

SPEECH TO MARK PNG LNG PROJECT COMMITMENT

PETER BOTTEN, CBE

MANAGING DIRECTOR, OIL SEARCH LIMITED

Today is a historic day for the people of Papua New Guinea. It is a day where Government and Landowners join as project partners with the developers to commit to construction of the PNG LNG Project. It is a day when the fortunes of this country will change forever, a day for celebration but also a day for reflection of the responsibilities we all have to deliver this Project and to utilize the wealth generated from it to benefit the people and investors in this massive undertaking.

Other speakers have noted and thanked the people responsible for bringing this project to where it is today. This has been a massive effort by the PNG Government, working with the Operator ExxonMobil and its partners to meet the ambitious Project schedule set at the outset, from when the Gas Agreement was signed in early 2008.

This work has culminated with the consummation of gas customer agreements, major engineering and design activities and completion of a huge range of complex commercial and regulatory agreements to underwrite the commitment to Project construction.

There have been hundreds of dedicated staff involved in these activities, far too numerous to mention individually, who have contributed over the last 2 years to get us all to this significant moment. A huge effort by many people from many places with one objective - to see PNG LNG constructed.

At times like these, the people who are driving the project have the privilege to speak and be recognized, however, I would also like to pay tribute to the people who, over many years, have been responsible for building the oil and gas business in PNG, people who made the discoveries that now underpin this development. People who shared the vision of building a world class gas development in PNG, where people like Frank Rickwood, John Zehnder, many of whom were associated with Oil Search, helped to build a relevant

vibrant industry in this country and who set the platform for what is happening today.

It has been a long road, where the combination of a supportive government, fiscal stability, the aggregation of a world class resource base, the right conditions in the world gas markets and a combination of partners with 'best in class' construction and local knowledge have come together at the right time to commit to PNG LNG.

Over the last few weeks, it has been a true life experience witnessing what is probably the largest exercise in project development democracy anywhere in the world, with landowners and government representatives coming together to discuss and agree how the benefits from this project will be distributed. At times the debate was frustrating, always loud, and sometimes tense but behind it was a fundamental belief that the people wanted the Project to proceed, that they needed to participate in the Project and take the responsibility for the huge benefits that will flow to them from the development.

Papua New Guinea should be very proud of the way it involves its people in this process. It is unique and highlights the core of democracy that is embedded in this society.

This is recognized around the world by banks and investors, who are in the process of concluding what will be the second largest project loan achieved anywhere in the world – done in a developing country on a green fields development with comprehensive involvement by the project landowners.

It is a real tribute to stable government policies, the Operator ExxonMobil and its partners that these commitments have been achieved in one of the most difficult financial markets seen in modern history.

A huge achievement that we hope to finally consummate in the first quarter of 2010.

From a personal standpoint, it is rare during a professional career that you can be involved in something that can make a real difference to a country and more specifically the livelihoods of the people in the project area, indeed in the whole of PNG.

Being involved and seeing children at Hides, where their opportunities in life, education and health will be dramatically affected by the development is a real privilege and one that I will treasure, knowing their lives will change forever and mostly for the good.

This day represents the "Starting Line" of a long journey.

We have done the preparation, the training for delivery of this Project. The challenge is now to deliver first gas in 2013/14.

This represents a new set of challenges for Government, Landowners, the Developers and Contractors, ones that we all look forward to. Delivery of first gas on schedule is the new objective for us all. Managing the inevitable strain on logistics, employment and the economy is a big priority.

The optic will also change to looking for further growth in the gas business. PNG LNG is an excellent base from which a world class LNG business can be built in this country. More gas is being and will be found and other projects are likely.

It is a massively exciting time for the country and all stakeholders. Today marks a time of recognition of the achievements to date. Tomorrow is a day of new challenges with a focus on delivery.

I would like to thank the Somare/Temu government for the huge support it has given the Project over the years, the support of landowner groups, ExxonMobil and our Project Participants for their significant contributions to get us to this historical day.

I would also like to thank our Oil Search people who have worked tirelessly, often under less than ideal conditions, on organizing financing, commercial activities and more recently supporting the licence based landowner forums – an important part in providing fair benefits distribution and project stability in the future.

We collectively have a hugely exciting future. I look forward to tomorrow and 2014.

Thank you.

Peter R. Botten, CBE