

press release

9 November 2011

Despite disappointing update Tullow Oil remains attractive for braver investors

- Tullow Oil has cut its production target for the second time this year
- The company's drilling pipeline still offers attractions to investors
- The Share Centre continues to recommend Tullow Oil as a 'buy' for higher risk investors

As oil and gas exploration company, Tullow Oil, provides a Q3 operational update Nick Raynor, investment research analyst at The Share Centre, explains what it means for investors.

"Tullow Oil has announced a cut in production targets for the second time this year forced by slower production in its Ghana operations. This was caused by mechanical issues related to the design of the new wells. The company has reassured investors these issues are not uncommon in new developments and corrective work is ongoing.

"However, record full year results are still expected for 2011 and the outlook for 2012 remains positive. Investors will be pleased that there appears to be plenty of drilling opportunities in the pipeline, with two wells being mobilised in Sierra Leone. Tullow Oil's focus remains in Africa, however the company has been expanding into new drilling regions.

"This update may mean investors are slightly sceptical as they have been let down already this year, hence the 5% fall in the share price in early morning trading. However, some braver investors may see this weakness as a buying opportunity. We would warn investors there could be further disappointment until the problems have been ironed out and Tullow Oil is therefore deemed as a higher risk investment.

“We believe Tullow Oil still has great potential in Africa and the problems in Ghana will be overcome. The company has attractions for growth seeking investors willing to take the risk.”

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The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post) and a comprehensive share administration and safe custody service. Tax-efficient investment ‘wrappers’ including ISAs, CTFs and SIPP are also available.

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