TULLOW OIL ANNOUNCES MERGER WITH CAPRICORN ENERGY

1st June 2022 – The boards of directors of Tullow Oil PLC ("**Tullow**") and Capricorn Energy PLC ("**Capricorn**") are pleased to announce that they have reached agreement on the terms of a recommended all-share combination of Tullow and Capricorn (the "**Combination**") to create the Combined Group.

It is intended that the Combination will be implemented by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act, where Tullow will acquire all of the issued and to be issued Capricorn Shares.

Under the terms of the Combination, each Capricorn Shareholder will be entitled to receive:

for each Capricorn Share: 3.8068 New Tullow Shares

On completion of the Combination, Capricorn Shareholders will hold approximately 47 per cent. of the Combined Group and Tullow Shareholders will hold approximately 53 per cent. of the Combined Group.

Compelling strategic and financial rationale

The Boards of Tullow and Capricorn believe the Combination has compelling strategic, operational, and financial rationale, with the ability to deliver substantial benefits to shareholders, host nations and other stakeholders. The Combination represents a unique opportunity to create a leading African energy company, listed in London, with the financial flexibility and human resource capability to access and accelerate near-term organic growth, add new reserves and resources cost-effectively, generate significant future returns for shareholders, and pursue further consolidation. The Combined Group is committed to building a sustainable future through responsible oil and gas development, in close partnership and collaboration with joint venture partners and host governments.

The Boards of Tullow and Capricorn believe this Combination:

(a) Creates a leading African energy company with a material and diversified asset base and a portfolio of investment opportunities delivering visible production growth.

- The Combined Group provides shareholders with a diversified pan-African upstream portfolio underpinned by low-cost producing assets, with a deep portfolio of incremental high return investment opportunities in Ghana, Egypt, Gabon and Côte d'Ivoire.
- Capricorn's Egypt portfolio provides significant opportunity to deliver self-funded growth production via infill drilling and low-cost exploration to sustain the resource base over time, whilst championing electrification and decarbonisation initiatives.
- The major resource development project in Kenya provides additional growth and value creation optionality.
- The substantial prospective resource base in Guyana and Mauritania provides material potential upside with limited capital exposure.

- Pro forma reserves and resources of 343mmboe and 696mmboe with 2021A production of 96kboe/d positions the Combined Group as one of the largest, listed independent African focused energy companies today.

(b) *Delivers a Combined Group with robust cash generation and a resilient balance sheet and realises meaningful cost synergies.*

- The Combined Group will have a resilient balance sheet, with pro forma 2021A leverage of 1.5x and $1.8bn of liquidity. Expected leverage of <1x at year end 2022 with rapid future deleveraging anticipated.
- The Combined Group is expected to realise pre-tax net cash cost savings of $50 million on an annual run-rate basis by the second anniversary of the completion of the Combination through the reduction of duplicate costs across Board, Corporate and Group operational and technical functions and administrative functions including consolidation of office space and rationalisation of IT spend.

(c) *Establishes a sustainable capital return programme for shareholders underpinned by robust cash generation.*

- Stable, low-cost production delivering forecast cumulative pre-financing free cash flows of $2.4 billion over the 2022-2025 period at a flat nominal Brent price of $75/bbl.
- Visible and robust cash generation, cost savings, a strengthened balance sheet and disciplined capital allocation create a platform for sustainable shareholder returns through a fixed plus variable returns framework:
    - Base annual dividend of $60 million, with additional returns driven by a disciplined, value-driven capital allocation framework.
    - Tullow currently has no distributable reserves and is therefore currently unable to pay dividends or make other distributions to shareholders. The Tullow Board intends to address this issue by taking such steps, which may include a capital restructuring of the Tullow Group or (as the case may be) the Combined Group and/or the upstreaming of dividends/distributions from other members of the Tullow Group or (as the case may be) the Combined Group, as may be required to achieve the dividend policy outlined above.

(d) *Creates a stronger, more resilient business with a deep commitment to environmental stewardship, social investment, development of local content and our national workforces.*

- The Combined Group is committed to achieving net zero Scope 1 and 2 emissions by 2030. This is planned to be achieved through comprehensive emissions reduction programmes underway in Ghana, Gabon, Côte d'Ivoire and Egypt and by offsetting hard to abate emissions through company-run nature-based solutions.
- The Combined Group will be an important supplier of gas in Egypt and in Ghana – supporting the industrial development in these countries.

(e) *Positions the Combined Group to play a leading role in the African energy sector.*

(f) *Commits to environmental, social and corporate governance standards, established stakeholder relationships, alongside a proven track record of safe, low-cost operations and a strong balance sheet.*

The Combined Group

The board of directors and management of the Combined Group will comprise a mixture of individuals from Tullow and Capricorn, drawing upon the best expertise and talent of both companies to deliver value for the Combined Group's shareholders and partners. Upon completion of the Combination, it is intended that:

- Phuthuma Nhleko, currently Chair of Tullow, will become Chair of the board of the Combined Group;
- Nicoletta Giadrossi, currently Chair of Capricorn, will become Senior Independent Director of the Combined Group;
- Rahul Dhir, CEO of Tullow, will become CEO of the Combined Group;
- James Smith, CFO of Capricorn, will become CFO of the Combined Group.

The Board of the Combined Group will include a further 5 Non-executive Directors drawn from both companies, with 2 to be current Tullow Non-executive Directors and 3 to be current Capricorn Non-executive Directors. The Board composition as outlined will be finalised by agreement amongst the parties at Completion. The Board of the Combined Group is likely to evolve over time, to ensure a balance of skills and diversity including meaningful representation of the geographies in which the Combined Group will operate.

After almost 11 years as CEO of Capricorn, Simon Thomson will step down as CEO on Completion and will become Chair of the Integration Steering Committee to help with the integration of the two companies.

It is intended that, following completion of the Combination, the headquarters of the Combined Group will be at Tullow's existing offices in London and it is intended that the Combined Group will also retain premises in Edinburgh and through the application of a flexible work policy enable employees to operate from both premises. The Combined Group will comply with any obligations to inform and consult with employees and their representatives in respect of these intentions.

Tullow's shares will continue to be listed on the premium listing segment of the Official List of the Financial Conduct Authority (the "FCA") and on the First Official List of the Ghana Stock Exchange, and will continue to trade on the London Stock Exchange's main market for listed securities and on the Ghana Stock Exchange. Tullow's shares are also currently listed on the secondary listing segment of the Official List of The Irish Stock Exchange PLC, trading as Euronext Dublin ("Euronext Dublin") as an overseas company and trade on the Euronext Dublin Market operated by Euronext Dublin. Tullow intends to review the appropriateness of a continued listing of its shares on the secondary listing segment of the Official List of Euronext Dublin and to trading on the Euronext Dublin Market in light of the volume of trading of its shares on the Euronext Dublin Market and the costs related to such listing and admission to trading. Accordingly, at Completion Tullow's shares may not be listed on the secondary listing

segment of the Official List of Euronext Dublin and admitted to trading on the Euronext Dublin Market operated by Euronext Dublin.

Financial benefits and effects of the Combination

The Tullow Board is confident that as a direct result of the Combination, the Combined Group will generate meaningful cost synergies and create additional shareholder value. The Tullow Board, having reviewed and analysed the potential cost synergies of the Combination, and taking into account the factors it can influence, believes the Combination will result in $50 million of pre-tax net cash cost synergies on an annual run-rate basis by the second anniversary of the completion of the Combination.

The Tullow Board expects approximately 71% of these anticipated quantified net cash cost synergies to be achieved by the end of the first twelve month period following completion of the Combination.

The Tullow Board estimates that realisation of these net cash cost synergies will give rise to one-off costs of approximately $45 million incurred in the two years post-completion of the Combination. The Tullow Board has considered potential areas of dis-synergy, and these were determined to be immaterial for the analysis.

These anticipated net cash cost synergies will accrue as a direct result of the Combination and would not be achieved on a standalone basis.

The Quantified Financial Benefits Statement set out above has been reported on under the Code by KPMG, and by Tullow's lead financial adviser, PJT Partners.

As of the date of this Announcement, Capricorn has suspended its previously announced $200 million share buyback programme (other than in respect of the $25 million tranche announced on 7 April 2022, which is being conducted by JP Morgan Securities PLC on a non-discretionary basis and will end no later than 6 July 2022).

Transaction Structure and Timetable

It is intended that the Combination will be implemented by way of a Court-sanctioned scheme of arrangement of Capricorn under Part 26 of the Companies Act, further details of which are contained in the full text of this Announcement and full details of which will be set out in the Scheme Document. However, Tullow reserves the right, subject to the terms of the Co-operation Agreement and with the consent of the Panel, to implement the Combination by way of a Takeover Offer.

The Combination will be subject to, amongst other things, the receipt of any necessary antitrust or regulatory consents, any necessary governmental approvals or consents, waivers or non-exercise of any material termination rights, material pre-emption rights or similar rights in the jurisdictions in which the Tullow Group and the Capricorn Group operate, including (where required) in Egypt, Ghana, Mexico and Mauritania, in each case given on terms or subject to conditions which are satisfactory to Tullow and Capricorn. The Combination will also

be subject to such other conditions as are set out in Part II and Appendix 1 to this Announcement, and to the full terms and conditions which will be set out in the Scheme Document, including the approval of the Scheme by the Scheme Shareholders, the sanction of the Scheme by the Court, the passing of the Tullow Resolutions at the Tullow General Meeting and the Admission of the New Tullow Shares to listing on the relevant stock exchanges.

The Scheme Document will include full details of the Scheme and the Combination, together with notices of the Court Meeting and the Capricorn General Meeting and the expected timetable of the Scheme, and will specify the action to be taken by Capricorn Shareholders. It is intended that the Scheme Document will be despatched to Capricorn Shareholders following receipt (where required) of the consents, approvals or waivers referred to above and in or around the fourth quarter of 2022 (unless otherwise agreed by the Panel, Tullow and Capricorn) and a further announcement regarding the publication of the Scheme Document will be made in due course.

It is expected that the Prospectus, containing information about the Combined Group and the New Tullow Shares, will be published at or around the same time as the Scheme Document is posted to Capricorn Shareholders. It is also expected that the Circular, containing details of the Combination and notice of the Tullow General Meeting, will be posted to Tullow Shareholders at or around the same time as the Scheme Document is posted to Capricorn Shareholders, such that the Tullow General Meeting will be held at or around the same time and on the same date as the Court Meeting and/or the Capricorn General Meeting. Following publication, the Prospectus and the Circular will be made available by Tullow on its website at https://www.tullowoil.com/ and by Capricorn on its website at https://www.capricornenergy.com/all-share-combination.

The Scheme is expected to become Effective during the fourth quarter of 2022, subject to the satisfaction or, where applicable, waiver of the Conditions and certain further terms set out in Appendix 1 to this Announcement.

Commenting on the Combination, Simon Thomson, Chief Executive Officer of Capricorn said:
"The combination of our businesses will create a leading African energy company, with significant scale and opportunities for growth. Our two companies share a track record and continued vision of responsible energy production to support the economic and social development of our host communities. This combination will allow the two companies to accelerate investment in new opportunities across the continent, while retaining a resilient balance sheet and delivering attractive returns to shareholders."

Commenting on the Combination, Rahul Dhir, Chief Executive Officer of Tullow said:
"Our two companies are a perfect fit, and this combination draws on the proud heritage of both Tullow and Capricorn to create a leading African energy company. With renewed focus and ambition, the Combined Group will have the financial flexibility to accelerate organic growth and pursue further opportunities as they arise, while creating value for shareholders and host countries alike. Together, we are committed to building a better future through responsible energy development."

CONTACTS

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Notes to editors

Tullow is an independent oil & gas, exploration and production group which is quoted on the London, Irish and Ghanaian stock exchanges (symbol: TLW). The Group has interests in over 30 exploration and production licences across 8 countries including Ghana where it operates the Jubilee and TEN fields. In March 2021, Tullow committed to becoming Net Zero on its Scope 1 and 2 emissions by 2030.

For further information, please refer to our website at www.tullowoil.com