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FINANCIAL STATEMENTS

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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 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). 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.

Company

In preparing these Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and 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.

Group

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 is 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 proper 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.

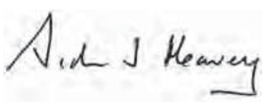
The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm that to the best of our knowledge:

- The Financial Statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, 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 performance, business model and strategy.

By order of the Board



Aidan Heavey
Chief Executive Officer

11 February 2014

Ian Springett
Chief Financial Officer

11 February 2014

Opinion on Financial Statements of Tullow Oil plc

In our opinion:

- 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 2013 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; 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.

The Financial Statements comprise the Group Income Statement, the Group Statement of Comprehensive Income and Expense, the Group and Company Balance Sheets, the Group Statement of Changes in Equity, the Group Cash Flow Statement, the Group Accounting Policies with related notes 1 to 32 and the Company Accounting Policies with related notes 1 to 11. 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 (United Kingdom Generally Accepted Accounting Practice).

Going concern

As required by the Listing Rules we have reviewed the Directors' statement contained within the Directors' Corporate Governance Compliance Report on page 88 that the Group is a going concern. We confirm that:

- we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Risks	How the scope of our audit responded to the risk
The assessment of the carrying value of: • intangible exploration and evaluation assets; and • non-current oil and gas assets	For exploration and evaluation assets we participated in meetings with key operational and finance staff at all key locations to understand the exploration and appraisal activities and gathered evidence including confirmations of ongoing appraisal activity and the licence phase to assess the value of exploration and evaluation assets carried forward. Where an asset has been impaired, we have challenged management on the events that led to the impairment. For non-current oil and gas assets we evaluated the assumptions and judgements used in management's review of the portfolio for indicators of impairment and the specific impairment tests resulting from that review, including specifically: future oil and gas prices, costs, production volumes, discount rates, economic cut-off and sensitivities.
The recoverability of other non-current assets, specifically the continued recognition of $358.1 million contingent consideration receivable as a result of the Uganda licence farm-down in 2012	We considered the appropriateness of the assumptions and estimates made by management and described in Accounting Policy (af) in connection with the likelihood and timing of recovery of the contingent consideration from the Uganda farm-down. We also reviewed the Memorandum of Understanding between the licence partners and the Government of Uganda.
The finalisation of fair values attributable to the identifiable assets, liabilities and contingent liabilities following the acquisition of Spring Energy Norway AS and the recognition of goodwill in relation to this transaction	We inspected, challenged, and corroborated by reference to third-party information where available, evidence pertaining to each of the key assumptions described in note 9 in management's assessment, calculation and presentation of the fair values of the identifiable assets, liabilities and contingent liabilities acquired through the purchase of Spring Energy Norway AS.
The recognition and measurement of the Group's exposure to various tax claims and assessments across its operating locations	We considered, together with tax specialists within the audit team, each of the material tax claims and assessments made against the Group and the associated accounting treatment for each of these items, including the assessment of tax payable on the farm-down of licences in Uganda that completed in 2012. Our work included reviewing applicable third-party tax and legal advice.

The recognition and measurement of decommissioning provisions	We have assessed the appropriateness of the assumptions used in the decommissioning calculation which are discussed in note 24 of the Financial Statements. In particular, we obtained appropriate supporting evidence for the expected timing, related costs and discount rate applied to the calculation, including consideration of the third-party independent expert report prepared for management on the decommissioning cost estimates. We have benchmarked the assumptions used against available market information.

The Audit Committee's consideration of these risks is set out on page 91.

Our audit procedures relating to these matters were designed in the context of our audit of the Financial Statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the Financial Statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We determined materiality for the Group to be $100 million, which is below 8.5% of normalised pre-tax profit and below 2% of equity. Pre-tax profit is normalised when determining materiality to exclude one-off items that would significantly distort profit year on year.

We determined that both equity and pre-tax profit are appropriate bases for calculating materiality as shareholders place significant value on the Group's assets, particularly on its portfolio of exploration, evaluation and development assets, whilst the development of the Jubilee field in Ghana and other fields entering the production phase have also established the importance of the Income Statement to shareholders.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $2 million, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our Group audit scope included a full audit of all eight reporting unit locations, based on our assessment of the risks of material misstatement and of the materiality of the Group's business operations at those locations. These eight reporting units account for 100% of the Group's total revenue, profit before tax and net assets.

The group team audits the UK, Kenya and Uganda reporting units directly and their involvement in the work performed by component auditors varies by location and includes, at a minimum, a review of the reporting deliverables provided by the component audit teams. The group audit team continued to follow a programme of planned visits that has been designed so that the Senior Statutory Auditor visits each of the locations where the group audit scope was focused at least once every two years. In addition, in the current year the Senior Statutory Auditor or senior members of his team visited the most material financial reporting locations in Gabon, Ghana, Kenya, South Africa and the UK to support and review the audit work performed by the component auditors.

Opinion 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; and
- 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.

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 arising from these matters.

Corporate Governance Statement

Under the Listing Rules, we are also required to review the part of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited Financial Statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

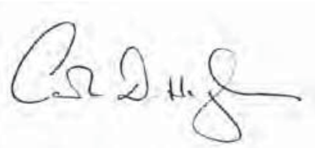
Respective responsibilities of Directors and auditor

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. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Carl D Hughes MA FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

11 February 2014

GROUP INCOME STATEMENT
YEAR ENDED 31 DECEMBER 2013

	Notes	2013 $m	2012 $m
Continuing activities			
Sales revenue	2	**2,646.9**	2,344.1
Cost of sales		**(1,206.5)**	(999.3)
Gross profit		**1,440.4**	1,344.8
Administrative expenses		**(218.5)**	(191.2)
Profit on disposal	10	**29.5**	702.5
Exploration costs written off	4,12	**(870.6)**	(670.9)
Operating profit	4	**380.8**	1,185.2
Loss on hedging instruments	22	**(19.7)**	(19.9)
Finance revenue	2	**43.7**	9.6
Finance costs	5	**(91.6)**	(59.0)
Profit from continuing activities before tax		**313.2**	1,115.9
Income tax expense	6	**(97.1)**	(449.7)
Profit for the year from continuing activities		**216.1**	666.2
Attributable to:			
Owners of the Company		**169.0**	624.3
Non-controlling interest	27	**47.1**	41.9
		216.1	666.2
Earnings per ordinary share from continuing activities	8	**¢**	¢
Basic		**18.6**	68.8
Diluted		**18.5**	68.4

GROUP STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE
YEAR ENDED 31 DECEMBER 2013

	Notes	2013 $m	2012 $m
Profit for the year		**216.1**	666.2
Items that may be reclassified to the income statement in subsequent periods			
Cash flow hedges			
Gains/(losses) arising in the year	22	**3.4**	(3.3)
Reclassification adjustments for items included in profit on realisation	22	**5.3**	11.0
		8.7	7.7
Exchange differences on translation of foreign operations		**12.7**	7.7
Other comprehensive income		**21.4**	15.4
Tax relating to components of other comprehensive income	22	**0.1**	0.1
Net other comprehensive income for the year		**21.5**	15.5
Total comprehensive income for the year		**237.6**	681.7
Attributable to:			
Owners of the Company		**190.5**	639.8
Non-controlling interest		**47.1**	41.9
		237.6	681.7

GROUP BALANCE SHEET
AS AT 31 DECEMBER 2013

	Notes	2013 $m	2012 $m
ASSETS			
Non-current assets			
Goodwill	11	**350.5**	–
Intangible exploration and evaluation assets	12	**4,148.3**	2,977.1
Property, plant and equipment	13	**4,862.9**	4,407.9
Investments	14	**1.0**	1.0
Other non-current assets	15	**68.7**	696.7
Derivative financial instruments	22	**6.8**	–
Deferred tax assets	25	**1.1**	4.9
		9,439.3	8,087.6
Current assets			
Inventories	16	**193.9**	163.7
Trade receivables	17	**308.7**	238.7
Other current assets	15	**944.4**	416.6
Current tax assets	6	**226.2**	28.6
Cash and cash equivalents	18	**352.9**	330.2
Assets classified as held for sale	19	**43.2**	116.4
		2,069.3	1,294.2
Total assets		**11,508.6**	9,381.8
LIABILITIES			
Current liabilities			
Trade and other payables	20	**(1,041.1)**	(848.1)
Borrowings	21	**(159.4)**	–
Current tax liabilities		**(165.5)**	(292.4)
Derivative financial instruments	22	**(48.1)**	(39.4)
Liabilities directly associated with assets classified as held for sale	19	**(18.2)**	(48.9)
		(1,432.3)	(1,228.8)
Non-current liabilities			
Trade and other payables	20	**(29.4)**	(30.6)
Borrowings	21	**(1,995.0)**	(1,173.6)
Derivative financial instruments	22	**(28.3)**	(19.3)
Provisions	24	**(989.2)**	(531.6)
Deferred tax liabilities	25	**(1,588.0)**	(1,076.3)
		(4,629.9)	(2,831.4)
Total liabilities		**(6,062.2)**	(4,060.2)
Net assets		**5,446.4**	5,321.6
EQUITY			
Called-up share capital	26	**146.9**	146.6
Share premium	26	**603.2**	584.8
Foreign currency translation reserve		**(155.1)**	(167.8)
Hedge reserve	22	**2.3**	(6.5)
Other reserves		**740.9**	740.9
Retained earnings		**3,984.7**	3,931.2
Equity attributable to equity holders of the Company		**5,322.9**	5,229.2
Non-controlling interest	27	**123.5**	92.4
Total equity		**5,446.4**	5,321.6

Approved by the Board and authorised for issue on 11 February 2014.

Aidan Heavey
Chief Executive Officer

Ian Springett
Chief Financial Officer

GROUP STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2013

	Notes	Share capital $m	Share premium $m	Foreign currency translation reserve[1] $m	Hedge reserve[2] $m	Other reserves[3] $m	Retained earnings $m	Total $m	Non-controlling interest[4] $m	Total equity $m
At 1 January 2012		146.2	551.8	(175.5)	(14.3)	740.9	3,441.3	4,690.4	75.6	4,766.0
Profit for the year		–	–	–	–	–	624.3	624.3	41.9	666.2
Hedges, net of tax	22	–	–	–	7.8	–	–	7.8	–	7.8
Currency translation adjustments		–	–	7.7	–	–	–	7.7	–	7.7
Issue of shares	26	–	4.9	–	–	–	–	4.9	–	4.9
Issue of employee share options	26	0.4	28.1	–	–	–	–	28.5	–	28.5
Vesting of PSP shares		–	–	–	–	–	(9.1)	(9.1)	–	(9.1)
Share-based payment charges	28	–	–	–	–	–	47.9	47.9	–	47.9
Dividends paid	7	–	–	–	–	–	(173.2)	(173.2)	–	(173.2)
Distribution to non-controlling interests	27	–	–	–	–	–	–	–	(25.1)	(25.1)
At 1 January 2013		**146.6**	**584.8**	**(167.8)**	**(6.5)**	**740.9**	**3,931.2**	**5,229.2**	**92.4**	**5,321.6**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**169.0**	**169.0**	**47.1**	**216.1**
Hedges, net of tax	22	**–**	**–**	**–**	**8.8**	**–**	**–**	**8.8**	**–**	**8.8**
Currency translation adjustments		**–**	**–**	**12.7**	**–**	**–**	**–**	**12.7**	**–**	**12.7**
Issue of employee share options	26	**0.3**	**18.4**	**–**	**–**	**–**	**–**	**18.7**	**–**	**18.7**
Vesting of PSP shares		**–**	**–**	**–**	**–**	**–**	**(12.7)**	**(12.7)**	**–**	**(12.7)**
Share-based payment charges	28	**–**	**–**	**–**	**–**	**–**	**64.6**	**64.6**	**–**	**64.6**
Dividends paid	7	**–**	**–**	**–**	**–**	**–**	**(167.4)**	**(167.4)**	**–**	**(167.4)**
Distribution to non-controlling interests	27	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(16.0)**	**(16.0)**
At 31 December 2013		**146.9**	**603.2**	**(155.1)**	**2.3**	**740.9**	**3,984.7**	**5,322.9**	**123.5**	**5,446.4**

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 and the treasury shares reserve which represents the cost of shares in Tullow Oil plc purchased in the market and held by the Tullow Oil Employee Trust to satisfy awards held under the Group's share incentive plans (note 28).
4. Non-controlling interest is described further in note 27.

	Notes	2013 $m	2012 $m
Cash flows from operating activities			
Profit before taxation		**313.2**	1,115.9
Adjustments for:			
Depletion, depreciation and amortisation		**591.9**	561.9
Impairment loss		**52.7**	31.3
Exploration costs written off	12	**870.6**	670.9
Profit on disposal		**(29.5)**	(702.5)
Decommissioning expenditure		**(6.7)**	(2.4)
Share-based payment charge		**41.3**	32.6
Loss on hedging instruments		**19.7**	19.9
Finance revenue		**(43.7)**	(9.6)
Finance costs		**91.6**	59.0
Operating cash flow before working capital movements		**1,901.1**	1,777.0
Decrease/(increase) in trade and other receivables		**75.8**	(11.3)
(Increase)/decrease in inventories		**(28.9)**	11.3
Increase in trade payables		**49.6**	7.5
Cash generated from operations		**1,997.6**	1,784.5
Income taxes paid		**(252.3)**	(264.1)
Net cash from operating activities		**1,745.3**	1,520.4
Cash flows from investing activities			
Disposal of subsidiaries	10	**41.4**	–
Disposal of exploration and evaluation assets	10	**38.2**	2,568.2
Disposal of oil and gas assets		**0.7**	0.3
Disposal of other assets		**–**	1.3
Purchase of subsidiaries	9	**(392.8)**	–
Purchase of intangible exploration and evaluation assets		**(1,268.5)**	(1,196.6)
Purchase of property, plant and equipment		**(740.8)**	(652.8)
Finance revenue		**34.3**	1.3
Net cash (used)/generated in investing activities		**(2,287.5)**	721.7
Cash flows from financing activities			
Net proceeds from issue of share capital		**6.0**	24.5
Debt arrangement fees		**(13.5)**	(77.2)
Repayment of bank loans		**(1,236.5)**	(2,407.5)
Drawdown of bank loans		**1,447.7**	565.0
Issue of senior loan notes	22	**650.0**	–
Repayment of obligations under finance leases		**(3.3)**	(1.8)
Finance costs		**(103.5)**	(103.2)
Dividends paid	7	**(167.4)**	(173.2)
Distribution to non-controlling interests	27	**(16.0)**	(25.1)
Net cash generated/(used) by financing activities		**563.5**	(2,198.5)
Net increase in cash and cash equivalents		**21.3**	43.6
Cash and cash equivalents at beginning of year	18	**330.2**	307.1
Cash transferred to held for sale	19	**0.6**	(18.0)
Foreign exchange gain/(loss)		**0.8**	(2.5)
Cash and cash equivalents at end of year	18	**352.9**	330.2