the commercial bank facility remained at $2,400 million throughout the year. As at 31 October 2019, commitments under the IFC facility were fully amortised in line with the agreement. 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 relating to the $2,400 million commercial bank facility, or such time as is determined by reference to the remaining reserves of the assets, whichever is earlier.

At 31 December 2019, available headroom under the RBL amounted to $1,055 million (2018: $974 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 2019 except for the decision to suspend the dividend payment following the announcement made in December 2019 by the Executive Chair. 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 Finance Review on page 22 and viability summary on pages 36 and 37.

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.

	2019 $m	2018 $m
Financial assets		
Financial assets at amortised cost		
Trade receivables	**38.7**	159.4
Amounts due from Joint Venture partners	**1,288.4**	1,285.7
Cash and cash equivalents	**288.8**	179.8
Derivative financial instruments		
Used for hedging	**3.8**	130.9
	1,619.7	1,755.8
Financial liabilities		
Liabilities at amortised cost		
Trade payables	**167.4**	188.4
Borrowings	**3,071.7**	3,219.1
Lease liabilities	**1,425.1**	1,412.2
Derivative financial instruments		
Used for hedging	**(16.0)**	(2.7)
	4,648.2	4,817.0

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 2019, was $1,269.6 million (2018: $1,373.0 million) compared to the carrying value of $1,436.0 million (2018: $1,434.2 million).

The fair value of the convertible bonds, as determined using market values as at 31 December 2019, was $281.9 million (2018: $326.9 million) compared to the carrying value of $278.3 million (2018: $267.0 million).

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.

The Group's derivative carrying and fair values were as follows:

Assets/liabilities	2019 Less than 1 year $m	2019 1–3 years $m	2019 Total $m	2018 Less than 1 year $m	2018 1–3 years $m	2018 Total $m
Cash flow hedges						
Oil derivatives	**35.3**	**26.0**	**61.3**	137.9	78.6	216.5
	35.3	**26.0**	**61.3**	137.9	78.6	216.5
Deferred premium						
Oil derivatives	**(49.4)**	**(24.1)**	**(73.5)**	(61.0)	(27.4)	(88.4)
	(49.4)	**(24.1)**	**(73.5)**	(61.0)	(27.4)	(88.4)
Total assets	**0.7**	**3.1**	**3.8**	79.7	51.2	130.9
Total liabilities	**(14.8)**	**(1.2)**	**(16.0)**	(2.7)	–	(2.7)

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 (2018: 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 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.

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 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)

31 December 2018	Gross amounts recognised $m	Gross amounts offset in Group balance sheet $m	Net amounts presented in Group balance sheet $m
Derivative assets	209.6	(78.6)	130.9
Derivative liabilities	7.0	(9.9)	(2.7)

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 are 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 2019 and 31 December 2018, 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.

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 $1.5 million (2018: $2.4 million gain). 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 2019	2020	2021
Oil volume (bopd)	44,997	22,000
Average floor price protected ($/bbl)	57.28	52.80

Hedging position as at 31 December 2018	2019	2020
Oil volume (bopd)	55,732	24,997
Average floor price protected ($/bbl)	56.25	59.31

The following table demonstrates the hedge position as at 31 December 2019:

2020 hedge position at 31 December 2019	**Bopd**	**Bought put (floor)**	**Sold call**	**Bought call**
Hedge structure				
Collars	32,997	$57.60	$79.21	–
Three-way collars (call spread)	12,000	$56.42	$77.82	$87.68
Total/weighted average	**44,997**	**$57.28**	**$78.84**	**$87.68**

2021 hedge position at 31 December 2019	**Bopd**	**Bought put (floor)**	**Sold call**	**Bought call**
Hedge structure				
Collars	21,500	$52.85	$75.59	–
Three-way collars (call spread)	500	$50.00	$70.50	$80.50
Total/weighted average	**22,000**	**$52.78**	**$75.48**	**$80.50**

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 2019	**2019 $m**	**2018 $m**
Brent oil price	**25%**	**(43.9)**	14.2
Brent oil price	**(25%)**	**237.2**	486.9

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.

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	**2019 $m**	**2018 $m**
Oil derivatives – intrinsic	**4.6**	130.8
Oil derivatives – time value	**(17.5)**	(4.9)

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	**2019 $m**	**2018 $m**
At 1 January	**130.8**	(2.6)
Reclassification adjustments for items included in the income statement on realisation:		
Oil derivatives – transferred to sales revenue	**(7.6)**	34.4
Interest rate derivatives – transferred to finance costs	**–**	(1.7)
Subtotal	**(7.6)**	32.7
Revaluation (losses)/gains arising in the year	**(118.6)**	100.7
Movement in current and deferred tax	**–**	–
	(126.2)	133.4
At 31 December	**4.6**	130.8

Deferred amounts in the hedge reserve – time value	**2019 $m**	**2018 $m**
At 1 January	**(4.9)**	(73.8)
Reclassification adjustments for items included in the income statement on realisation:		
Oil derivatives – transferred to sales revenue	**61.0**	52.7
Revaluation (losses)/gains arising in the year	**(73.6)**	16.2
At 31 December	**(17.5)**	(4.9)

Reconciliation to sales revenue	**2019 $m**	**2018 $m**
Oil derivatives – transferred to sales revenue	**7.6**	34.4
Deferred premium paid	**(61.0)**	52.4
Net (gains)/losses from commodity derivatives in sales revenue (note 2)	**(53.4)**	86.8

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 these when appropriate.

Fixed rate debt comprises Senior Notes and convertible bonds.

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 2019 and 2018, was as follows:

	2019 Cash at bank $m	2019 Fixed rate debt $m	2019 Floating rate debt $m	2019 Total $m	2018 Cash at bank $m	2018 Fixed rate debt $m	2018 Floating rate debt $m	2018 Total $m
US$	**259.9**	**(1,750.0)**	**(1,344.3)**	**(2,834.4)**	149.7	(1,750.0)	(1,490.0)	(3,090.3)
Euro	**0.5**	**–**	**–**	**0.5**	0.4	–	–	0.4
Sterling	**16.3**	**–**	**–**	**16.3**	10.9	–	–	10.9
Other	**12.1**	**–**	**–**	**12.1**	18.8	–	–	18.8
	288.8	**(1,750.0)**	**(1,344.3)**	**(2,805.5)**	179.8	(1,750.0)	(1,490.0)	(3,060.2)

Cash at bank consisted mainly of deposits which earn interest at rates set in advance for periods ranging from overnight to one month 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	**2019 $m**	**2018 $m**	**2019 $m**	**2018 $m**
Interest rate	100 basis points	**(13.4)**	(14.9)	**(13.4)**	(14.9)
Interest rate	(25) basis points	**3.4**	3.7	**3.4**	3.7

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 2019 was $1,619.7 million (2018: $1,569.6 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 2019 (2018: 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 2019, the only material monetary assets or liabilities of the Group that were not denominated in the functional currency of the respective subsidiaries involved were $28.9 million in non-US dollar-denominated cash and cash equivalents (2018: $30.1 million).

The following table demonstrates the sensitivity of the Group's financial instruments to reasonably possible movements in US dollar exchange rates:

	Market movement	Effect on profit before tax 2019 $m	2018 $m	Effect on equity 2019 $m	2018 $m
US$/foreign currency exchange rates	20%	**(4.8)**	(4.8)	**(4.8)**	(4.8)
US$/foreign currency exchange rates	(20%)	**7.3**	7.3	**7.3**	7.3

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 $1.2 billion (2018: $1.0 billion) of total facility headroom and free cash as at 31 December 2019.

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 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**

	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 2018							
Non-interest bearing	n/a	96.2	136.9	2.2	–	91.3	326.6
Finance lease liabilities	7.1%	18.3	41.6	162.6	861.3	714.9	1,798.7
Fixed interest rate instruments	7.8%						
Principal repayments		–	–	–	950.0	800.0	1,750.0
Interest charge		9.9	28.0	78.6	385.4	84.0	585.9
Variable interest rate instruments	5.5%						
Principal repayments		–	–	–	568.0	922.0	1,490.0
Interest charge		7.8	15.5	69.9	357.8	40.0	491.0
		132.2	222.0	313.3	3,122.5	2,652.2	6,442.2

In November 2018, a portfolio of interest rate swaps that fixed $300.0 million of variable interest rate risk matured. The impact of these derivatives on the classification of fixed and variable rate instruments has been excluded from the above tables.

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

The balance sheet shows the following amounts relating to leases:

Right-of-use assets (included within Property, plant and equipment)	31 December 2019 $m	1 January 2019 1 $m
Property leases	**57.4**	60.5
Oil and gas production and support equipment leases	**710.0**	809.2
Transportation equipment leases	**6.4**	12.7
Other equipment	**–**	0.1
Total	**773.8**	882.5

1. In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. For adjustments recognised on adoption of IFRS 16 on 1 January 2019, please refer to note 28.

Additions to the right-of-use asset during the 2019 financial year were $150.3 million. These include the impact of IFRS 16, amounts capitalised during the year and the treatment of previous finance lease balances.

Lease liabilities	31 December 2019 $m	1 January 2019 1 $m
Property leases	**60.6**	63.6
Oil and gas production and support equipment leases	**1,351.0**	1,517.4
Transportation equipment leases	**13.5**	26.2
Other equipment	**–**	0.1
Total	**1,425.1**	1,607.3
Current	**284.2**	293.0
Non-current	**1,140.9**	1,314.3
Total	**1,425.1**	1,607.3

1. In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. For adjustments recognised on adoption of IFRS 16 on 1 January 2019, please refer to note 28.

The Group's leases balance includes TEN FPSO and Espoir FPSO, classified as Oil and gas production and support equipment. Prior to 1 January 2019 both vessels were recognised as finance leases under IAS 17 Leases.

As at 31 December 2019, the present value of TEN FPSO and Espoir FPSO right-of-use asset was $675.6 million (1 January 2019: $746.9 million) and $6.7 million (1 January 2019: 9.3 million), respectively. The present value of TEN FPSO and Espoir FPSO lease liability was $1,269.6 million (1 January 2019: $1,389.6 million) and $20.1 million (1 January 2019: 22.6 million), respectively. A receivable from Joint Venture Partners of $600.2 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. The present value of the receivable from Joint Venture Partners unwinds over the expected life of the lease and is reported within finance revenue.

ii) Amounts recognised in the statement of profit or loss

Right-of-use assets (included within Property, plant and equipment)	31 December 2019 $m	1 January 2019 1 $m
Depreciation charge of right-of-use assets		
Property leases	**11.9**	–
Oil and gas production and support equipment leases	**73.9**	–
Transportation equipment leases	**–**	–
Other equipment	**–**	–
Total	**85.8**	–
Interest expense on lease liabilities (included in finance cost)	**103.5**	–
Interest income on amounts due from Joint Venture Partners	**(50.0)**	–
Expense relating to low-value leases	**4.5**	–
Total	**143.8**	–

The total cash outflow for leases in 2019 was $172.1 million.

Note 21. Provisions

	Notes	Decommissioning 2019 $m	Other provisions 2019 $m	Total 2019 $m	Decommissioning 2018 $m	Other provisions 2018 $m	Total 2018 $m
At 1 January		**794.0**	**81.5**	**875.5**	897.4	135.0	1,032.4
New provisions and changes in estimates		**109.0**	**15.5**	**124.5**	(5.8)	155.1	149.3
Disposals		**–**	**(0.3)**	**(0.3)**	–	–	–
Payments		**(75.1)**	**(20.4)**	**(95.5)**	(99.1)	(208.6)	(307.7)
Unwinding of discount	5	**16.3**	**–**	**16.3**	14.4	–	14.4
Currency translation adjustment		**5.9**	**–**	**5.9**	(12.9)	–	(12.9)
At 31 December		**850.1**	**76.3**	**926.4**	794.0	81.5	875.5
Current provisions		**102.6**	**70.2**	**172.8**	121.6	76.9	198.5
Non-current provisions		**747.5**	**6.1**	**753.6**	672.4	4.6	677.0

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	Cessation of production assumption	2019 $m	2018 $m
Côte d'Ivoire	2%	2%	2033	**55.6**	47.1
Equatorial Guinea	2%	2%	2030–2032	**116.1**	100.8
Gabon	2%	2–2.5%	2022–2037	**56.7**	50.1
Ghana	2%	2–2.5%	2032–2036	**365.6**	292.1
Mauritania	n/a	n/a	2018	**82.6**	94.8
UK	n/a	n/a	2018	**173.5**	209.1
				850.1	794.0

Note 22. Deferred taxation

	Accelerated tax depreciation $m	Decommissioning $m	Revaluation of financial assets $m	Tax losses $m	Other timing differences $m	Provision for onerous service contracts $m	Deferred PRT $m	Total $m
At 1 January 2018	(1,138.3)	180.6	(0.1)	530.0	(24.1)	44.7	30.5	(376.7)
Credit/(charge) to income statement	37.3	(47.7)	0.1	(0.8)	(1.0)	(10.5)	(18.1)	(40.7)
Exchange differences	(0.2)	(5.2)	–	(1.7)	0.2	(0.8)	(0.8)	(8.5)
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 31 December 2019	**(738.1)**	**108.3**	**–**	**349.3**	**(26.8)**	**21.7**	**9.7**	**(275.9)**

	2019 $m	2018 $m
Deferred tax liabilities	**(793.4)**	(1,075.3)
Deferred tax assets	**517.5**	649.4
	(275.9)	(425.9)

No deferred tax has been provided on unremitted earnings of overseas subsidiaries, as the Group has no plans to remit these to the UK in the foreseeable future. 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 2018	1,386,567,336	208.2	1,326.8
Issued during the year			
Exercise of share options	6,872,380	0.9	17.4
At 1 January 2019	**1,393,439,716**	**209.1**	**1,344.2**
Issued during the year			
Exercise of share options	**14,458,235**	**1.8**	**35.8**
At 31 December 2019	**1,407,897,951**	**210.9**	**1,380.0**

The Company does not have a maximum authorised share capital.

Note 24. Share-based payments

Analysis of share-based payment charge

	Notes	2019 $m	2018 $m
Tullow Incentive Plan		**15.8**	11.8
2005 Performance Share Plan		**–**	–
Employee Share Award Plan		**11.9**	14.3
2010 Share Option Plan and 2000 Executive Share Option Scheme		**–**	0.1
UK and Irish Share Incentive		**–**	–
Total share-based payment charge		**27.7**	26.2
Capitalised to intangible and tangible assets		**1.9**	1.3
Expensed to operating costs	4	**2.6**	1.0
Expensed as exploration costs written off		**1.0**	1.1
Expensed as administrative cost	4	**22.2**	22.8
Total share-based payment charge		**27.7**	26.2

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 2018 and 2019 TIP awards 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 58 to 79.

The weighted average remaining contractual life for TIP awards outstanding at 31 December 2019 was 5.5 years.

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.

The weighted average remaining contractual life for PSP awards outstanding at 31 December 2019 was 0.2 years.

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 2018 and 2019 ESAP awards 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 2019 was 7.0 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.

Options outstanding at 31 December 2019 had exercise prices of 900p to 1,294p (2018: 601p to 1,294p) and remaining contractual lives between 71 days and 3.6 years. The weighted average remaining contractual life is 2.1 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).

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	Adjustment for the Rights Issue during the year	Granted during the year	Exercised during the year	Forfeited/ expired during the year	Outstanding at 31 December	Exercisable at 31 December
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
2018 TIP –	number of shares	16,753,447	–	5,453,170	(1,539,418)	(371,397)	20,295,802	1,616,059
2018 TIP –	average weighted share price at grant	249.2	–	181.1	524.3	356.4	208.1	530.1
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
2018 PSP –	number of shares	571,911	–	–	(163,306)	–	408,605	408,605
2018 PSP –	average weighted share price at grant	868.9	–	–	870.8	–	868.2	868.2
2019 DSBP –	number of shares	224,102	–	–	(224,102)	–	–	–
2019 DSBP –	average weighted share price at grant	1,260.5	–	–	1,260.5	–	–	–
2018 DSBP –	number of shares	224,102	–	–	–	–	224,102	224,102
2018 DSBP –	average weighted share price at grant	1,260.5	–	–	–	–	1,260.5	1,260.5
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
2018 ESAP –	number of shares	26,689,114	–	5,907,717	(4,848,390)	(1,235,130)	26,513,311	7,027,121
2018 ESAP –	average weighted share price at grant	252.2	–	181.1	348.9	192.0	221.5	362.3
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
2018 SOP/ESOS –	number of shares	9,876,367	–	–	–	(1,753,995)	8,122,372	8,122,372
2018 SOP/ESOS –	WAEP	1,047.6	–	–	–	901.9	1,079.1	1,079.1
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
2018 phantoms –	number of phantom shares	1,429,868	–	–	–	(149,638)	1,280,230	1,280,230
2018 phantoms –	WAEP	1,086.5	–	–	–	1,085.0	1,086.7	1,086.7

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.

	2019 TIP	**2019 ESAP**	**2018 TIP**	**2018 ESAP**
Weighted average fair value of awards granted	**226.30**	**226.30**	181.1p	181.1p
Weighted average share price at exercise for awards exercised	**186.88**	**217.53**	213.0p	212.9p
Principal inputs to options valuations model:				
Weighted average share price at grant	**226.3**	**226.3**	181.1p	181.1p
Weighted average exercise price	**0.0p**	**0.0p**	0.0p	0.0p
Risk-free interest rate per annum[1]	**0.7%/0.8%**	**0.7%**	0.9%/1.2%	0.9%
Expected volatility per annum[1, 2]	**53%/55%**	**53%**	62%/52%	62%
Expected award life (years)[1, 3]	**3.0/5.0**	**3.0**	3.0/5.0	3.0
Dividend yield per annum[4]	**n/a**	**n/a**	n/a	n/a
Employee turnover before vesting per annum[1]	**5%/0%**	**5%**	5%/0%	5%

1. Shows the assumption for TIP awards made to Senior Management/Executives and Directors respectively.
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.
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 2019 TIP and 2019 ESAP awards as a dividend equivalent will be payable on the exercise of these awards.

	2019 PSP	2018 PSP	2019 DSBP	2018 DSBP	2019 SOP/ESOS	2018 SOP/ESOS
Weighted average share price at exercise for awards exercised	**157.7p**	**234.8p**	**148.8p**	204.1p	n/a	n/a

Note 25. Commitments and contingencies

	2019 $m	2018 $m
Capital commitments	**230.4**	233.9
Contingent liabilities		
Performance guarantees	**82.6**	60.8
Other contingent liabilities	**104.3**	66.0
	186.9	126.8

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 include 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.

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.

	2019 $m	2018 $m
Short-term employee benefits	**3.1**	5.7
Post-employment benefits	**0.5**	0.5
Amounts awarded under long-term incentive schemes	**–**	3.0
Share-based payments	**3.2**	2.2
	6.8	11.4

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.

Amounts awarded under long-term incentive schemes

These amounts relate to the shares granted under the annual bonus scheme that are deferred for three years under the Deferred Share Bonus Plan (DSBP) and Tullow Incentive Plan (TIP).

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 58 to 79.

Note 27. Events since 31 December 2019

In February 2020, Tullow concluded its Business Review – which included a review of organisation structure and resources. Subject to the outcome of the consultation, this will most likely result in a 35 per cent reduction in headcount, with an associated cost of the restructuring. It is anticipated that the reorganisation will generate savings over the next three years.

Tullow's six-monthly redetermination of its Reserves Based Lending (RBL) facility is expected to conclude on schedule at the end of March. Based on discussions with the syndicate to date, Tullow expects to conclude the process with debt capacity of c.$1.9 billion. Once approved, the Group will have headroom of c.$0.7 billion which is above the Group's policy target of no less than $500 million and is appropriate in light of Tullow's reduced future capital commitments. In addition, the reduced debt capacity reduces the Group's finance fees. On completion of the six-monthly redetermination process, the Group plans to voluntarily reduce facility commitments by $211 million, effectively accelerating the October 2020 amortisation. The next amortisation of commitments will not be until April 2021.

On 6 March 2020, OPEC and non-OPEC allies (OPEC+) met to discuss the need to cut oil supply to balance oil markets in the wake of the COVID-19 outbreak which has had a material impact on oil demand. The group failed to reach agreement and on 7 March 2020, Saudi Aramco unilaterally and aggressively cut its Official Selling Prices (OSP) in an attempt to prioritise market share rather than price stability and effectively started a price war. As a result, on 9 March 2020, oil prices fell by around 20 per cent and the forward curve for 2020 and 2021 fell to approximately $38/bbl and $42/bbl respectively. These recent events will continue to have an impact on oil price volatility. Tullow prudently manages its commodity risk and is well hedged with 60 per cent of 2020 production hedged at an average floor price of $57/bbl and c.40 per cent hedged at an average floor price of $52/bbl for 2021. Realised oil prices for January and February 2020 are expected to average over $60/bbl.

Note 28. New International Financial Reporting Standards adopted

IFRS 16 Leases

The Group adopted IFRS 16 Leases, for the year commencing 1 January 2019. On adoption of IFRS 16, the Group has recognised lease liabilities in relation to leases which were previously classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities have been measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease (if available), or the incremental borrowing rate as of 1 January 2019, which was 6.9 per cent. The determination of whether there is an interest rate implicit in the lease, the calculation of the Group's incremental borrowing rate, and whether any adjustments to this rate are required for certain portfolios of leases involves some judgement and is subject to change over time.

In accordance with the transition provisions in IFRS 16, the modified retrospective approach has been adopted, with the cumulative effect of initially applying the new standard recognised on 1 January 2019. Comparatives for the 2018 financial year have not be restated. The financial impact of transition to IFRS 16 for the financial year 2019 has been summarised within this note.

Lease liabilities related to operated Joint Ventures are disclosed gross with the debit representing the partner's share disclosed in amounts due from Joint Venture Partners.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard on transition:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and
- to not separate non-lease components from all leases with a right-of-use asset less than $2 million.

The Group has identified lease portfolios for property, oil and gas production and support equipment, transportation equipment, and other equipment.

Lease liabilities – gross value on transition

Lease portfolio	Examples	$m
Property leases	Offices, staff rental property, warehouses, airport space	63.6
Oil and gas production and support equipment leases	Drilling rigs, support vessels	105.2
Transportation equipment leases	Cars and aircraft	26.2
Other equipment	Non-material equipment such as IS equipment	0.1
Total		**195.1**

Initial measurement of lease liabilities

	$m
Operating lease commitments disclosed as at 31 December 2018	120.2
Discounted using the lessee's incremental borrowing rate of at the date of initial application (6.9%)	100.9
Finance lease liabilities recognised as at 31 December 2018	1,412.2
Low-value leases not recognised as a liability	(4.5)
Contracts reassessed as lease contracts	98.7
Lease liability recognised as at 1 January 2019	**1,607.3**

Financial impact of the transition

Balance Sheet

The impact of the transition has resulted in higher property, plant and equipment, current and non-current other assets and current and non-current lease liabilities.

For short-term leases (lease term less than 12 months) and leases of low-value assets the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. Depending on the nature of the lease, this is either recognised as additions to property, plant and equipment, operating costs or administrative costs.

Property, plant and equipment	**31 December 2019 $m**
Non–current	**91.5**
Total IFRS 16 transition	**91.5**

Other assets	**31 December 2019 $m**
Current	29.2
Non-current	11.4
Total IFRS 16 transition	**40.6**

Lease liabilities	**31 December 2019 $m**
Current	**(62.3)**
Non–current	**(73.0)**
Total IFRS 16 transition	**(135.3)**

Income statement

The Group impact of the transition resulted in a small net decrease in administrative expenses, along with a $10.0 million increase in finance costs, partly offset by interest on amounts due from Joint Venture Partners of $3.7 million. The Group has recognised depreciation on right-of-use assets for 2019 of $39.2 million, of which $29.0 million has subsequently been capitalised through the Group's normal operations in accordance with relevant accounting policy.

	31 December 2019 $m
Administrative expenses	**1.0**
Operating profit	**1.0**
Finance revenue	**3.7**
Finance costs	**(10.6)**
Profit/loss	**(5.9)**
Deferred tax credit	**1.5**

Cash flow statement

Lease payments are currently split between financing cash flows and operating cash flows in the cash flow statement. Financing cash flows represent repayment of principal, and operating cash flow payments of interest. In prior periods, operating lease payments were all presented as operating cash flows under IAS 17.

Non-IFRS measures

As described above the implementation of IFRS 16 impacts operating costs and capital expenditure. However, Tullow has adjusted its definition of EBITDAX, cash operating costs and capital investment including expenditure previously recognised as operating lease costs and associated capital expenditure in the year.

Note 29. Cash flow statement reconciliations

Purchases of intangible exploration and evaluation assets	**2019 $m**	**2018 $m**
Additions to intangible exploration and evaluation assets	**279.3**	230.4
Associated cash flows		
Purchases of intangible exploration and evaluation assets	**(259.4)**	(202.1)
Non-cash movements/presented in other cash flow lines		
Capitalised interest	**(16.3)**	(65.3)
Movement in working capital	**(3.6)**	37.0

Purchases of property, plant and equipment	**2019 $m**	**2018 $m**
Additions to property, plant and equipment	**528.4**	268.1
Associated cash flows		
Purchases of property, plant and equipment	**(261.5)**	(238.4)
Non-cash movements/presented in other cash flow lines		
Decommissioning asset revisions	**(109.0)**	(5.8)
Finance lease additions	**(150.3)**	(3.8)
Movement in working capital	**(7.6)**	(20.1)

Movement in borrowings	2019 $m	2018 $m	2017 $m	2019 Movement	2018 Movement
Non-current borrowings	**3,071.7**	3,219.1	3,606.4	**(147.4)**	(387.3)
Associated cash flows					
Debt arrangement fees				**–**	(15.0)
Repayment of borrowings				**(520.0)**	(1,755.1)
Drawdown of borrowings				**375.0**	1,240.0
Non-cash movements/presented in other cash flow lines					
IFRS 9 transition adjustment				**–**	110.8
Amortisation of arrangement fees and accrued interest				**(2.4)**	8.2

Note 30. Dividends

In 2019, the Board recommended and paid a final 2018 dividend of 4.8p per share ($67 million) and an interim 2019 dividend of 2.35p per share ($33 million).

As announced in the "Board Changes and 2020 Guidance" press release on 9 December, the Board has decided to suspend the dividend for 2019.

Company balance sheet

Year ended 31 December 2019

	Notes	2019 $m	2018 $m
ASSETS			
Non-current assets			
Investments	1	**4,580.1**	5,567.1
		4,580.1	5,567.1
Current assets			
Other current assets	3	**1,104.6**	1,164.6
Cash at bank		**0.2**	5.6
		1,104.8	1,170.2
Total assets		**5,684.9**	6,737.3
LIABILITIES			
Current liabilities			
Trade and other creditors	4	**(439.9)**	(353.8)
Intercompany derivative liability	6	**(1.8)**	(11.2)
		(441.7)	(365.0)
Non-current liabilities			
Borrowings	5	**(2,793.5)**	(2,952.1)
Intercompany derivative liability	6	**–**	(0.8)
		(2,793.5)	(2,952.9)
Total liabilities		**(3,235.2)**	(3,317.9)
Net assets		**2,449.7**	3,419.4
Capital and reserves			
Called-up share capital	7	**210.9**	209.1
Share premium	7	**1,380.1**	1,344.2
Other reserves		**866.1**	866.1
Retained earnings		**(7.4)**	1,000.0
Total equity		**2,449.7**	3,419.4

During the year the Company made a loss of $893.9 million (2018: $145.9 million profit).

Approved by the Board and authorised for issue on 11 March 2020.

Dorothy Thompson
Executive Chair

Les Wood
Chief Financial Officer

Company statement of changes in equity

Year ended 31 December 2019

	Share capital $m	Share premium $m	Other reserves[1] $m	Retained earnings $m	Total equity $m
At 1 January 2018	208.2	1,326.8	851.9	1,306.6	3,693.5
Adjustment on adoption of IFRS 9, net of tax	–	–	–	(446.3)	(446.3)
Profit for the year	–	–	–	145.9	145.9
Issue of employee share options	0.9	17.4	–	–	18.3
Vesting of employee share options	–	–	–	(18.2)	(18.2)
Transfers	–	–	14.2	(14.2)	–
Share-based payment charges	–	–	–	26.2	26.2
At 1 January 2019	**209.1**	**1,344.2**	**866.1**	**1,000.0**	**3,419.4**
Loss for the year	**–**	**–**	**–**	**(893.9)**	**(893.9)**
Dividends paid	**–**	**–**	**–**	**(100.9)**	**(100.9)**
Vesting of employee share options	**1.8**	**35.9**	**–**	**(37.7)**	**–**
Share-based payment charges	**–**	**–**	**–**	**25.1**	**25.1**
At 31 December 2019	**210.9**	**1,380.1**	**866.1**	**(7.4)**	**2,449.7**

1. Other reserves include the merger reserve.

At 31 December 2019 the Group did not hold any shares in a Tullow Oil Employee Trust to satisfy awards held under the Group's share incentive plans.

Company accounting policies
As at 31 December 2019

(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 Tullow Oil Group.

(b) Basis of accounting

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 $893.9 million (2018: $145.9 million profit).

(c) Going concern

Refer to the Finance Review section of the Directors' Report.

(d) Foreign currencies

The US dollar is the reporting 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) Investments

Fixed asset investments, including investments in subsidiaries, are stated at cost and reviewed for impairment if there are indications that the carrying value may not be recoverable.

(f) 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 2019, 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.

(g) 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 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.

Borrowings and trade creditors fall under this category of financial instruments.

(h) Share issue expenses

Costs of share issues are written off against the premium arising on the issues of share capital.

(i) 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.

(j) 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.

(k) 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.

(l) 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 requiring 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 could not demonstrate the ability to repay the loan, if demanded at the reporting date, the Company calculated 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. Despite this requirement, the Company does not intend to demand repayment of any amounts due from subsidiary undertakings in the near future.

Note 1. Investments

	2019 $m	2018 $m
Shares at cost in subsidiary undertakings	**4,580.1**	5,567.1
	4,580.1	5,567.1

During 2019, the Company decreased its investments in subsidiaries' undertakings by $987.0 million (2018: $152.8 million decrease); additional impairment of $1,905.1 million (2018: $202.9 million) was recognised against the Company's investments in subsidiaries to fund losses incurred by Group service companies and exploration companies.

The Company's subsidiary undertakings as at 31 December 2019 are listed on pages 160 to 161. 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 $628.5 million (2018: $526.7 million) that are available indefinitely for offset against future non-ring-fenced taxable profits in the Company. A deferred tax asset of $nil (2018: $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

	2019 $m	2018 $m
Other debtors	**8.0**	28.9
Due from subsidiary undertakings	**1,096.6**	1,135.7
	1,104.6	1,164.6

The amounts due from subsidiary undertakings include $1,067.2 million (2018: $1,067.2 million) that incurs interest at LIBOR plus 4.5 per cent (2018: LIBOR plus 4.5 per cent). The remaining amounts due from subsidiaries accrue no interest. All amounts are repayable on demand. At 31 December 2019 a provision of $114.8 million (2018: $291.7 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

	2019 $m	2018 $m
Accrued interest	**33.9**	30.9
Corporation tax payable	**–**	9.3
Due to subsidiary undertakings	**406.0**	313.6
	439.9	353.8

Note 5. Borrowings

	2019 $m	2018 $m
Non-current		
Bank borrowings – after two years but within five years		
Reserves Based Lending credit facility	**1,357.4**	568.0
6.25% Senior Notes due 2022	**645.5**	644.4
Bank borrowings – more than five years		
Reserves Based Lending credit facility	**–**	950.0
7.00% Senior Notes due 2025	**790.6**	789.7
	2,793.5	2,952.1

Term loans are secured by fixed and floating charges over the oil and gas assets of the Group.

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 2019 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 has an intercompany oil derivative trade with a wholly owned subsidiary to purchase downside oil price protection up to 31 December 2020, for a deferred consideration of $69.1 million.

The Company's derivative carrying and fair values were as follows:

Assets/liabilities	2019 Less than 1 year $m	2019 1–3 years $m	2019 Total $m	2018 Less than 1 year $m	2018 1–3 years $m	2018 Total $m
Intercompany oil derivatives	**(1.8)**	**–**	**(1.8)**	(11.2)	(0.8)	(12.0)
Total assets	**–**	**–**	**–**	–	–	–
Total liabilities	**(1.8)**	**–**	**(1.8)**	(11.2)	(0.8)	(12.0)

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 (2018: 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.

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	2019 $m	2018 $m
Intercompany oil derivatives	**7.5**	(1.0)

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 2019 and 31 December 2018 was as follows:

	2019 Cash at bank $m	2019 Fixed rate debt $m	2019 Floating rate debt $m	2019 Total $m	2018 Cash at bank $m	2018 Fixed rate debt $m	2018 Floating rate debt $m	2018 Total $m
US$	**0.1**	**(1,450.0)**	**(1,344.3)**	**(2,794.4)**	5.5	(1,450.0)	(1,490.0)	(2,934.5)
Euro	**0.1**	**–**	**–**	**0.1**	0.1	–	–	0.1
	0.2	**(1,450.0)**	**(1,344.3)**	**(2,794.5)**	5.6	(1,450.0)	(1,490.0)	(2,934.4)

Cash at bank consisted mainly of deposits which earn interest at rates set in advance for periods ranging from overnight to one month by reference to market rates.

Liquidity risk

The following table details the Company's remaining contractual maturity 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 2019							
Non-interest bearing	**n/a**	**33.9**	**–**	**414.0**	**–**	**–**	**447.9**
Fixed interest rate instruments	**5.8%**						
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**

	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 2018							
Non-interest bearing	n/a	353.8	–	–	–	–	353.8
Fixed interest rate instruments	7.8%						
Principal repayments		–	–	–	650.0	800.0	1,450.0
Interest charge		–	28.0	68.6	325.8	84.0	506.4
Variable interest rate instruments	5.5%						
Principal repayments		–	–	–	568.0	922.0	1,490.0
Interest charge		7.8	15.5	69.9	357.8	40.0	491.0
		361.6	43.5	138.5	1,901.6	1,846.0	4,291.2

Sensitivity analysis

The following analysis is intended to illustrate sensitivity to changes in market variables, being Dated Brent oil prices and US dollar exchange rates. The analysis is used internally by management to monitor derivatives and assesses the financial impact of reasonably possible movements in key variables.

	Impact on profit before tax		
	Market movement	2019 $m	2018 $m
Brent oil price	25%	–	–
Brent oil price	(25%)	–	(17.5)

The following assumptions have been used in calculating the sensitivity in movement of oil prices: the pricing adjustments relate only to the point forward mark-to-market (MTM) valuations and the sensitivities have been run only on the intrinsic element of the derivatives as management considers this to be the material component of oil derivative valuations.

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 2018	1,386,567,336	208.2	1,326.8
Issued during the year			
Exercise of share options	6,872,380	0.9	17.4
At 1 January 2019	**1,393,439,716**	**209.1**	**1,344.2**
Issued during the year			
Exercise of share options	**14,458,235**	**1.8**	**35.9**
At 31 December 2019	1,407,897,951	210.9	1,380.1

The Company does not have an authorised share capital. The par value of the Company's shares is 10p.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare the Group Financial Statements for each financial year. Under that law the Directors are required to prepare the Group Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the Parent Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 Reduced Disclosure Framework. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 inappropriate to presume that the Company will continue in business.

In preparing the Group Financial Statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- 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 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;

- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and

- the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

By order of the Board

Paul McDade	**Les Wood**
Chief Executive Officer	*Chief Financial Officer*
12 February 2019	12 February 2019

Independent auditor's report

for the Group and Company Financial Statements

Opinion

In our opinion:

- the Financial Statements of Tullow Oil plc ('the Parent Company') and its subsidiaries ('the Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's profit for the year then ended;

- the Group Financial Statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;

- the Parent Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework; and

- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

We have audited the Financial Statements which comprise:

- the Group income statement;

- the Group statement of comprehensive income and expense;

- the Group and Parent Company balance sheets;

- the Group and Parent Company statements of changes in equity;

- the Group cash flow statement;

- the Group and Parent Company statements of accounting policies;

- the related notes 1 to 32 to the Group Financial Statements; and

- the related notes 1 to 8 to the Parent Company Financial Statements.

The financial reporting framework that has been applied in the preparation of the Group Financial Statements is applicable law and IFRSs as adopted by 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 and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the Financial Reporting Council's (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 confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company.

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

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: the carrying value of exploration and evaluation (E&E) assets; and the carrying value of property, plant and equipment (PP&E). Within this report, any new key audit matters are identified with ^ and any key audit matters which are the same as the prior year identified with >.
Materiality	The materiality that we used for the Group Financial Statements was $50 million which represents approximately 2 per cent of net assets and approximately 3 per cent of Adjusted EBITDAX.
Scoping	The Group comprises three reporting units and the corporate business unit, all of which were included in our assessment of the risks of material misstatement. Full scope audits were performed on those operations audited by the Group team and by the component teams in Ghana and Gabon. Specified audit procedures were performed in all of the Group's other locations.
Significant changes in our approach	There have been no significant changes to our approach to the audit, aside from our conclusion that the provision for onerous service contracts was not a key audit matter for this year's audit. Following the settlement of the Seadrill case in the current year and following reduced levels of uncertainty with regards to the onerous service contracts during 2018 we concluded that the provision for onerous contracts was not a key audit matter for the year ended 31 December 2018.

Conclusions relating to going concern, principal risks and viability statement

Going concern We have reviewed the Directors' statement on page 37 about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least 12 months from the date of approval of the Financial Statements. We considered as part of our risk assessment the nature of the Group, its business model and related risks including where relevant the impact of Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the Directors' assessment of the Group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the Directors' plans for future actions in relation to their going concern assessment. We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.	We confirm that we have nothing material to report, add or draw attention to in respect of these matters.
Principal risks and viability statement Based solely on reading the Directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the Directors' assessment of the Group's and the Company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to: • the disclosures on pages 54 to 57 that describe the principal risks and explain how they are being managed or mitigated; • the Directors' confirmation on page 75 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; or • the Directors' explanation on page 58 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions. We are also required to report whether the Directors' statement relating to the prospects of the Group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

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 forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of exploration and evaluation (E&E) assets

Key audit matter description	The carrying value of E&E assets as at 31 December 2018 is $1,898.6 million (2017: $1,933.4 million) and the Group has written off E&E expenditure totalling $295.2 million (2017: $143.4 million) in the year then ended. The assessment of the carrying value of E&E assets requires management to exercise judgement as described in the 'critical accounting judgements' section of the Annual Report and Accounts on page 126. Management's assessment requires consideration of a number of factors, including, but not limited to, the Group's intention to proceed with a future work programme for a prospect or licence, the likelihood of licence renewal and the success of drilling and geological analysis to date. We have pinpointed the key audit matter in this area to those E&E assets in the Group's portfolio which are at higher risk of impairment, specifically those in Kenya. Following $140 million of exploration write off in respect of Wawa and Akasa in Ghana in 2018, we no longer considered the Ghana E&E assets to be at higher risk of future impairment. The costs capitalised in respect of Kenya constitute $1,098 million of the Group's E&E assets. Please refer to note 10 on pages 134 and 135 of the Annual Report and Accounts and the Audit Committee Report on pages 70 to 76 for further information.
How the scope of our audit responded to the key audit matter	We evaluated management's assessment of E&E assets held on the balance sheet at 31 December 2018 with reference to the criteria of IFRS 6 Exploration for and Evaluation of Mineral Resources and the Group's accounting policy (see page 123). Our work to assess the assets at higher risk of impairment included, but was not limited to, the following audit procedures: • participating in meetings with operational and finance staff in Kenya and London to discuss Exploration and Appraisal activities; • obtaining confirmations of budget allocations, confirmations of the licence phase and ongoing appraisal activity; and • obtaining evidence in respect of the continuance or otherwise of appraisal activity, licence validity, the status of applications for licence extensions and management's expectations of approval, its consideration of the likelihood of recovery of the balance sheet value and its conclusion on commerciality where relevant.
Key observations	We are satisfied that the assets have been treated in accordance with the criteria of IFRS 6 and Tullow's E&E accounting policy. In some circumstances the costs of wells from exploration continue to be held on the balance sheet for a significant period of time while development plans are finalised and government consent is obtained, for example in Kenya. Based on the audit evidence gathered, we are satisfied that the judgements made by management are reasonable.

Carrying value of Property, Plant and Equipment (PP&E)

Key audit matter description	In 2018 Tullow recognised a net impairment charge of $18.2 million (2017: $539.1 million impairment) against the value of its PP&E assets, of which $13.3 million (2017: $535.5 million impairment) relates to the impairment reversal in the TEN asset. Please refer to note 11 and the Audit Committee Report on pages 70 to 76 for further details. As described in the 'key sources of estimation uncertainty' section of the Annual Report and Accounts on page 127, the assessment of the carrying value of PP&E assets requires management to compare it against the recoverable amount of the asset. The calculation of the recoverable amount requires judgement in estimating future oil and gas prices, the applicable asset discount rate and the cost and production profiles of reserves estimates. We have identified the TEN asset in Ghana as the Group's only field whose impairment assessment represents a key audit matter as a result of its material size and sensitivity to changes in underlying assumptions. Given the asset's importance to the Group in terms of future production and the estimation uncertainty in the determination of its recoverable amount, we also considered there to be a fraud risk that the assumptions applied to the valuation are inappropriate. Management has disclosed the impact of sensitivities of both the discount rate and commodity prices in the PP&E note on pages 135 and 136.
How the scope of our audit responded to the key audit matter	We examined management's assessment of impairment and impairment reversal indicators, which concluded that an increase in the forecast oil price assumption and the positive revisions to the production profiles during the year represented an indicator of impairment reversals for the Group's oil and gas assets. The assumptions that underpin management's calculation of the recoverable amounts of the TEN asset are inherently judgemental. Our audit work therefore assessed the reasonableness of management's key assumptions when calculating its recoverable amount. Specifically our work included, but was not limited to, the following procedures: • benchmarking and analysis of oil price assumptions against forward curves and other market data; • agreement of hydrocarbon production profiles and proven and probable reserves to third-party reserve reports and evaluated the competence, capabilities and objectivity of the third-party reserve auditors; • verification of estimated future costs by agreement to approved budgets and assessment of their appropriateness with reference to field production profiles, with involvement from Deloitte petroleum engineering experts; • recalculation and benchmarking of discount rates applied, with involvement from Deloitte industry valuation specialists; and • consideration of evidence of management bias in the assumptions selected and the application of professional scepticism to address the risk of fraud.
Key observations	The assumptions made by management when determining the TEN asset's recoverable amount fall within a reasonable range. Overall, we are satisfied that the recoverable amount of the assets have been determined and impairment charges and reversals have been recognised in accordance with the requirements of IAS 36 Impairment of Assets.

Our application of materiality

We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

	Group Financial Statements
Materiality	Group: $50 million (2017: $50 million). Parent Company: $40 million (2017: $40 million).
Basis for determining materiality	Group: Approximately 2 per cent of Group net assets, consistent with the prior year approach (2017: approximately 2 per cent of Group net assets, consistent with the prior year approach). Parent Company: Approximately 1 per cent of the Parent Company's net assets (2017: approximately 1 per cent of the Parent Company's net assets).
Rationale for the benchmark applied	Group: We have determined materiality based on the net asset position of the Group, reflecting the long-term value of the Group in its portfolio of exploration and development assets and their associated reserves and resources. We have determined that using a balance sheet metric, rather than profit-based metric, will provide a more stable base for materiality. However, for reference we note that materiality equates to approximately 3 per cent of the alternative performance measure Adjusted EBITDAX. Management has presented a reconciliation of Adjusted EBITDAX to profit from continuing activities on page 39 of the Annual Report and Accounts. Parent Company: We have determined materiality based on the net asset position of the Company as its principal activity is to hold investments in subsidiaries and external debt.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $2.5 million (2017: $2.5 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

An overview of the scope of our audit

The Group comprises three reporting units and the corporate business unit, all of which were included in our assessment of the risks of material misstatement. Full scope audits were performed on those operations audited by the Group team and by the component teams in Ghana and Gabon. Specified audit procedures were performed at the Group's other locations. The materialities applied to components ranged from $25 million to $40 million (2017: $25 million to $40 million).

The Group team took direct responsibility for the audit work in certain locations including the UK, Kenya and Uganda as well as the consolidation process. The Group team planned and oversaw the work performed by component auditors; the level of direct involvement varied by location and included, at a minimum, a review of the reports provided on the results of the work undertaken by the component audit teams.

In addition, the senior statutory auditor and senior members of his Group audit team visited Ghana and Kenya to direct and review the audit work performed by the component auditors.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the Financial Statements and our Auditor's Report thereon. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the Financial Statements, 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 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 or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that: • Fair, balanced and understandable – the statement given by the Directors that they consider the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or • Audit Committee reporting – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or • Directors' statement of compliance with the UK Corporate Governance Code – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.	***We have nothing to report in respect of these matters.***

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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's and the 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management, internal audit, the Group Ethics and Compliance Manager and the Audit Committee, including obtaining and reviewing supporting documentation, concerning the Group's policies and procedures relating to:
- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team including significant component audit teams and involving relevant internal specialists, including tax, valuations, IT and industry specialists regarding how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas: Carrying value of exploration and evaluation (E&E) assets and Carrying value of Property, Plant and Equipment ('PP&E'); and
- obtaining an understanding of the legal and regulatory framework that the Group operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the Group. The key laws and regulations we considered in this context included the UK Companies Act 2006, the UK Corporate Governance Code, the Listing Rules of the UK Listing Authority and the relevant tax compliance regulations in the jurisdictions in which Tullow operates.

Audit response to risks identified

As a result of performing the above, we identified carrying value of exploration and evaluation assets and carrying value of property, plant and equipment as key audit matters. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the Financial Statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and local tax and regulatory authorities in the countries in which Tullow operates; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

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.

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.

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

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records Under the Companies Act 2006 we are required to report to you if, in our opinion: • we have not received all the information and explanations we require for our audit; or • 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 are not in agreement with the accounting records and returns.	***We have nothing to report in respect of these matters.***
Directors' remuneration Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.	***We have nothing to report in respect of these matters.***

Other matters

Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the Directors on 1 August 2002 to audit the Financial Statements for the year ended 31 December 2002 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and re-appointments of the firm is 16 years, covering the years ended 31 December 2002 to 31 December 2018.

Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

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.

Dean Cook MA FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

12 February 2019

Group income statement

Year ended 31 December 2018

	Notes	2018 $m	2017 Restated[1] $m
Continuing activities			
Sales revenue	2	**1,859.2**	1,722.5
Other operating income – lost production insurance proceeds	6	**188.4**	162.1
Cost of sales	4	**(966.0)**	(1,069.3)
Gross profit		**1,081.6**	815.3
Administrative expenses	4	**(90.3)**	(95.3)
Restructuring costs	4	**(3.4)**	(14.5)
Gain/(loss) on disposal	9	**21.3**	(1.6)
Exploration costs written off	10	**(295.2)**	(143.4)
Impairment of property, plant and equipment, net	11	**(18.2)**	(539.1)
Provision for onerous service contracts, net	22	**(167.4)**	1.0
Operating profit		**528.4**	22.4
Gain on hedging instruments		**2.4**	1.4
Finance revenue	5	**58.4**	42.0
Finance costs	5	**(328.7)**	(351.7)
Profit/(loss) from continuing activities before tax		**260.5**	(285.9)
Income tax (expense)/credit	7	**(175.1)**	110.6
Profit/(loss) for the year from continuing activities		**85.4**	(175.3)
Attributable to:			
Owners of the Company		**84.8**	(176.3)
Non-controlling interest	25	**0.6**	1.0
		85.4	(175.3)
Profit/(loss) per ordinary share from continuing activities	8	**¢**	¢
Basic		**6.1**	(13.7)
Diluted		**5.9**	(13.7)

Group statement of comprehensive income and expense

Year ended 31 December 2018

	Notes	2018 $m	2017 Restated[1] $m
Profit/(loss) for the year		**85.4**	(175.3)
Items that may be reclassified to the income statement in subsequent periods			
Cash flow hedges			
Gain arising in the year	20	**100.7**	6.7
Gain/(loss) arising in the year – time value	20	**16.2**	(64.7)
Reclassification adjustments for items included in loss on realization	20	**32.7**	(137.5)
Reclassification adjustments for items included in loss on realisation – time value	20	**52.7**	51.5
Exchange differences on translation of foreign operations		**(15.4)**	9.0
Other comprehensive profit/(loss)		**186.9**	(135.0)
Tax relating to components of other comprehensive loss	20	**–**	24.3
Net other comprehensive profit/(loss) for the year		**186.9**	(110.7)
Total comprehensive income/(expense) for the year		**272.3**	(286.0)
Attributable to:			
Owners of the Company		**271.7**	(287.0)
Non-controlling interest		**0.6**	1.0
		272.3	(286.0)

1. 2017 figures restated in relation to the implementation of IFRS 9 Financial Instruments. Refer to the accounting policies section.

Group Balance Sheet

As at 31 December 2018

	Notes	2018 $m	2017 Restated[1] $m
ASSETS			
Non-current assets			
Intangible exploration and evaluation assets	10	**1,898.6**	1,933.4
Property, plant and equipment	11	**4,916.4**	5,254.7
Investments	12	**–**	1.0
Other non-current assets	13	**696.4**	789.8
Derivative financial instruments	20	**51.2**	0.8
Deferred tax assets	23	**649.4**	724.5
		8,212.0	8,704.2
Current assets			
Inventories	14	**134.8**	168.0
Trade receivables	15	**159.4**	171.4
Other current assets	13	**969.0**	768.3
Current tax assets	7	**60.5**	57.7
Derivative financial instruments	20	**79.7**	1.8
Cash and cash equivalents	16	**179.8**	284.0
Assets classified as held for sale	17	**840.2**	873.1
		2,423.4	2,324.3
Total assets		**10,635.4**	11,028.5
LIABILITIES			
Current liabilities			
Trade and other payables	18	**(1,204.3)**	(1,025.6)
Provisions	22	**(198.5)**	(230.8)
Current tax liabilities		**(83.0)**	(45.0)
Derivative financial instruments	20	**(2.7)**	(53.1)
		(1,488.5)	(1,354.5)
Non-current liabilities			
Trade and other payables	18	**(1,282.3)**	(1,422.6)
Borrowings	19	**(3,219.1)**	(3,606.4)
Provisions	22	**(677.0)**	(801.6)
Deferred tax liabilities	23	**(1,075.3)**	(1,101.2)
Derivative financial instruments	20	**–**	(25.8)
		(6,253.7)	(6,957.6)
Total liabilities		**(7,742.2)**	(8,312.1)
Net assets		**2,893.2**	2,716.4
EQUITY			
Called-up share capital	24	**209.1**	208.2
Share premium	24	**1,344.2**	1,326.8
Equity component of convertible bonds		**48.4**	48.4
Foreign currency translation reserve		**(238.6)**	(223.2)
Hedge reserve	20	**130.8**	(2.6)
Hedge reserve – time value		**(4.9)**	(73.8)
Other reserves		**755.2**	740.9
Retained earnings		**649.0**	681.3
Equity attributable to equity holders of the Company		**2,893.2**	2,706.0
Non-controlling interest	25	**–**	10.4
Total equity		**2,893.2**	2,716.4

1. 2017 figures restated in relation to the implementation of IFRS 9 Financial Instruments. Refer to the accounting policies section.

Approved by the Board and authorised for issue on 12 February 2019.

Paul McDade
Chief Executive Officer

Les Wood
Chief Financial Officer

Group Statement of Changes in Equity

Year ended 31 December 2018

	Notes	Share capital $m	Share premium $m	Equity component of convertible bonds $m	Foreign currency translation reserve[1] $m	Hedge reserve[4] $m	Hedge reserve – time value[4] $m	Other reserves[3] $m	Retained earnings[4] $m	Total $m	Non-controlling interest $m	Total equity[4] $m
At 1 January 2017		147.5	619.3	48.4	(232.2)	128.2	–	740.9	778.0	2,230.1	12.4	2,242.5
Adjustment on adoption of IFRS 9, net of tax	30	–	–	–	–	–	(60.6)	–	60.6	–	–	–
Loss for the year		–	–	–	–	–	–	–	(176.3)	(176.3)	1.0	(175.3)
Hedges, net of tax	20	–	–	–	–	(130.8)	(13.2)	–	–	(144.0)	–	(144.0)
Currency translation adjustments		–	–	–	9.0	–	–	–	–	9.0	–	9.0
Issue of shares – Rights Issue	24	60.0	693.8	–	–	–	–	–	–	753.8	–	753.8
Issue of employee share options	24	0.7	13.7	–	–	–	–	–	–	14.4	–	14.4
Vesting of PSP shares		–	–	–	–	–	–	–	(15.2)	(15.2)	–	(15.2)
Share-based payment charges	26	–	–	–	–	–	–	–	34.2	34.2	–	34.2
Distribution to non-controlling interests	25	–	–	–	–	–	–	–	–	–	(3.0)	(3.0)
At 1 January 2018		**208.2**	**1,326.8**	**48.4**	**(223.2)**	**(2.6)**	**(73.8)**	**740.9**	**681.3**	**2,706.0**	**10.4**	**2,716.4**
Adjustment on adoption of IFRS 9, net of tax	30	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(110.8)**	**(110.8)**	**–**	**(110.8)**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**84.8**	**84.8**	**0.6**	**85.4**
Hedges, net of tax	20	**–**	**–**	**–**	**–**	**133.4**	**68.9**	**–**	**–**	**202.3**	**–**	**202.3**
Currency translation adjustments		**–**	**–**	**–**	**(15.4)**	**–**	**–**	**–**	**–**	**(15.4)**	**–**	**(15.4)**
Issue of shares	24	**0.9**	**17.4**	**–**	**–**	**–**	**–**	**–**	**–**	**18.3**	**–**	**18.3**
Vesting of employee share options		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(18.2)**	**(18.2)**	**–**	**(18.2)**
Transfers		**–**	**–**	**–**	**–**	**–**	**–**	**14.3**	**(14.3)**	**–**	**–**	**–**
Share-based payment charges	26	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**26.2**	**26.2**	**–**	**26.2**
Acquisition of non-controlling interests	25	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(11.0)**	**(11.0)**
At 31 December 2018		**209.1**	**1,344.2**	**48.4**	**(238.6)**	**130.8**	**(4.9)**	**755.2**	**649.0**	**2,893.2**	**–**	**2,893.2**

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. Other reserves include the merger reserve. The value associated with the treasury shares reserve, disclosed in the previous year, has been represented as part of retained earnings, consistent with share-based payment reserve movements. At 31 December 2018 the Group did not hold any shares in a Tullow Oil Employee Trust to satisfy awards held under the Group's share incentive plans (note 26).
4. For further details of the adjustment on adoption of IFRS 9, refer to the accounting policies section. Note that the figures for 1 January 2017 to 1 January 2018 have been restated in relation to the adoption of IFRS 9.

Group Cash Flow Statement

Year ended 31 December 2018

	Notes	2018 $m	2017 Restated[1] $m
Cash flows from operating activities			
Profit/(loss) before taxation		**260.5**	(285.9)
Adjustments for:			
Depreciation, depletion and amortization	11	**584.1**	592.2
(Gain)/loss on disposal	9	**(21.3)**	1.6
Exploration costs written off	10	**295.2**	143.4
Impairment of property, plant and equipment, net	11	**18.2**	541.1
Provision for onerous service contracts, net	22	**167.4**	(1.0)
Payment under onerous service contracts	22	**(208.6)**	–
Decommissioning expenditure	22	**(99.1)**	(25.7)
Share-based payment charge	26	**23.8**	33.9
Gain on hedging instruments	20	**(2.4)**	(1.4)
Finance revenue	5	**(58.4)**	(42.0)
Finance costs	5	**328.7**	351.7
Operating cash flow before working capital movements		**1,288.1**	1,307.9
(Increase)/decrease in trade and other receivables		**(100.2)**	122.0
Decrease/(increase) in inventories		**32.5**	(20.8)
Increase/(decrease) in trade payables		**86.9**	(251.4)
Cash generated from operating activities		**1,307.3**	1,157.7
Income taxes (paid)/received		**(103.3)**	65.2
Net cash from operating activities		**1,204.0**	1,222.9
Cash flows from investing activities			
Proceeds from disposals	9	**9.9**	8.0
Purchase of intangible exploration and evaluation assets	31	**(202.1)**	(189.7)
Purchase of property, plant and equipment	31	**(238.4)**	(117.8)
Interest received		**2.9**	3.1
Net cash used in investing activities		**(427.7)**	(296.4)
Cash flows from financing activities			
Net proceeds from issue of share capital		**–**	768.1
Debt arrangement fees	31	**(15.0)**	(56.4)
Repayment of borrowings	31	**(1,755.1)**	(1,613.6)
Drawdown of borrowings	31	**1,240.0**	305.0
Repayment of obligations under finance leases		**(117.4)**	(62.6)
Finance costs paid		**(234.5)**	(265.4)
Distribution to non-controlling interests	25	**–**	(3.0)
Net cash used in financing activities		**(882.0)**	(927.9)
Net decrease in cash and cash equivalents		**(105.7)**	(1.4)
Cash and cash equivalents at beginning of year	16	**284.0**	281.9
Foreign exchange gain		**1.5**	3.5
Cash and cash equivalents at end of year	16	**179.8**	284.0

1. 2017 figures restated in relation to the implementation of IFRS 9 Financial Instruments. Refer to the accounting policies section.

Accounting policies

Year ended 31 December 2018

(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

New and revised standards and interpretations adopted in the current year did not have any significant impact on the amounts reported in these Financial Statements, except for IFRS 9. This is discussed below, along with analysis regarding IFRS 15.

IFRS 9 Financial Instruments

The implementation of IFRS 9 had two key impacts on the Group's Financial Statements. These related to the treatment of modification or exchange of financial liabilities and the treatment of the 'cost of hedging' of options.

1) The classification and measurement of financial liabilities is materially consistent with that required by IAS 39 with the exception of the treatment of modification or exchange of financial liabilities which do not result in derecognition. The Group has identified that retrospective application of IFRS 9 has increased the carrying value of the Reserves Based Lending credit facility by $110.8 million and resulted in the need to record a modification loss due to the refinancing of the facility in November 2017. The implementation reduced retained earnings on 1 January 2018. This will lower the finance costs recognised over the remaining life of the facility compared to the treatment under IAS 39. No other material impact as a result of IFRS 9's classification and measurement requirements has been identified.

2) The Group adopted the hedge accounting requirements of IFRS 9 effective 1 January 2018. At the date of initial application, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. The new hedge accounting rules align the hedge accounting treatments more closely with the Group risk management strategy, and address previous inconsistencies and weakness in the hedge accounting model in IAS 39. The Group has identified a change in the treatment of the 'cost of hedging' of options on adoption of IFRS 9, specifically with respect to the fair value movement of time value. The fair value movement of time value, to the extent which it relates to the hedged item, has been presented as a separate component in the statement of comprehensive income and expenses. The 'gain/loss on hedging instruments' line in the Group's income statement now solely captures ineffectiveness in the underlying hedges. This requirement has been applied retrospectively, as required, on adoption of IFRS 9.

A summary of the impact of the implementation of IFRS 9 is shown in note 30.

IFRS 15 Revenue from Contracts with Customers

The implementation of IFRS 15 has not impacted the presentation of the Group's sales revenue.

Disclosure of disaggregated revenue information consistent with the requirement included in IFRS 15 has not had an impact on the information presented in note 1. The Group's accounting policy under IFRS 15 is that revenue is recognised when the Group satisfies a performance obligation by transferring oil or gas to a customer. The title to oil and gas typically transfers to a customer at the same time as the customer takes physical possession of the oil or gas. Typically, at this point in time, the performance obligations of the Group are fully satisfied. The accounting for revenue under IFRS 15 does not, therefore, represent a substantive change from the Group's previous accounting policy for recognising revenue from sales to customers.

Upcoming International Financial Reporting Standards not yet adopted

At the date of authorisation of these Financial Statements, the following standards and interpretations which have not been applied in these Financial Statements, but will have an impact on future Financial Statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 16 Leases

The adoption of IFRS 16 Leases, which the Group will adopt for the year commencing 1 January 2019, will impact both the measurement and disclosures of leases over a low-value threshold and with terms longer than one year. The lease expense recognition pattern for lessees will generally be accelerated. Additional lease liabilities and right-of-use assets are expected to be recorded. Where leases are contracted by Tullow as operator of a Joint Venture these lease liabilities are expected to be recorded on a gross basis, along with additional Joint Venture receivables to represent Joint Venture Partner contributions expected to meet the lease obligations. The cash flow statement will be affected as payments for the principal portion of the lease liability will be presented within financing activities. A summary of the impact of the implementation of IFRS 16 is shown in note 30.

(c) Changes in accounting policy

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

(d) Basis of accounting

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Financial Statements have also been prepared in accordance with IFRS as adopted by the European Union and therefore the Group Financial Statements comply with Article 4 of the EU IAS Regulation.

The Financial Statements have been prepared on the historical cost basis, except for derivative financial instruments that have been measured at fair value and assets classified as held for sale 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 Financial Statements have been prepared on a going concern basis (refer to the Finance Review section of the Director's report).

The principal accounting policies adopted by the Group are set out below.

(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. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination (see below) and the non-controlling share of changes in equity since the date of the combination. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. The Group does not have any material non-controlling interests.

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 net assets 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 views this trigger as signature of a Sales and Purchase Agreement or Board approval. 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 classified as held for sale and the corresponding liabilities are classified with current assets and liabilities on a separate line in the balance sheet.

(g) Revenue

Sales revenue from contracts with customers represents the sales value, net of VAT, of the Group's share of liftings in the year together with the gain/loss on realisation of cash flow hedges and tariff income. Revenue is recognised when performance obligations have been met, which is typically when goods are delivered and title has passed.

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.

(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.

In respect of redeterminations, any adjustments to the Group's net entitlement of future production are accounted for prospectively in the period in which the make-up oil is produced. Where the make-up period extends beyond the expected life of a field an accrual is recognised for the expected shortfall.

(i) Inventory

Inventories, other than oil products, are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method and comprises direct purchase costs, costs of production and transportation and manufacturing expenses. 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 presentation currency of the Group. For the purpose of presenting consolidated Financial Statements, the assets and liabilities of the Group's non-US dollar-denominated functional entities are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates 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.

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) Exploration, evaluation and production 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. Interest payable is capitalised insofar as it relates to specific development activities.

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.

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.

(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

Where there has been a change in economic conditions that indicates a possible impairment in a discovery field, the recoverability of the net book value relating to that field is assessed by comparison with the estimated 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 and subsequently applies additional country risk premium for CGUs in Gabon, 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 at a risk-free discount 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

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) Finance costs and debt

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.

Finance costs of debt are allocated to periods over the term of the related debt at a constant rate on the carrying amount. Arrangement fees and issue costs are deducted from the debt proceeds on initial recognition of the liability and are amortised and charged to the income statement as finance costs over the term of the debt.

(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 accruals basis.

(u) Derivative financial instruments

The Group uses derivative financial instruments to manage its exposure to fluctuations in foreign exchange rates, interest rates and movements in oil and gas prices.

Derivative financial instruments are stated at fair value.

The purpose for which a derivative is used is established at inception. To qualify for hedge accounting, the derivative must be highly effective in achieving its objective and this effectiveness must be documented at inception and throughout the period of the hedge relationship. The hedge must be assessed on an ongoing basis and determined to have been highly effective throughout the financial reporting periods for which the hedge was designated.

For the purpose of hedge accounting, hedges are classified as either fair value hedges, when they hedge the exposure to changes in the fair value of a recognised asset or liability, or cash flow hedges, where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or forecast transaction.

For cash flow hedges, the portion of the gains and losses on the hedging instrument that is determined to be an effective hedge is taken to other comprehensive income and the ineffective portion is recognised in the income statement. The gains and losses taken to other comprehensive income are subsequently transferred to the income statement during the period in which the hedged transaction affects the income statement.

A similar treatment applies to foreign currency loans which are hedges of the Group's net investment in the net assets of a foreign operation.

Gains or losses on derivatives that do not qualify for hedge accounting treatment (either from inception or during the life of the instrument) are taken directly to the income statement in the period.

(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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. A finance lease is recognised when the Group enters the uncancellable lease period and obtains the right to use the asset as intended. All other leases are classified as operating leases and are charged to the income statement on a straight-line basis over the term of the lease.

From the commencement of the lease assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs.

(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

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL); 'held-to-maturity' investments; 'available-for-sale' (AFS) financial assets; and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(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) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. 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.

(ab) 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. The Group chooses not to disclose the effective interest rate for debt instruments that are classified as at fair value through profit or loss.

(ac) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

(ad) Equity instruments

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.

(ae) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

(af) 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 the Hull and Machinery insurance policy where no asset is disposed are recorded within additions to property, plant and equipment.

(ag) 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 (ah), 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.

Recognition of assets held for sale (note 17):

The Group signed a Sales and Purchase Agreement for farm-down of a portion of its interest in Uganda on 9 January 2017. Management has exercised judgement in determining the present value of the consideration expected from the sale, and that this disposal met the requirements of IFRS 5 and that the associated assets and liabilities should be retained as held for sale.

The critical judgement in determining that the assets were held for sale was the probability of completion within 12 months. Management continues to conclude that the sale is highly probable within 12 months. If management had concluded differently and the transaction were not to complete in 2019 $840.2 million would transfer from assets held for sale to intangible exploration and evaluation assets.

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 exists 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 in where this judgement was applied during 2018 was in the assessment of impairment triggers, in accordance with IFRS 6, related to the Group's Kenyan CGU where the book value is $1.1 billion. Management concluded that an impairment trigger related to the Kenyan CGU did not exist.

(ah) 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 and 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.

The estimation applied by management to the exploration risk premium adjustment to its impairment discount rates, estimated future commodity prices and the forecast cash flows on the TEN asset would have the most material impact on the 2018 Financial Statements should management had concluded differently. Details on impact of these key estimates and judgements using sensitivities applied to impairment models can be found in note 11.

Decommissioning costs (note 22):

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 for onerous service contracts (note 22):

Due to the historical reduction in work programmes the Group identified a number of onerous service contracts in prior years. Management has estimated the value of any future economic outflows associated with these contracts.

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 27.

Uncertain tax and regulatory positions (note 7)

The Group is subject to various claims which arise in the ordinary course of its business, including tax claims, cost recovery claims and claims from other regulatory bodies in a number of the jurisdictions in which the Group operates. In order to assess whether these claims should be provided for in the Financial Statements management has assessed all claims in the context of the laws and operating agreements of the countries in which it operates. 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.

Notes to the Group Financial Statements

Year ended 31 December 2018

Note 1. Segmental reporting

The information reported to the Group's Chief Executive Officer for the purposes of capital allocation and assessment of segment performance is focused on three Business Delivery Teams, West Africa including European decommissioning assets, East Africa and New Ventures. Therefore the Group's reportable segments under IFRS 8 are West Africa; East Africa; and New Ventures. 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 2018 and 31 December 2017.

	Notes	West Africa $m	East Africa $m	New Ventures $m	Unallocated $m	Total $m
2018						
Sales revenue by origin		**1,859.2**	**–**	**–**	**–**	**1,859.2**
Other operating income – lost production insurance proceeds		**–**	**–**	**–**	**188.4**	**188.4**
Segment result		**528.0**	**(74.5)**	**(100.7)**	**248.0**	**600.8**
Gain on disposal						**21.3**
Unallocated corporate expenses						**(93.7)**
Operating profit						**528.4**
Gain on hedging instruments						**2.4**
Finance revenue						**58.4**
Finance costs						**(328.7)**
Profit before tax						**260.5**
Income tax expense						**(175.1)**
Profit after tax						**85.4**
Total assets		**7,618.9**	**2,662.0**	**280.8**	**73.7**	**10,635.4**
Total liabilities		**(4,252.7)**	**(141.8)**	**(96.9)**	**(3,250.8)**	**(7,742.2)**
Other segment information						
Capital expenditure:						
Property, plant and equipment	11	**257.1**	**1.4**	**4.3**	**5.3**	**268.1**
Intangible exploration and evaluation assets	10	**2.1**	**168.3**	**60.0**	**–**	**230.4**
Depreciation, depletion and amortization	11	**(569.2)**	**(0.2)**	**–**	**(14.7)**	**(584.1)**
Impairment of property, plant and equipment, net	11	**(18.2)**	**–**	**–**	**–**	**(18.2)**
Exploration costs written off	10	**(139.9)**	**(74.5)**	**(80.8)**	**–**	**(295.2)**

All sales are to external customers. Included in revenue arising from West Africa are revenues of approximately $429.8 million, $280.9 million, $222.8 million, $203.6 million and $189.4 million relating to the Group's customers who each contribute more than 10 per cent of total sales revenue (2017: $357.9 million, $316.3 million and $287.7 million) relating to the Group's largest customers. 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.

Unallocated expenditure and net liabilities include amounts of a corporate nature and not specifically attributable to a reportable segment. The liabilities comprise the Group's external debt and other non-attributable corporate liabilities. The unallocated capital expenditure for the period comprises the acquisition of non-attributable corporate assets.

	Notes	West Africa $m	East Africa $m	New Ventures $m	Unallocated $m	Total $m
2017 (restated)						
Sales revenue by origin		1,722.5	–	–	–	1,722.5
Other operating income – lost production insurance proceeds		–	–	–	162.1	162.1
Segment result		86.9	(2.2)	(133.9)	183.0	133.8
Loss on disposal						(1.6)
Unallocated corporate expenses						(109.8)
Operating profit						22.4
Gain on hedging instruments						1.4
Finance revenue						42.0
Finance costs						(351.7)
Loss before tax						(285.9)
Income tax credit						110.6
Loss after tax						(175.3)
Total assets		7,857.2	2,585.2	306.0	280.1	11,028.5
Total liabilities		(4,295.6)	(169.2)	(97.1)	(3,750.2)	(8,312.1)
Other segment information						
Capital expenditure:						
Property, plant and equipment	11	43.1	1.1	0.3	5.6	50.1
Intangible exploration and evaluation assets	10	5.5	257.5	56.0	–	319.0
Depreciation, depletion and amortization	11	(577.1)	(0.5)	–	(14.6)	(592.2)
Impairment of property, plant and equipment	11	(539.1)	–	–	–	(539.1)
Exploration costs written off	10	(6.9)	(2.3)	(134.2)	–	(143.4)

Sales revenue and non-current assets by origin	Sales revenue 2018 $m	Sales revenue 2017 $m	Non-current assets 2018 $m	Non-current assets 2017 $m
Congo	1.1	8.8	–	–
Côte d'Ivoire	44.9	42.3	86.7	74.5
Equatorial Guinea	146.6	92.2	72.2	134.7
Gabon	213.6	251.8	171.1	161.9
Ghana	1,404.1	1,196.1	5,171.5	5,675.1
Mauritania	2.1	13.8	–	–
Netherlands	–	29.4	–	–
UK	46.8	88.1	–	–
Other	–	–	–	–
Total West Africa	1,859.2	1,722.5	5,501.5	6,046.2
Kenya	–	–	1,131.2	1,064.8
Uganda	–	–	631.9	574.4
Total East Africa	–	–	1,763.1	1,639.2
Norway	–	–	12.3	13.5
Other	–	–	169.7	194.6
Total New Ventures	–	–	182.0	208.1
Unallocated	–	–	63.8	85.4
Total revenue/non-current assets	1,859.2	1,722.5	7,511.4	7,978.9

Non-current assets excludes derivative financial instruments and deferred tax assets.

Note 2. Total revenue

	Notes	2018 $m	2017 $m
Sales revenue (excluding tariff income)			
Oil and gas revenue from the sale of goods		**1,943.0**	1,592.6
(Loss)/gain on realisation of cash flow hedges	20	**(86.8)**	110.0
		1,856.2	1,702.6
Tariff income		**3.0**	19.9
Total sales revenue		**1,859.2**	1,722.5
Other operating income – lost production insurance proceeds	6	**188.4**	162.1
Total revenue		**2,047.6**	1,884.6

Finance revenue has been presented as part of net financing costs (refer to note 5).

Note 3. Staff costs

The average monthly number of employees and contractors (including Executive Directors) employed by the Group worldwide was:

	2018 Number	2017 Number
Administration	**501**	563
Technical	**530**	609
Total	**1,031**	1,172

Staff costs in respect of those employees were as follows:

	2018 $m	2017 $m
Salaries	**167.5**	183.5
Social security costs	**13.3**	6.9
Pension costs	**9.0**	14.8
	189.8	205.2

The decrease in staff costs is due to decreased employee numbers as a result of continued cost reduction initiatives. 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 cost recognised in the income statement was $43.5 million (2017: $48.0 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 $9.0 million (2017: $14.8 million). As at 31 December 2018, there was a liability of $nil (2017: $nil) 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	2018 $m	2017 $m
Operating loss is stated after charging/(deducting):			
Operating costs		**327.0**	386.2
Operating lease expense for the TEN FPSO		**–**	62.5
Depletion and amortisation of oil and gas assets	11	**567.7**	574.3
Underlift, overlift and oil stock movements		**40.7**	(2.3)
Share-based payment charge included in cost of sales	26	**1.0**	1.1
Other cost of sales		**29.6**	47.5
Total cost of sales		**966.0**	1,069.3
Share-based payment charge included in administrative expenses	26	**22.8**	32.8
Depreciation of other fixed assets	11	**16.4**	17.9
Relocation costs associated with restructuring		**(1.3)**	1.6
Other administrative costs		**52.4**	43.0
Total administrative expenses		**90.3**	95.3
Total restructuring costs		**3.4**	14.5
Fees payable to the Company's auditor for:			
The audit of the Company's annual accounts		**0.4**	0.3
The audit of the Company's subsidiaries pursuant to legislation		**1.8**	1.6
Total audit services		**2.2**	1.9
Non-audit services:			
Audit-related assurance services – half-year review		**0.4**	0.3
Corporate finance services		**0.1**	1.1
Other services		**0.1**	0.1
Total non-audit services		**0.6**	1.5
Total		**2.8**	3.4

Fees payable to Deloitte 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.

Corporate finance services included services in relation to the issue of the 7.0 per cent Senior Notes due 2025 during 2018 and the issue of the Rights Issue during 2017. Other services include ad hoc assurance services in relation to the Group's JV agreements. The ratio of audit services to non-audit services is 3.5:1.

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 70 to 76. No services were provided pursuant to contingent fee arrangements.

Note 5. Net financing costs

	Notes	2018 $m	2017 $m
Interest on bank overdrafts and borrowings		**276.0**	290.7
Interest on obligations under finance leases		**101.5**	46.1
Total borrowing costs		**377.5**	336.8
Less amounts included in the cost of qualifying assets	10	**(65.3)**	(66.5)
		312.2	270.3
Finance and arrangement fees		**(0.6)**	2.8
Other interest expense		**2.7**	1.8
Foreign exchange losses		**–**	57.1
Unwinding of discount on decommissioning provisions	22	**14.4**	19.7
Total finance costs		**328.7**	351.7
Interest income on amounts due from Joint Venture Partners for finance leases		**(52.7)**	(21.0)
Other finance revenue		**(5.7)**	(21.0)
Total finance revenue		**(58.4)**	(42.0)
Net financing costs		**270.3**	309.7

Borrowing costs included in the cost of qualifying assets during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 6.9 per cent (2017: 7.5 per cent) to cumulative expenditure on such assets.

Note 6. Insurance proceeds

During 2018 the Group continued to issue insurance claims in respect of the Jubilee Turret Remediation Project. Insurance proceeds of $310.8 million were recorded in the year ended 31 December 2018 (2017: $220.9 million). Proceeds related to lost production under the Business Interruption insurance policy of $188.4 million (2017: $162.1 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 $45.6 million (2017: $50.9 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 $76.9 million (2017: $7.9 million) were recorded within additions to property, plant and equipment (see note 11).

Note 7. Taxation on profit/(loss) on ordinary activities

Analysis of expense/(credit) for the year

	Notes	2018 $m	2017 $m
Current tax			
UK corporation tax		**(37.3)**	30.1
Foreign tax		**171.7**	6.2
Total corporate tax		**134.4**	36.3
UK petroleum revenue tax		**–**	(2.1)
Total current tax		**134.4**	34.2
Deferred tax			
UK corporation tax		**33.9**	(8.7)
Foreign tax		**(11.3)**	(114.6)
Total deferred corporate tax		**22.6**	(123.3)
Deferred UK petroleum revenue tax		**18.1**	(21.5)
Total deferred tax	23	**40.7**	(144.8)
Total tax expense/(credit)		**175.1**	(110.6)

Factors affecting tax credit for the year

The tax rate applied to profit on ordinary 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 tax expense/(credit) shown above and the amount calculated by applying the standard rate of UK corporation tax applicable to UK profits of 19 per cent (2017: 19 per cent) to the profit/(loss) before tax is as follows:

	2018 $m	2017 $m
Group profit/(loss) on ordinary activities before tax	**260.5**	(285.9)
Tax on Group profit/(loss) on ordinary activities at the standard UK corporation tax rate of 19% (2017: 19%)	**49.5**	(54.3)
Effects of:		
Non-deductible exploration expenditure	**20.8**	21.6
Fair value movements on derivatives	**32.0**	–
Other non-deductible expenses	**12.8**	10.1
Derecognition of deferred tax previously recognized	**37.3**	–
Recognition of deferred tax previously unrecognized	**–**	(21.5)
Utilisation of tax losses not previously recognized	**(10.6)**	(0.3)
Net losses not recognized	**7.7**	18.4
Adjustment relating to prior years	**1.0**	1.9
Adjustments to deferred tax relating to change in tax rates	**(2.1)**	12.6
Higher rate of taxation on Norway losses	**(10.0)**	13.1
Other tax rates applicable outside the UK and Norway	**52.4**	(88.0)
PSC income not subject to corporation tax	**(8.8)**	(15.4)
Tax incentives for investment	**–**	(2.8)
Other income not subject to corporation tax	**(6.9)**	(6.0)
Group total tax expense/(credit) for the year	**175.1**	(110.6)

The Finance Act 2016 further reduced the main rate of UK corporation tax applicable to all companies subject to corporation tax, except for those within the oil and gas ring fence, to 19 per cent from 1 April 2017 and 17 per cent from 1 April 2020. These changes were substantively enacted on 6 September 2016 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 $3,581.3 million (2017: $3,642.0 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 these losses as they may not be used to offset taxable profits elsewhere in the Group due to uncertainty of recovery.

The Group has recognised deferred tax assets of $527.5 million (2017: $530.0 million) in relation to tax losses only to the extent of anticipated future taxable income or gains in relevant jurisdictions.

No deferred tax liability is recognised on temporary differences of $7.8 million (2017: $7.9 million) 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 2018 $nil (2017: $24.3 million) of tax has been recognised through other comprehensive income of which $nil (2017: $24.9 million) is current and $nil (2017: $0.6 million) is deferred tax relating to all debit (2017: debit) on cash flow hedges arising in the year.

Current tax assets

As at 31 December 2018, current tax assets were $60.5 million (2017: $57.7 million) of which $58.7 million relates to the UK (2017: $44.6 million).

Note 8. Earnings/(loss) per ordinary share

Basic earnings/(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.

Diluted earnings/(loss) per ordinary share amounts are calculated by dividing net earnings/(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.

	2018 $m	2017 $m
Profit/(loss)		
Net profit/(loss) attributable to equity shareholders	**84.8**	(176.3)
Effect of dilutive potential ordinary shares	**–**	–
Diluted net profit/(loss) attributable to equity shareholders	**84.8**	(176.3)

	2018 Number	2017 Number
Number of shares		
Basic weighted average number of shares	**1,391,103,880**	1,286,235,130
Dilutive potential ordinary shares	**47,493,251**	44,294,728
Diluted weighted average number of shares	**1,438,597,131**	1,330,529,858

Note 9. Disposals

During October 2018 Tullow disposed of its 9.9 per cent ownership of Ikon Science for $6.2 million, resulting in a gain on disposal of $5.2 million.

During December 2018 Tullow recorded a gain of $11.0 million in relation to amounts refunded to Tullow in relation to the disposal of the Orwell field in the UK in a prior year.

The divestment of the Norway business completed during 2017 with two sales that were executed in December 2016 completing during 2017 with two separate parties. The Group no longer holds any licences on the Norwegian Continental Shelf.

On 10 November 2017 Tullow completed the sale of its remaining Dutch assets to Hague and London Oil plc (HALO). This resulted in a loss on disposal of $1.6 million in 2017. During 2018, a gain on disposal was recorded as a result of the recognition of $5.1 million of contingent deferred consideration. The Group no longer holds any licences in the Netherlands.

Note 10. Intangible exploration and evaluation assets

	Notes	2018 $m	2017 $m
At 1 January		**1,933.4**	2,025.8
Additions	1	**230.4**	319.0
Disposals	9	**(4.0)**	(40.0)
Amounts written off		**(295.2)**	(143.4)
Transfer to property, plant and equipment	11	**–**	(188.7)
Net transfer to assets held for sale	17	**32.2**	(43.4)
Currency translation adjustments		**1.8**	4.1
At 31 December		**1,898.6**	1,933.4

Included within 2018 additions is $65.3 million (note 5) of capitalised interest (2017: $66.5 million). The Group only capitalises interest in respect of intangible exploration and evaluation assets where it is considered that development is ongoing.

Transfers to property, plant and equipment in 2017 related to the Greater Jubilee Full Field Development Plan approval and the cost associated with the Mahogany and Teak discovery.

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 2018 write-off	2018 Pre-tax write-off $m	2018 Post-tax write-off $m	2018 Remaining recoverable amount $m
Ghana................................	Wawa	g	**42.7**	**27.8**	**–**
Ghana................................	Akasa	g	**97.1**	**63.1**	**–**
Mauritania	Block C18	b,c	**8.5**	**8.5**	**–**
Namibia.............................	PEL 37	a	**13.0**	**13.0**	**25.9**
Namibia.............................	PEL 30	a	**9.0**	**9.0**	**–**
Pakistan.............................	Various	b	**1.1**	**1.1**	**–**
Suriname...........................	Block 54	b,c	**3.6**	**3.6**	**–**
Uganda..............................	Assets held for sale	e	**74.5**	**74.5**	**n/a**
Uruguay.............................	Country	d	**16.3**	**16.3**	**–**
Zambia	Country	d	**4.5**	**4.5**	**–**
Other.................................	Various	b	**0.3**	**0.3**	**–**
New Ventures	Various	f	**24.6**	**24.6**	**–**
Total write-off			**295.2**	**246.3**	**–**

a. Current year unsuccessful exploration results.

b. Current year expenditure and actualisation of accruals associated with CGUs previously written off.

c. Licence relinquishments or expiry.

d. Country exit.

e. Revision of value based on fair value calculation.

f. New Ventures expenditure is written off as incurred.

g. Exploration and evaluation assets associated with Wawa and Akasa in Ghana were written off during 2018 as substantive expenditure on further exploration work on these licences is not planned in the near-term.

Note 11. Property, plant and equipment

	Notes	2018 Oil and gas assets $m	2018 Other fixed assets $m	2018 Total $m	2017 Oil and gas assets $m	2017 Other fixed assets $m	2017 Total $m
Cost							
At 1 January		**11,592.6**	**279.7**	**11,872.3**	10,772.5	251.9	11,024.4
Additions	1,6	**261.5**	**6.6**	**268.1**	880.7	7.0	887.7
Disposals		**–**	**(0.7)**	**(0.7)**	(362.6)	(1.6)	(364.2)
Transfer from intangible assets..............	10	**–**	**–**	**–**	188.7	–	188.7
Currency translation adjustments...........		**(60.1)**	**(14.6)**	**(74.7)**	113.3	22.4	135.7
At 31 December		**11,794.0**	**271.0**	**12,065.0**	11,592.6	279.7	11,872.3
Depreciation, depletion and amortization							
At 1 January		**(6,425.3)**	**(192.3)**	**(6,617.6)**	(5,500.8)	(160.7)	(5,661.5)
Charge for the year	4	**(567.7)**	**(16.4)**	**(584.1)**	(574.3)	(17.9)	(592.2)
Impairment loss		**(55.8)**	**–**	**(55.8)**	(584.5)	–	(584.5)
Reversal of impairment loss....................		**37.6**	**–**	**37.6**	43.4	–	43.4
Disposal..		**–**	**0.7**	**0.7**	300.0	1.7	301.7
Currency translation adjustments...........		**60.1**	**10.5**	**70.6**	(109.1)	(15.4)	(124.5)
At 31 December		**(6,951.1)**	**(197.5)**	**(7,148.6)**	(6,425.3)	(192.3)	(6,617.6)
Net book value at 31 December		**4,842.9**	**73.5**	**4,916.4**	5,167.3	87.4	5,254.7

The carrying amount of the Group's oil and gas assets includes an amount of $685.2 million (2017: $816.7 million) in respect of assets held under finance leases and $44.3 million in relation to capitalised interest. The currency translation adjustments arose due to the movement against the Group's presentation currency, USD, of the Group's UK assets which have a functional currency of GBP. The 2018 income statement impairment charge is net of $nil insurance proceeds (2017: $2.0 million).

	Trigger for 2018 impairment/ (reversal)	2018 Impairment/ (reversal) $m	Pre-tax discount rate assumption
Limande and Turnix CGU (Gabon)	a	**14.2**	13%
Echira, Niungo, and Igongo CGU (Gabon)	a	**2.9**	15%
Tchatamba (Gabon)	a	**(1.4)**	13%
Oba and Middle Oba CGU (Gabon)	a	**2.8**	13%
Espoir (Côte d'Ivoire)	c	**(22.9)**	10%
TEN (Ghana)	e	**(13.3)**	10%
UK 'CGU'd	b	**35.9**	n/a
Impairment		**18.2**	

a. Decrease to short-term price assumptions (Dated Brent forward curve).

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. Revision to cost profiles.

During 2018 and 2017 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
2018	**Forward curve**	**Forward curve**	**$66/bbl**	**$68/bbl**	**$75/bbl**	**$75/bbl inflated at 2%**
2017	Forward curve	Forward curve	$59/bbl	$66/bbl	$68/bbl	$75/bbl inflated at 2%

Oil prices stated above 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 $15/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 $15/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 $934.2 million, whilst increases to oil prices specified above would result in a credit to the impairment charge of $850.7 million. A 1 per cent increase in the pre-tax discount rate would increase the impairment by $115.6 million. A 1 per cent decrease in the pre-tax discount rate would decrease the impairment by $115.6 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' impairment discount rates.

Note 12. Investments

	2018 $m	2017 $m
Unlisted investments	–	1.0

During October 2018 Tullow disposed of its 9.9 per cent ownership of Ikon Science.

Note 13. Other assets

	2018 $m	2017 $m
Non-current		
Amounts due from Joint Venture Partners	**614.9**	731.7
Uganda VAT recoverable	**33.1**	34.9
Other non-current assets	**48.4**	23.2
	696.4	789.8
Current		
Amounts due from Joint Venture Partners	**670.8**	567.8
Underlifts	**22.9**	37.1
Prepayments	**73.4**	38.2
VAT and WHT recoverable	**3.8**	5.4
Other current assets	**198.1**	119.8
	969.0	768.3

Other current assets have increased due to the increase in the amount of funds due from insurers.

Note 14. Inventories

	2018 $m	2017 $m
Warehouse stocks and materials	**54.6**	46.5
Oil stocks	**80.2**	121.5
	134.8	168.0

Inventories include a provision of $20.9 million (2017: $20.7 million) for warehouse stock and materials where it is considered that the net realisable value is lower than the original cost.

Note 15. Trade receivables

Trade receivables comprise amounts due for the sale of oil and gas. No current receivables are overdue; therefore none have been impaired and no allowance for doubtful debt has been recognised (2017: $nil).

Note 16. Cash and cash equivalents

	Notes	2018 $m	2017 $m
Cash at bank	20	**175.5**	228.8
Short-term deposits		**4.3**	55.2
		179.8	284.0

Cash and cash equivalents includes an amount of $78.0 million (2017: $146.0 million) which the Group holds as operator in Joint Venture bank accounts. In addition to the cash held in Joint Venture bank accounts the Group had $14.1 million (2017: $16.1 million) held in restricted bank accounts.

Note 17. Assets classified as held for sale

In 2017, Tullow announced that it had agreed a substantial farm-down of its assets in Uganda. Under the Sale and Purchase Agreement, Tullow has agreed to transfer 21.57 per cent of its 33.33 per cent Uganda interests for a total consideration of $900 million. Upon completion, the farm-down will leave Tullow with an 11.76 per cent interest in the upstream and pipeline projects. This is expected to reduce to a 10 per cent interest in the upstream project when the Government of Uganda formally exercises its back-in right. Although it has not yet been determined what interests the Governments of Uganda and Tanzania will take in the pipeline project, Tullow expects its interests in the upstream and pipeline projects to be aligned.

The consideration is split into $200 million in cash, consisting of $100 million payable on completion of the transaction, $50 million payable at FID and $50 million payable at First Oil. The remaining $700 million is in deferred consideration and represents reimbursement in cash of a proportion of Tullow's past exploration and development costs. The deferred consideration is payable to Tullow as the upstream and pipeline projects progress and these payments will be used by Tullow to fund its share of the development costs. Tullow expects the deferred consideration to cover its share of upstream and pipeline development capex to First Oil and beyond. Following meetings in January 2019 between the CEOs of both Tullow and Total and H.E. President Museveni of Uganda, Tullow has agreed the basis for Capital Gains Tax on its $900 million Uganda farm-down to CNOOC and Total. The Government and the JV Partners are now engaged in discussions to finalise an agreement reflecting this tax treatment that will enable completion of the farm-down to take place. Any Capital Gains Tax is expected to be phased and partly linked to project progress. At completion of the farm-down, Tullow anticipates receiving a cash payment of $100 million and a payment of the working capital completion adjustment and deferred consideration for the pre-completion period of $108 million. A further $50 million cash consideration is due to be received when FID is taken on the development project.

The estimated fair value of the consideration was $829.7 million on recognition. The fair value of the deferred consideration was calculated using expected timing of receipts based on management's best estimate of the expected capital profile of the project discounted at the relevant counterparty's cost of borrowing. Additions to the value initially recognised related to capitalised interest transferred from intangible exploration and evaluation assets, which were $41.6 million in 2018 (2017: $43.4 million). The present value of the consideration was re-assessed as $840.2 million as at 31 December 2018. The difference to the carrying value of the net assets of the disposal group has been recognised as an exploration write-off (refer to note 10). Assets classified as held for sale represent a level 3 financial asset.

The major classes of assets and liabilities comprising the assets classified as held for sale as at 31 December 2018 were as follows:

	Uganda 2018 $m	Total 2018 $m	Uganda 2017 $m	Total 2017 $m
Intangible exploration and evaluation assets	**840.2**	**840.2**	873.1	873.1
Total assets classified as held for sale	**840.2**	**840.2**	873.1	873.1
Net assets of disposal groups	**840.2**	**840.2**	873.1	873.1

Note 18. Trade and other payables

Current liabilities

	Notes	2018 $m	2017 $m
Trade payables		**97.1**	83.3
Other payables		**105.1**	114.5
Overlifts		**16.6**	30.4
Accruals		**747.8**	552.0
VAT and other similar taxes		**16.5**	17.3
Current portion of finance lease	21	**221.2**	228.1
		1,204.3	1,025.6

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 13). The change in trade payables and in other payables predominantly represents timing differences and levels of work activity.

Non-current liabilities

	Notes	2018 $m	2017 $m
Other non-current liabilities		**91.3**	105.1
Non-current portion of finance lease	21	**1,191.0**	1,317.5
		1,282.3	1,422.6

Trade and other payables are non-interest bearing except for finance leases (note 21).

Note 19. Borrowings

	2018 $m	2017 $m
Non-current		
Bank borrowings – after two years but within five years		
Reserves Based Lending credit facility	**568.0**	811.0
6.0% Senior Notes due 2020 ($650 million)	**–**	642.5
6.25% Senior Notes due 2022 ($650 million)	**644.4**	643.5
6.625% Convertible Bonds due 2021 ($300 million)	**267.0**	256.9
Bank borrowings – more than five years		
Reserves Based Lending credit facility	**950.0**	1,252.5
7.0% Senior Notes due 2025 ($800 million)	**789.7**	–
	3,219.1	3,606.4
Carrying value of total borrowings	**3,219.1**	3,606.4

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.

On 23 March 2018, the Group completed its offering of $800 million of Senior Notes due 2025. The offering was significantly oversubscribed and increased from the initial offering of $650 million. Proceeds have been used to redeem, in full, Senior Notes due in 2020 and repay drawings on the RBL facility.

In April 2018, commitments under the Corporate Revolving Credit Facility (RCF) reduced from $600 million to $500 million in line with the amortisation schedule; in addition, the Group voluntarily cancelled a further $150 million of commitments, reducing financing costs of undrawn committed facilities. In November 2018, the Group voluntarily cancelled the remaining facility, which was undrawn, in full to realise further cost savings from reduced commitment fees.

The Group has a Reserves Based Lending (RBL) facility which is split between a commercial bank facility and an International Finance Corporation (IFC) facility. During the year, commitments under the commercial bank facility remained at $2,400 million, and commitments under the IFC facility reduced from $100 million to $64 million in line with the amortisation schedule. 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 relating to the $2,400 million commercial bank facility, or such time as is determined by reference to the remaining reserves of the assets, whichever is earlier.

The Group has identified that retrospective application of IFRS 9 has increased the carrying value of the Reserves Based Lending credit facility by $110.8 million and resulted in the need to record a modification loss due to the refinancing of the facility in November 2017. Given the refinancing occurred in November 2017, implementation of IFRS 9 has reduced retained earnings on 1 January 2018. This will lower the finance costs recognised over the remaining life of the facility compared to the treatment under IAS 39.

At 31 December 2018, available headroom under the RBL amounted to $974 million. At 31 December 2017, the available headroom under the facilities amounted to $945 million: $345 million under the RBL and $600 million under the RCF.

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 2018. 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 Finance Review on page 39.

Note 20. 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 holds a portfolio of commodity derivative contracts, with various counterparties. The Group holds a mix of fixed and floating rate debt to manage its interest rate risk. A portfolio of interest rate derivatives was held and matured during the year. 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.

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 2018, was $1,373.0 million (2017: $1,310.7 million) compared to the carrying value of $1,434.2 million (2017: $1,286.0 million).

The fair value of the convertible bonds, as determined using market values as at 31 December 2018, was $326.9 million (2017: $374.0 million) compared to the carrying value of $267.0 million (2017: $256.9 million).

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.

The Group's derivative carrying and fair values were as follows:

Assets/liabilities	2018 Less than 1 year $m	2018 1–3 years $m	2018 Total $m	2017 Less than 1 year $m	2017 1–3 years $m	2017 Total $m
Cash flow hedges						
Oil derivatives	**137.9**	**78.6**	**216.5**	(3.7)	4.4	0.7
Interest rate derivatives	**–**	**–**	**–**	0.8	–	0.8
	137.9	**78.6**	**216.5**	(2.9)	4.4	1.5
Deferred premium						
Oil derivatives	**(61.0)**	**(27.4)**	**(88.4)**	(49.4)	(28.4)	(77.8)
	(61.0)	**(27.4)**	**(88.4)**	(49.4)	(28.4)	(77.8)
Total assets	**79.7**	**51.2**	**130.9**	1.8	0.8	2.6
Total liabilities	**(2.7)**	**–**	**(2.7)**	(53.1)	(25.8)	(78.9)

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 (2017: 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.

Offset of financial assets and financial liabilities

Deferred premiums on derivatives are settled at maturity of the derivative contracts, with the cash flows settled on a net basis. Netting agreements are also in place to enable the Group and its counterparties to set off liabilities against available assets in the event that either party is unable to fulfil its contractual obligations. The following tables provide the offsetting relationship within assets and liabilities in the balance sheet.

31 December 2018	**Gross amounts recognised $m**	**Gross amounts offset in Group balance sheet $m**	**Net amounts presented in Group balance sheet $m**
Derivative assets	**209.6**	**(78.6)**	**130.9**
Derivative liabilities	**7.0**	**(9.9)**	**(2.7)**
Deferred premiums	**(88.5)**	**88.5**	**–**

31 December 2017	**Gross amounts recognised $m**	**Gross amounts offset in Group balance sheet $m**	**Net amounts presented in Group balance sheet $m**
Derivative assets	5.6	(3.0)	2.6
Derivative liabilities	(4.1)	(74.8)	(78.9)
Deferred premiums	(77.8)	77.8	–

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 as the terms of the derivative contracts are closely aligned to the terms of the expected highly probable forecast transactions. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the commodity derivatives are 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 2018 and 31 December 2017, 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. There is, however, the potential for a degree of ineffectiveness inherent in the Group's oil hedges arising from, among other factors, the differential on the Group's underlying African crude relative to Dated Brent and the timing of oil liftings relative to the hedges. The ineffectiveness recognised in the group income statement was a gain of $2.4 million (2017: $1.4 million gain).

The following table demonstrates the timing, volumes and average floor price protected for the Group's commodity hedges:

Hedging position as at 31 December 2018	2019	2020	2021
Oil volume (bopd)	55,732	24,997	–
Average floor price protected ($/bbl)	56.25	59.31	–

Hedging position as at 31 December 2017	2018	2019	2020
Oil volume (bopd)	**45,000**	22,232	997
Average floor price protected ($/bbl)	**52.23**	48.87	50.00

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	2018 $m	2017 $m
Brent oil price	**25%**	14.2	(139.0)
Brent oil price	**(25%)**	486.9	115.5

The following assumptions have been used in calculating the sensitivity in movement of 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.

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 hedge reserve by type of derivative, net of tax effects:

Hedge reserve by derivative type	2018 $m	2017 Restated $m
Cash flow hedges		
Oil derivatives	**130.8**	(3.5)
Interest rate derivatives	**–**	0.9
	130.8	(2.6)

Hedge reserve – time value	2018 $m	2017 Restated $m
Cash flow hedges		
Oil derivatives	**4.9**	(73.8)
	4.9	(73.8)

The deferred gains and losses in the hedge reserve are subsequently transferred to the income statement during the period in which the hedged transaction affects the income statement. The tables below show the impact on the hedge reserve and on sales revenue during the year:

Deferred amounts in the hedge reserve	2018 $m	2017 Restated $m
At 1 January	**(2.6)**	128.2
Reclassification adjustments for items included in the income statement on realisation:		
Gas derivatives – transferred to sales revenue	**–**	0.2
Oil derivatives – transferred to sales revenue	**34.4**	(161.1)
Interest rate derivatives – transferred to finance costs	**(1.7)**	(0.9)
Subtotal	**32.7**	(161.8)
Revaluation gains arising in the year	**100.7**	6.7
Movement in current and deferred tax	**–**	24.3
	133.4	(130.8)
At 31 December	**130.8**	(2.6)

Deferred amounts in the hedge reserve – time value	2018 $m	2017 Restated $m
At 1 January	**(73.8)**	(60.6)
Reclassification adjustments for items included in the income statement on realisation:		
Oil derivatives – transferred to sales revenue	**52.7**	51.5
Revaluation gains/(losses) arising in the year	**16.2**	(64.7)
At 31 December	**(4.9)**	(73.8)

Reconciliation to sales revenue	2018 $m	2017 $m
Gas derivatives – transferred to sales revenue	**–**	0.2
Oil derivatives – transferred to sales revenue	**34.4**	(159.8)
Deferred premium paid	**52.4**	49.6
Net losses/(gains) from commodity derivatives in sales revenue (note 2)	**86.8**	(110.0)

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 US dollar LIBOR. Fixed rate debt comprises Senior Notes and convertible bonds, bank borrowings at interest rates fixed in advance for periods greater than three months or bank borrowings where the interest rate has been fixed through interest rate hedging. Following maturity of the Group's interest rate hedges in November 2018, the mark-to-market position of the Group's interest rate hedge portfolio as at 31 December 2018 is nil (2017: $0.8 million asset).

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 2018 and 2017, was as follows:

	2018 Cash at bank $m	2018 Fixed rate debt $m	2018 Floating rate debt $m	2018 Total $m	2017 Cash at bank $m	2017 Fixed rate debt $m	2017 Floating rate debt $m	2017 Total $m
US$	**149.7**	**(1,750.0)**	**(1,490.0)**	**(3,090.3)**	219.4	(1,900.0)	(1,855.0)	(3,535.6)
Euro	**0.4**	**–**	**–**	**0.4**	3.1	–	–	3.1
Sterling	**10.9**	**–**	**–**	**10.9**	21.4	–	–	21.4
Other	**18.8**	**–**	**–**	**18.8**	40.1	–	–	40.1
	179.8	**(1,750.0)**	**(1,490.0)**	**(3,060.2)**	284.0	(1,900.0)	(1,855.0)	(3,471.0)

Cash at bank consisted mainly of deposits which earn interest at rates set in advance for periods ranging from overnight to one month by reference to market rates.

The following table demonstrates the sensitivity of the Group's financial instruments to reasonably possible movements in interest rates:

	Market movement	Effect on finance costs 2018 $m	Effect on finance costs 2017 $m	Effect on equity 2018 $m	Effect on equity 2017 $m
Interest rate	100 basis points	**(14.9)**	(21.6)	**(14.9)**	(18.3)
Interest rate	(25) basis points	**3.7**	5.4	**3.7**	5.8

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 finance 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, current tax assets and other current assets, as at 31 December 2018 was $1,569.6 million (2017: $2,217.7 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 2018 (2017: 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 2018, the only material monetary assets or liabilities of the Group that were not denominated in the functional currency of the respective subsidiaries involved were $29.1 million in non-US-dollar denominated cash and cash equivalents (2017: $45.1 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	2018 $m	2017 $m	2018 $m	2017 $m
US$/foreign currency exchange rates	20%	**(4.8)**	(7.5)	**(4.8)**	(7.5)
US$/foreign currency exchange rates	(20%)	**7.3**	11.3	**7.3**	11.3

Liquidity risk

The Group manages its liquidity risk using both short- and long-term cash flow projections, supplemented by debt financing plans and active portfolio management. 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 opportunities are reviewed to potentially enhance the financial capability and flexibility of the Group. The Group had $1.0 billion (2017: $1.1 billion) of total facility headroom and free cash as at 31 December 2018.

The following tables detail the Group's remaining contractual maturity 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 2018							
Non-interest bearing	**n/a**	**96.2**	**136.9**	**2.2**	**–**	**91.3**	**326.6**
Finance lease liabilities	**7.1%**	**18.3**	**41.6**	**162.6**	**861.3**	**714.9**	**1,798.7**
Fixed interest rate instruments	**7.8%**						
Principal repayments		**–**	**–**	**–**	**950.0**	**800.0**	**1,750.0**
Interest charge		**9.9**	**28.0**	**78.6**	**385.4**	**84.0**	**585.9**
Variable interest rate instruments	**5.5%**						
Principal repayments		**–**	**–**	**–**	**568.0**	**922.0**	**1,490.0**
Interest charge		**7.8**	**15.5**	**69.9**	**357.8**	**40.0**	**491.0**
		132.1	**222.0**	**313.3**	**3,122.5**	**2,652.2**	**6,442.2**

	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 2017							
Non-interest bearing	n/a	50.9	194.6	–	–	105.1	350.6
Finance lease liabilities	7.1%	18.3	39.3	172.1	866.1	930.2	2,026.0
Fixed interest rate instruments	7.5%						
Principal repayments		–	–	–	1,600.0	–	1,600.0
Interest charge		9.9	–	89.6	279.8	–	379.3
Variable interest rate instruments	7.2%						
Principal repayments		–	–	–	811.0	1,344.0	2,155.0
Interest charge		10.4	20.9	85.9	420.4	95.9	633.5
		89.5	245.8	347.6	3,977.3	2,475.2	7,144.4

In November 2018, a portfolio of interest rate swaps that fixed $300.0 million of variable interest rate risk matured. The impact of these derivatives on the classification of fixed and variable rate instruments has been excluded from the above tables.

Note 21. Obligations under finance leases

	Notes	2018 $m	2017 $m
Amounts payable under finance leases:			
– Within one year		**222.5**	229.6
– Within two to five years		**861.3**	866.1
– After five years		**714.9**	930.3
		1,798.7	2,026.0
Less future finance charges		**(386.5)**	(480.4)
Present value of lease obligations		**1,412.2**	1,545.6
Amount due for settlement within 12 months	18	**221.2**	228.1
Amount due for settlement after 12 months	18	**1,191.0**	1,317.5

The Group's finance leases are the TEN FPSO and the Espoir FPSO (2017: TEN FPSO and Espoir FPSO). The finance lease for the TEN FPSO met the criteria for recognition on 1 August 2017. The present value of the lease liabilities unwinds over the expected life of the lease and is reported within finance costs as interest on obligations under finance leases. The present value of the TEN FPSO lease obligations at 31 December 2018 was $1,389.6 million (2017: $1,521.0 million). A receivable from Joint Venture Partners of $656.9 million (2017: $719.0 million) was recognised in other assets to reflect the value of future payments that will be met by cash calls from partners. The present value of the receivable from Joint Venture Partners unwinds over the expected life of the lease and is reported within finance revenue. The net cash outflows of $117.4 million (2017: $62.6 million) related to the lease agreement since its recognition as a finance lease have been reported in the repayment of obligations under finance leases line in the cash flow statements. Prior to recognition as a finance lease, it was accounted for as an operating lease, and included as operating lease payments within cost of sales (note 4).

The fair value of the Group's lease obligations approximates the carrying amount. The average expected remaining lease term as at 31 December 2018 was six years (2017: seven years). For the year ended 31 December 2018, the effective borrowing rate was 7.1 per cent (2017: 7.1 per cent).

Note 22. Provisions

	Notes	Decommissioning 2018 $m	Other provisions 2018 $m	Total 2018 $m	Decommissioning 2017 $m	Other provisions 2017 $m	Total 2017 $m
At 1 January		**897.4**	**135.0**	**1,032.4**	1,014.4	144.2	1,158.6
New provisions and changes in estimates		**(5.8)**	**155.1**	**149.3**	(33.6)	(9.2)	(42.8)
Disposals		**–**	**–**	**–**	(100.7)	–	(100.7)
Payments		**(99.1)**	**(208.6)**	**(307.7)**	(33.7)	–	(33.7)
Unwinding of discount	5	**14.4**	**–**	**14.4**	19.7	–	19.7
Currency translation adjustment		**(12.9)**	**–**	**(12.9)**	31.3	–	31.3
At 31 December		**794.0**	**81.5**	**875.5**	897.4	135.0	1,032.4
Current provisions		**121.6**	**76.9**	**198.5**	103.2	127.6	230.8
Non-current provisions		**672.4**	**4.6**	**677.0**	794.2	7.4	801.6

Included within other provisions is provision for onerous service contracts and provision for restructuring costs. Following a trial in the English Commercial Court in May 2018, the court ruled on 3 July that Tullow was not entitled to terminate its West Leo rig contract with Seadrill on 4 December 2016 by invoking the contract's force majeure provisions. Following advice from counsel, Tullow will not be appealing this ruling. Tullow has now paid Seadrill a contractual termination fee, other standby fees that accrued in the 60 days prior to termination of the contract and interest amounting to $248 million in aggregate and a further $11 million of Ghana withholding tax. Although Tullow regards these as Joint Venture costs, Kosmos disputed separately, through an International Chamber of Commerce arbitration against Tullow, its share of the liability (c. 20 per cent) of any costs related to the use of the West Leo rig beyond 1 October 2016. On 17 July 2018, the arbitration tribunal delivered a final and binding award in favour of Kosmos which determined that Kosmos is not liable for its share of the Seadrill costs. The arbitration award also provided that Tullow reimburses Kosmos $8.4 million for rig demobilisation costs and certain of its legal costs. In relation to this matter, and several smaller provisions, the Group recorded an additional pre-tax income statement charge of $167.4 million (2017: credit of $1.0 million).

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	Cessation of production assumption	2018 $m	2017 $m
Côte d'Ivoire	2%	3%	2026	**47.1**	49.7
Equatorial Guinea	2%	3%	2028–2029	**100.8**	133.9
Gabon	2%	3%	2021–2034	**50.1**	55.8
Ghana	2%	3%	2035–2036	**292.1**	278.0
Mauritania	n/a	3%	2018	**94.8**	120.7
UK	n/a	3%	2018	**209.1**	259.3
				794.0	897.4

Note 23. Deferred taxation

	Accelerated tax depreciation $m	Decommissioning $m	Revaluation of financial assets $m	Tax losses $m	Other timing differences $m	Provision for onerous service contracts $m	Deferred PRT $m	Total $m
At 1 January 2017	(1,217.3)	110.8	0.5	535.3	(14.8)	44.7	7.3	(533.5)
Credit/(debit) to income statement	79.8	59.8	–	(8.1)	(8.2)	–	21.5	144.8
Debit to other comprehensive income	–	–	(0.6)	–	–	–	–	(0.6)
Exchange differences	(0.8)	10.0	–	2.8	(1.1)	–	1.7	12.6
At 1 January 2018	**(1,138.3)**	**180.6**	**(0.1)**	**530.0**	**(24.1)**	**44.7**	**30.5**	**(376.7)**
Credit/(debit) to income statement	**37.3**	**(47.7)**	**0.1**	**(0.8)**	**(1.0)**	**(10.5)**	**(18.1)**	**(40.7)**
Exchange differences	**(0.2)**	**(5.2)**	**–**	**(1.7)**	**0.2**	**(0.8)**	**(0.8)**	**(8.5)**
At 31 December 2018	**(1,101.2)**	**127.7**	**–**	**527.5**	**(24.9)**	**33.4**	**11.6**	**(425.9)**

	2018 $m	2017 $m
Deferred tax liabilities	**(1,075.3)**	(1,101.2)
Deferred tax assets	**649.4**	724.5
	(425.9)	(376.7)

No deferred tax has been provided on unremitted earnings of overseas subsidiaries, as the Group has no plans to remit these to the UK in the foreseeable future. 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 24. 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 2017	914,481,960	147.5	619.3
Issued during the year			
Rights Issue	466,925,724	60.0	693.8
Exercise of share options	5,159,652	0.7	13.7
At 1 January 2018	**1,386,567,336**	**208.2**	**1,326.8**
Issued during the year			
Exercise of share options	**6,872,380**	**0.9**	**17.4**
At 31 December 2018	**1,393,439,716**	**209.1**	**1,344.2**

The Company does not have a maximum authorised share capital.

Note 25. Non-controlling interest

During July 2018 Tullow acquired the remaining 50 per cent interest in Tulipe Gabon S.A. 'Tulipe', which holds the Oba licence, for $11.3 million. This resulted in a reduction of the Group's reported non-controlling interest balance to $nil at 31 December 2018.

Distributions to non-controlling interests were $nil (2017: $3.0 million).

Note 26. Share-based payments

Analysis of share-based payment charge

	Notes	2018 $m	2017 $m
Tullow Incentive Plan		**11.8**	11.1
2005 Performance Share Plan		**–**	0.4
2005 Deferred Share Bonus Plan		**–**	1.7
Employee Share Award Plan		**14.3**	20.4
2010 Share Option Plan and 2000 Executive Share Option Scheme		**0.1**	–
UK and Irish Share Incentive		**–**	0.6
Total share-based payment charge		**26.2**	34.2
Capitalised to intangible and tangible assets		**1.3**	0.3
Expensed to operating costs	4	**1.0**	1.1
Expensed as exploration costs written off		**1.1**	–
Expensed as administrative cost	4	**22.8**	32.8
Total share-based payment charge		**26.2**	34.2

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 2018 TIP awards 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 83 to 101.

The weighted average remaining contractual life for TIP awards outstanding at 31 December 2018 was 6.9 years.

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.

The weighted average remaining contractual life for PSP awards outstanding at 31 December 2018 was 0.4 years.

2005 Deferred Share Bonus Plan (DSBP)

Under the DSBP, the portion of any annual bonus above 75 per cent of the base salary of a Senior Executive nominated by the Remuneration Committee was deferred into shares. Awards normally vest following the end of three financial years commencing with that in which they were granted. They were granted as nil exercise price options, normally exercisable from when they vest until ten years from grant. Awards granted before 8 March 2010 as conditional awards to acquire free shares were converted into nil exercise price options to provide flexibility to participants. A dividend equivalent is paid over the period from grant to vesting. From 2014, Senior Executives participate in the TIP instead of the DSBP.

The weighted average remaining contractual life for DSBP awards outstanding at 31 December 2018 was 2.6 years.

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 2018 ESAP awards 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 2018 was 7.3 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.

Options outstanding at 31 December 2018 had exercise prices of 601p to 1,294p (2017: 468p to 1,305p) and remaining contractual lives between 5 days and 4.6 years. The weighted average remaining contractual life is 2.8 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).

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	Adjustment for the Rights Issue during the year	Granted during the year	Exercised during the year	Forfeited/ expired during the year	Outstanding at 31 December	Exercisable at 31 December
2018 TIP –	number of shares	16,753,447	–	5,453,170	(1,539,418)	(371,397)	20,295,802	1,616,059
2018 TIP –	average weighted share price at grant	249.2	–	181.1	524.3	356.4	208.1	530.1
2017 TIP –	number of shares	10,926,267	1,831,317	4,830,968	(484,603)	(350,502)	16,753,447	925,639
2017 TIP –	average weighted share price at grant	287.1	275.6	206.6	782.0	242.8	249.2	782.0
2018 PSP –	number of shares	571,911	–	–	(163,306)	–	408,605	408,605
2018 PSP –	average weighted share price at grant	868.9	–	–	870.8	–	868.2	868.2
2017 PSP –	number of shares	910,004	120,362	–	(495,163)	36,708	571,911	571,911
2017 PSP –	average weighted share price at grant	882.0	870.9	–	888.2	797.6	868.9	868.9
2018 DSBP –	number of shares	224,102	–	–	–	–	224,102	224,102
2018 DSBP –	average weighted share price at grant	1,260.5	–	–	–	–	1,260.5	1,260.5
2017 DSBP –	number of shares	205,704	35,627	–	(140,508)	123,279	224,102	224,102
2017 DSBP –	average weighted share price at grant	1,215.5	1,215.5	–	1,209.4	1,121.4	1,260.5	1,260.5
2018 ESAP –	number of shares	26,689,114	–	5,907,717	(4,848,390)	(1,235,130)	26,513,311	7,027,121
2018 ESAP –	average weighted share price at grant	252.2	–	181.1	348.9	192.0	221.5	362.3
2017 ESAP –	number of shares	23,760,819	3,856,502	5,346,309	(4,459,032)	(1,815,484)	26,689,114	7,623,417
2017 ESAP –	average weighted share price at grant	280.8	271.2	206.6	382.1	213.3	252.2	346.8
2018 SOP/ESOS –	number of shares	9,876,367	–	–	–	(1,753,995)	8,122,372	8,122,372
2018 SOP/ESOS –	WAEP	1,047.6	–	–	–	901.9	1,079.1	1,079.1
2017 SOP/ESOS –	number of shares	10,006,370	1,596,194	–	–	(1,726,197)	9,876,367	9,876,367
2017 SOP/ESOS –	WAEP	1,192.9	1,041.2	–	–	863.8	1,047.6	1,047.6
2018 phantoms –	number of phantom shares	1,429,868	–	–	–	(149,638)	1,280,230	1,280,230
2018 phantoms –	WAEP	1,086.5	–	–	–	1,085.0	1,086.7	1,086.7
2017 phantoms –	number of phantom shares	1,252,745	215,079	–	–	(37,956)	1,429,868	1,429,868
2017 phantoms –	WAEP	1,274.4	1,086.5	–	–	1,084.7	1,086.5	1,086.5

In March 2017 the Company carried out a Rights Issue with each holder of 49 shares receiving 25 rights to subscribe for new shares at a price of 130p per share. In accordance with the Plan rules, the number of outstanding awards as at 17 March 2017 was multiplied by 1.1732 and the option exercise prices and previously calculated fair values for these awards were divided by 1.1732 to allow for the rights issue.

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.

	2018 TIP	2018 ESAP	2017 TIP	2017 ESAP
Weighted average fair value of awards granted	**181.1p**	**181.1p**	206.6p	206.6p
Weighted average share price at exercise for awards exercised	**213.0p**	**212.9p**	210.0p	195.5p
Principal inputs to options valuations model:				
Weighted average share price at grant	**181.1p**	**181.1p**	206.6p	206.6p
Weighted average exercise price	**0.0p**	**0.0p**	0.0p	0.0p
Risk-free interest rate per annum[1]	**0.9%/1.2%**	**0.9%**	0.1%	0.1%
Expected volatility per annum[1, 2]	**62%/52%**	**62%**	60%	60%
Expected award life (years)[1, 3]	**3.0/5.0**	**3.0**	3.0	3.0
Dividend yield per annum[4]	**n/a**	**n/a**	n/a	0.0%
Employee turnover before vesting per annum[1]	**5%/0%**	**5%**	5%/0%	5%

1. Shows the assumption for TIP awards made to Senior Management/Executives and Directors respectively.

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.
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 2018 TIP and 2018 ESAP awards as a dividend equivalent will be payable on the exercise of these awards.

	2018 PSP	2017 PSP	2018 DSBP	2017 DSBP	2018 SOP/ESOS	2017 SOP/ESOS
Weighted average share price at exercise for awards exercised	**234.8p**	198.9p	**204.1**	204.1p	**n/a**	n/a

Note 27. Commitments and contingencies

	2018 $m	2017 $m
Capital commitments	233.9	185.0
Operating lease commitments		
Due within one year	34.6	9.2
After one year but within two years	26.2	9.5
After two years but within five years	32.3	28.2
Due after five years	27.3	47.7
	120.2	94.6
Contingent liabilities		
Performance guarantees	60.8	115.6
Other contingent liabilities	66.0	185.3
	126.8	300.9

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.

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases on office properties are negotiated for an average of six years and rentals are fixed for an average of six years.

Performance guarantees are in respect of abandonment obligations, committed work programmes and certain financial obligations.

Other contingent liabilities include 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 year and five years.

Note 28. 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.

	2018 $m	2017 $m
Short-term employee benefits	**5.7**	6.7
Post-employment benefits	**0.5**	0.8
Amounts awarded under long-term incentive schemes	**3.0**	2.6
Share-based payments	**2.2**	2.5
	11.4	12.6

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.

Amounts awarded under long-term incentive schemes

These amounts relate to the shares granted under the annual bonus scheme that are deferred for three years under the Deferred Share Bonus Plan (DSBP) and Tullow Incentive Plan (TIP).

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 Payments.

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 83 to 101.

Note 29. Events since 31 December 2018

There has not been any event since 31 December 2018 that has resulted in a material impact on the year-end results.

Note 30. New International Financial Reporting Standards adopted and yet to be adopted

IFRS 9 Financial Instruments

Income statement

	Year ended 31 December 2017		Transition adjustment on implementation of IFRS 9[1]	
	Previously reported $m	Adjusted $m	(1) $m	(2) $m
(Loss)/gain on hedged instruments	(11.8)	1.4	–	13.2
Loss from continuing activities before tax	(299.1)	(285.9)	–	13.2
Loss for the year from continuing activities	(188.5)	(175.3)	–	13.2

Balance sheet

			Transition adjustment on implementation of IFRS 9[1]	
	31 December 2016 $m	1 January 2017 $m	(1) $m	(2) $m
Hedge reserve – time value	–	(60.6)	–	(60.6)
Retained earnings	778.0	838.6	–	60.6
Total equity	2,242.5	2,242.5	–	–

			Transition adjustment on implementation of IFRS 9[1]	
	31 December 2017 $m	1 January 2018 $m	(1) $m	(2) $m
Non-current liabilities				
Borrowings	(3,606.4)	(3,717.2)	(110.8)	–
Net assets	2,716.4	2,605.6	(110.8)	–
Hedge reserve – time value	–	(73.8)	–	(73.8)
Retained earnings	607.5	570.5	(110.8)	73.8
Total equity	2,716.4	2,605.6	(110.8)	–

1 For definition of adjustment 1 and 2, refer to the accounting policies section.

The classification and measurement of financial assets have changed with the implementation of IFRS 9. However, this has not materially changed the measurement of financial assets of the Group. The IFRS 9 impairment model requiring the recognition of 'expected credit losses', in contrast to the requirement to recognise 'incurred credit losses' under IAS 39, has not had a material impact on the Group's Financial Statements. Trade receivables are generally settled on a short time frame and the Group's other financial assets are due from counterparties without material credit risk concerns at the time of transition.

IFRS 16 Leases

IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. The adoption of IFRS 16 Leases, which the Group will adopt for the year commencing 1 January 2019, will impact both the measurement and disclosures of leases over a low-value threshold, with terms longer than one year, but exclude any leases to explore for oil and gas (i.e. mineral rights). The Group has completed an assessment of lease agreements. On adoption of IFRS 16, the Group will recognise lease liabilities in relation to leases which are currently classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities will be measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease (if available), or the Group's incremental borrowing rate as of 1 January 2019, which was 6.9 per cent. The determination of whether there is an interest rate implicit in the rate, the calculation of the Group's incremental borrowing rate, and whether any adjustments to this rate are required for certain portfolios of leases involve some judgement and are subject to change over time. Adjustments to the Group's incremental borrowing rate for individual leases have not been made as the Group does not enter in to financing arrangements at the subsidiary level, leases are largely denominated in US Dollars, and the impact of any other adjustments have been calculated to be immaterial. A 1 per cent change in the Group's incremental borrowing rate would increase/decrease the value of lease liabilities on transition by around $8 million.

In accordance with the transition provisions in IFRS 16 the modified retrospective approach has been adopted, with the cumulative effect of initially applying the new standard recognised on 1 January 2019. Comparatives for the 2018 financial year will not be restated. The expected financial impact of transition to IFRS 16 has been summarised within this note.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard on transition:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and
- to not separate non-lease components from all leases with a right-of-use asset less than $2 million.

The Group has identified lease portfolios for property, oil and gas production and support equipment, transportation equipment, and other equipment.

Lease portfolio	**Gross value on transition $m**
Property leases	77.4
Oil and gas production and support equipment leases	345.2
Transportation equipment leases	31.7
Other equipment	0.1
Total	454.4

Financial impact of the transition

Income statement

Property leases: These leases are currently included as administrative expenses. On transition to IFRS 16 the expense will decrease, offset by an increase in finance costs and depreciation of other fixed assets.

Oil and gas production and support equipment leases: These leases are currently either treated as operating costs or capitalised as property, plant and equipment or intangible assets. On transition to IFRS 16 operating costs will decrease, offset by an increase in finance costs and depletion and amortisation of oil and gas assets.

Transportation equipment leases: These leases are currently included as administrative expenses or operating costs. On transition to IFRS 16 these expenses will decrease, offset by an increase in finance costs, depreciation of other fixed assets and depletion and amortisation of oil and gas assets.

Other equipment: These leases are currently included as administrative expenses or operating costs. On transition to IFRS 16 these expenses will decrease, offset by an increase in finance costs and depreciation of other fixed assets and depletion and amortisation of oil and gas assets.

Balance sheet

The Group expects the impact of the transition to result in higher property, plant and equipment, current and non-current other assets and current and non-current lease liabilities. The amounts on transition stated below are in addition to contracts accounted for as finance leases at 31 December 2018 (refer to note 21).

Property, plant and equipment	**Value on transition $m**
Non–current	260.8
Total IFRS 16 transition	**260.8**

Other assets	**Value on transition $m**
Current	53.6
Non–current	140.0
Total IFRS 16 transition	**193.6**

Lease liabilities	**Value on transition $m**
Current	121.6
Non–current	332.8
Total IFRS 16 transition	**454.4**

Currently, lease liabilities related to operated Joint Ventures are disclosed gross with the debit representing the partner's share disclosed in amounts due from Joint Venture Partners. The assessment of whether a lease liability incurred by an operator should be recorded net or gross, in accordance with IFRS 16, IFRS 11 and IFRS 15, is currently under a review and comment letter process with IFRIC. Tullow will continue to monitor the outcome of this process in 2019.

Non-IFRS measures

Gearing and adjusted EBITDAX are expected to be impacted by the transition to IFRS 16. As discussed above, the reductions to operating costs and administrative expenses will increase adjusted EBITDAX. Increases in finance costs, depreciation of other fixed assets and depletion and amortisation of oil and gas assets will not decrease adjusted EBITDAX as they are items that are adjusted for in Tullow's calculation. This expected increase to adjusted EBITDAX will decrease gearing.

The changes are not expected to impact capital investment or net debt, as lease additions and lease liabilities, respectively, will be excluded from the calculation of these metrics. Similarly, adjustments will be made to present underlying cash operating costs excluding the impact of the change to leases, as this is how management will monitor operating costs. Detailed reconciliations showing the impact of leases will be disclosed in future periods.

The Group's leasing activities and how these are accounted for:

- Lease contracts are typically made for fixed periods of two to five years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

- Leases are recognised as a right-of-use asset, plus Joint Venture receivable (where applicable), and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. 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, and the Joint Venture receivable is allocated against the monthly Joint Venture billing cycle.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable (for example rent-free periods);

- variable lease payments that are based on an index or rate; and

- amounts expected to be payable by the lessee under residual value guarantees.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability, less any amount receivable from Joint Venture Partners;

- any lease payments made at or before the commencement date less any lease incentives received;

- any initial direct costs, and

- restoration or dilapidation costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are leases with an annual cost of $5,000 or less. 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.

Note 31. Cash flow statement reconciliations

Purchases of intangible exploration and evaluation assets	**2018 $m**
Additions to intangible exploration and evaluation assets	**230.4**
Associated cash flows	
Purchases of intangible exploration and evaluation assets	**(202.1)**
Non-cash movements/presented in other cash flow lines	
Capitalised interest	**(65.3)**
Movement in working capital	**37.0**

Purchases of property, plant and equipment	2018 $m
Additions to property, plant and equipment	**268.1**
Associated cash flows	
Purchases of property, plant and equipment	**(238.4)**
Non-cash movements/presented in other cash flow lines	
Decommissioning asset revisions	**(5.8)**
Finance lease additions	**(3.8)**
Movement in working capital	**(20.1)**

Movement in borrowings	2018 $m	2017 $m	Movement
Current borrowings	–	–	**–**
Non-current borrowings	3,219.1	(3,606.4)	**(387.3)**
Total borrowings	3,219.1	(3,606.4)	**(387.3)**
Associated cash flows			
Debt arrangement fees			**(15.0)**
Repayment of borrowings			**(1,755.1)**
Drawdown of borrowings			**1,240.0**
Non-cash movements/presented in other cash flow lines			
IFRS 9 transition adjustment			**110.8**
Amortisation of arrangement fees and accrued interest			**8.2**

Note 32. Dividends

The proposed final dividend for the year, which is subject to approval by shareholders at the Annual General Meeting, and has not been included as a liability in these financial statements is as follows:

	2018 $m
Final dividend proposed in relation to the year	
Ordinary	**67.0**

Tullow ordinary shareholders will receive the dividend in either sterling, cedi or euros and the amount they receive each half may vary as a result of changing foreign exchange rates. The exchange rate used to determine the cash dividends is the World Market Reuters rate on the day before the dividend announcement date. LSE holders will receive their dividend in sterling, GSE holders will receive their dividend in Ghanaian cedi and ISE holders will receive their dividend in Euros.

Company balance sheet

As at 31 December 2018

	Notes	2018 $m	2017 $m
ASSETS			
Non-current assets			
Investments	1	**5,567.1**	5,415.3
		5,567.1	5,415.3
Current assets			
Other current assets	3	**1,164.6**	2,136.3
Cash at bank		**5.6**	6.3
		1,170.2	2,142.6
Total assets		**6,737.3**	7,557.9
LIABILITIES			
Current liabilities			
Trade and other creditors	4	**(353.8)**	(465.9)
Borrowings	5	**–**	–
Intercompany derivative liability	6	**(11.2)**	(35.6)
		(365.0)	(501.5)
Non-current liabilities			
Borrowings	5	**(2,952.1)**	(3,349.5)
Intercompany derivative liability	6	**(0.8)**	(13.4)
		(2,952.9)	(3,362.9)
Total liabilities		**(3,317.9)**	(3,864.4)
Net assets		**3,419.4**	3,693.5
Capital and reserves			
Called-up share capital	7	**209.1**	208.2
Share premium	7	**1,344.2**	1,326.8
Other reserves		**866.1**	851.9
Retained earnings		**1,000.0**	1,306.6
Total equity		**3,419.4**	3,693.5

During the year the Company made a profit of $145.9 million (2017: $880.9 million loss).

Approved by the Board and authorised for issue on 12 February 2019.

Paul McDade
Chief Executive Officer

Les Wood
Chief Financial Officer

Company statement of changes in equity

Year ended 31 December 2018

	Notes	Share capital $m	Share premium $m	Other reserves $m	Retained earnings $m	Total equity $m
At 1 January 2017		**147.5**	**619.3**	**850.8**	**2,168.5**	**3,786.1**
Loss for the year		**–**	**–**	**–**	**(880.9)**	**(880.9)**
Issue of shares – Rights Issue		**60.0**	**693.8**	**–**	**–**	**753.8**
Issue of employee share options		**0.7**	**13.7**	**–**	**–**	**14.4**
Vesting of employee share options		**–**	**–**	**–**	**(15.2)**	**(15.2)**
Capital contribution		**–**	**–**	**1.1**	**–**	**1.1**
Share-based payment charges		**–**	**–**	**–**	**34.2**	**34.2**
At 1 January 2018		**208.2**	**1,326.8**	**851.9**	**1,306.6**	**3,693.5**
Adjustment on adoption of IFRS 9, net of tax	8	**–**	**–**	**–**	**(446.3)**	**(446.3)**
Profit for the year		**–**	**–**	**–**	**145.9**	**145.9**
Issue of employee share options		**0.9**	**17.4**	**–**	**–**	**18.3**
Vesting of employee share options		**–**	**–**	**–**	**(18.2)**	**(18.2)**
Transfers		**–**	**–**	**14.2**	**(14.2)**	**–**
Share-based payment charges		**–**	**–**	**–**	**26.2**	**26.2**
At 31 December 2018		**209.1**	**1,344.2**	**866.1**	**1,000.0**	**3,419.4**

Other reserves include the merger reserve. The value associated with the treasury shares reserve, disclosed in the previous year, has been represented as part of retained earnings, consistent with share-based payment reserve movements. At 31 December 2018 the Group did not hold any shares in a Tullow Oil Employee Trust to satisfy awards held under the Group's share incentive plans.

During 2018, $14.2 million of PSP awards were transferred to retained earnings from other reserves.

Company accounting policies

As at 31 December 2018

(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 Tullow Oil Group.

(b) Basis of accounting

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.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of an income statement, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. 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 profit of $145.9 million (2017: $880.9 million loss).

(c) Going concern

Refer to the Finance Review section of the Director's Report.

(d) Foreign currencies

The US dollar is the reporting 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) Investments

Fixed asset investments, including investments in subsidiaries, are stated at cost and reviewed for impairment if there are indications that the carrying value may not be recoverable.

(f) Derivative financial instruments

The Company uses derivative financial instruments to manage the Group's exposure to fluctuations in movements in oil and gas prices.

Derivative financial instruments are stated at fair value.

The purpose for which a derivative is used is established at inception. To qualify for hedge accounting, the derivative must be highly effective in achieving its objective and this effectiveness must be documented at inception and throughout the period of the hedge relationship. The hedge must be assessed on an ongoing basis and determined to have been highly effective throughout the financial reporting periods for which the hedge was designated.

For the purpose of hedge accounting, hedges are classified as either fair value hedges, when they hedge the exposure to changes in the fair value of a recognised asset or liability, or cash flow hedges, where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or forecast transaction.

In relation to fair value hedges which meet the conditions for hedge accounting, any gain or loss from remeasuring the derivative and the hedged item at fair value is recognised immediately in the income statement. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in the income statement.

For cash flow hedges, the portion of the gains and losses on the hedging instrument that is determined to be an effective hedge is taken to other comprehensive income and the ineffective portion, as well as any change in time value, is recognised in the income statement. The gains and losses taken to other comprehensive income are subsequently transferred to the income statement during the period in which the hedged transaction affects the income statement. A similar treatment applies to foreign currency loans which are hedges of the Group's net investment in the net assets of a foreign operation.

Gains or losses on derivatives that do not qualify for hedge accounting treatment (either from inception or during the life of the instrument) are taken directly to the income statement in the period.

(g) Financial liabilities and equity instruments

Financial liabilities and 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.

(h) Share issue expenses

Costs of share issues are written off against the premium arising on the issues of share capital.

(i) 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.

(j) 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.

(k) 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.

(l) Critical accounting judgements and key sources of estimation uncertainty

Financial instruments (note 6):

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The Directors of the Company have determined appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs 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.

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 requiring 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 could not demonstrate the ability to repay the loan, if demanded at the reporting date, the Company calculated 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. Despite this requirement, the Company does not intend to demand repayment of any amounts due from subsidiary undertakings in the near future.

Refer to note 8 for further details of the financial impact of the implementation of this requirement.

Notes to the Company financial statements
Year ended 31 December 2018

Note 1. Investments

	2018 $m	2017 $m
Shares at cost in subsidiary undertakings	**5,567.1**	5,414.3
Unlisted investments	**–**	1.0
	5,567.1	5,415.3

During 2018, the Company increased its investments in subsidiaries undertakings by $152.8 million (2017: $429.0 million decrease); additional impairment of $202.9 million (2017: $1,553.8 million) was recognised against the Company's investments in subsidiaries to fund losses incurred by Group service companies and exploration companies. During October 2018 Tullow disposed of its 9.9 per cent ownership of Ikon Science, an unlisted investment, for $6.2 million.

The Company's subsidiary undertakings as at 31 December 2018 are listed on pages 171 to 173. 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 $526.7 million (2017: $513.3 million) that are available indefinitely for offset against future non-ring-fenced taxable profits in the Company. A deferred tax asset of $nil (2017: $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

	2018 $m	2017 $m
Other debtors	**28.9**	12.3
Due from subsidiary undertakings	**1,135.7**	2,124.0
	1,164.6	2,136.3

The amounts due from subsidiary undertakings include $1,067.2 million (2017: $1,373.3 million) that incurs interest at LIBOR plus 4.5 per cent (2017: LIBOR plus 0.5 per cent–4.5 per cent). The remaining amounts due from subsidiaries accrue no interest. All amounts are repayable on demand. At 31 December 2018 a provision of $291.7 million (2017: $124.0 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

	2018 $m	2017 $m
Accrued interest	**30.9**	22.7
Corporation tax payable	**9.3**	–
Due to subsidiary undertakings	**313.6**	443.2
	353.8	465.9

Note 5. Borrowings

	2018 $m	2017 $m
Non-current		
Bank borrowings – after two years but within five years		
Reserves Based Lending credit facility	**568.0**	811.0
6.0% Senior Notes due 2020	**–**	642.5
6.25% Senior Notes due 2022	**644.4**	643.5
Bank borrowings – more than five years		
Reserves Based Lending credit facility	**950.0**	1,252.5
7.00% Senior Notes due 2025	**789.7**	–
	2,952.1	3,349.5

Term loans are secured by fixed and floating charges over the oil and gas assets of the Group.

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 2018 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 has an intercompany oil derivative trade with a wholly owned subsidiary to purchase downside oil price protection up to 31 December 2020, for a deferred consideration of $69.1 million.

The Company's derivative carrying and fair values were as follows:

Assets/liabilities	2018 Less than 1 year $m	2018 1–3 years $m	2018 Total $m	2017 Less than 1 year $m	2017 1–3 years $m	2017 Total $m
Intercompany oil derivatives	**(11.2)**	**(0.8)**	**(12.0)**	(35.6)	(13.4)	(49.0)
Total assets	**–**	**–**	**–**	–	–	–
Total liabilities	**(11.2)**	**(0.8)**	**(12.0)**	(35.6)	(13.4)	(49.0)

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 (2017: 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 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.

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	2018 $m	2017 $m
Intercompany oil derivatives	**(1.0)**	(58.3)

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 2018 and 31 December 2017 was as follows:

	2018 Cash at bank $m	2018 Fixed rate debt $m	2018 Floating rate debt $m	2018 Total $m	2017 Cash at bank $m	2017 Fixed rate debt $m	2017 Floating rate debt $m	2017 Total $m
US$	**5.5**	**(1,450.0)**	**(1,490.0)**	**(2,934.5)**	6.2	(1,300.0)	(1,855.0)	(3,148.8)
Euro	**0.1**	**–**	**–**	**0.1**	0.1	–	–	0.1
	5.6	**(1,450.0)**	**(1,490.0)**	**(2,934.4)**	6.3	(1,300.0)	(1,855.0)	(3,148.7)

Cash at bank consisted mainly of deposits which earn interest at rates set in advance for periods ranging from overnight to one month by reference to market rates.

Liquidity risk

The following table details the Company's remaining contractual maturity 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 2018							
Non-interest bearing	**n/a**	**353.8**	**–**	**–**	**–**	**–**	**353.8**
Fixed interest rate instruments	**7.8%**						
Principal repayments		**–**	**–**	**–**	**650.0**	**800.0**	**1,450.0**
Interest charge		**–**	**28.0**	**68.6**	**325.8**	**84.0**	**506.4**
Variable interest rate instruments	**5.5%**						
Principal repayments		**–**	**–**	**–**	**568.0**	**922.0**	**1,490.0**
Interest charge		**7.8**	**15.5**	**69.9**	**357.8**	**40.0**	**491.0**
		361.6	**43.5**	**138.5**	**1,901.6**	**1,846.0**	**4,291.2**

	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 2017							
Non-interest bearing................................	n/a	465.9	–	–	–	–	465.9
Fixed interest rate instruments	7.5%						
Principal repayments		–	–	–	1,300.0	–	1,300.0
Interest charge		–	–	79.6	220.2	–	299.8
Variable interest rate instruments...........	7.2%						
Principal repayments		–	–	–	811.0	1,344.0	2,155.0
Interest charge		10.4	20.9	85.9	420.4	95.9	633.5
		476.3	20.9	165.5	2,751.6	1,439.9	4,854.2

Sensitivity analysis

The following analysis is intended to illustrate sensitivity to changes in market variables, being Dated Brent oil prices and US dollar exchange rates. The analysis is used internally by management to monitor derivatives and assesses the financial impact of reasonably possible movements in key variables.

	Market movement	Impact on profit before tax 2018 $m	2017 $m
Brent oil price	25%	–	–
Brent oil price	(25%)	(17.5)	0.4

The following assumptions have been used in calculating the sensitivity in movement of oil prices: the pricing adjustments relate only to the point forward mark-to-market (MTM) valuations and the sensitivities have been run only on the intrinsic element of the derivatives as management considers this to be the material component of oil derivative valuations.

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 2017...	914,481,960	147.5	619.3
Issued during the year			
Rights Issue..	466,925,724	60.0	693.8
Exercise of share options	5,159,652	0.7	13.7
At 1 January 2018...	**1,386,567,336**	**208.2**	**1,326.8**
Issued during the year			
Exercise of share options	**6,872,380**	**0.9**	**17.4**
At 31 December 2018..	**1,393,439,16**	**209.1**	**1,344.2**

The Company does not have an authorised share capital. The par value of the Company's shares is 10p.

Note 8. New accounting standards

IFRS 9 Financial Instruments

The implementation of IFRS 9 had two key impacts on the Company's financial statements. These both related to the treatment of modification or exchange of financial liabilities.

1) The classification and measurement of financial liabilities held with third parties is materially consistent with that required by IAS 39 with the exception of the treatment of modification or exchange of financial liabilities which do not result in de-recognition. The Group has identified that retrospective application of IFRS 9 has increased the carrying value of the Reserves Based Lending credit facility by $110.8 million and resulted in the

need to record a modification loss due to the refinancing of the facility in November 2017. Implementation therefore reduced retained earnings on 1 January 2018. This will lower the finance costs recognised over the remaining life of the facility compared to the treatment under IAS 39. No other material impact as a result of IFRS 9's classification and measurement requirements has been identified.

2) The classification and measurement of financial liabilities held with Group companies is materially different to that required by IAS 39. The Company has identified that retrospective application of IFRS 9 has resulted in a higher provision being made in respect of the recoverability of amounts due from subsidiary undertakings.

A summary of the impact of the implementation of IFRS 9 is shown below:

Balance sheet

			Transition adjustment on implementation of IFRS 9	
	31 December 2017 \$m	**1 January 2018 \$m**	**(1) \$m**	**(2) \$m**
Current assets				
Other current assets	2,136.3	**1,800.7**	–	(335.6)
Non-current liabilities				
Borrowings	(3,349.5)	**(3,460.3)**	(110.8)	–
Net assets	(3,693.5)	**(3,247.1)**	(110.8)	(335.6)
Retained earnings	1,306.6	**860.2**	(110.8)	(335.6)
Total equity	3,693.5	**3,247.1**	(110.8)	(335.6)

IFRS 16 Leases

The implementation of IFRS 16 is not expected to have a material impact on the Company's financial statements as it does not presently hold any qualifying leases.

THE COMPANY

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